

Group Personal Pension Plan

Members Guide



Infinite
Wealth Management Ltd.

Prepared By

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Infinite Wealth Management Ltd is authorised and regulated by the Financial Services Authority (FSA)

Group Personal Pension Plan



Introduction

This guide has been prepared by Infinite Wealth Management Ltd on behalf of Contractor Umbrella Ltd to explain the Group Personal Pension Plan on offer.

The Group Personal Pension is a series of individual plans administered by Aegon Scottish Equitable. Upon joining the scheme, you will be issued with a plan in your own name and this belongs to you.

In this guide we aim to:

- Outline the main features of the scheme
- Answer the most commonly asked questions
- Detail the structure of the scheme

We have been retained by Contractor Umbrella Ltd to advise them on the most suitable way of setting up and running the Group Personal Pension scheme and to provide you with information on this scheme.

We hope that this guide will provide you with a useful summary of the scheme benefits and a future reference tool when you choose to join. Further detailed information is available in the Key Features Document and illustration of benefits provided by Aegon Scottish Equitable and issued directly to you.

This Group Personal Pension scheme has been specifically tailored to reflect the unique and varied nature of contracting and to ensure that it offers flexibility to account for your changing circumstances.

Contractor Umbrella Ltd cannot give you individual advice or comment on the suitability of the Aegon Scottish Equitable contract and how it will fit into your own pension planning.

Joining the Scheme/Contributions

Who is eligible to join the scheme?

You may join the scheme from the date you join Contractor Umbrella Ltd or at any time thereafter. There is no minimum employment or waiting period.

Must I join the Scheme?

No. Membership of the Group Personal Pension is not compulsory and it is up to you to decide whether or not you wish to join.

How are contributions made to the scheme?

The Group Personal Pension has been set up to deduct your contributions under a salary sacrifice arrangement. This means that you agree to sacrifice either a percentage of your earnings each month/week or a set monetary amount each month/week in return for Contractor Umbrella Ltd applying this money to the pension scheme on your behalf.

This route has been chosen as it allows your pension payment to be deducted from your taxable pay prior to Income Tax, Employers National Insurance and Employees National Insurance being calculated. This ensures that the pension payment is as tax efficient as it can be for a Contractor.

Below we have set out some examples of the net cost to you of funding £500 per month into your plan:

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Savings	Approximate Annual Earnings			
	£35,000 pa	£70,000 pa	£115,000 pa	£175,000 pa
Income Tax Reduction	£1,200	£2,400	£3,590	£3,000
Employee NI Reduction	£720	£120	£120	£120
Employer NI Reduction	£828	£828	£828	£828
Total Reductions in Tax	£2,748	£3,348	£4,538	£3,948
Payment made to Pension Scheme	£6,000	£6,000	£6,000	£6,000
Net Cost to you of this payment	£3,252	£2,652	£1,462	£2,052
Equivalent Saving	45.8%	55.8%	75.6%	65.8%

The above example assumes a basic personal allowance of £7,475 per annum. New government legislation means that employees earning over £100,000 will have their personal allowance tapered by £1 for every £2 they earn over £100,000 up to the full amount of their personal allowance. This has been accounted for in the example above where relevant.

Whilst the scheme has been set up to accept salary sacrifice as the default position, this does not prevent you from funding it in other ways, although they may prove to be less tax efficient for you. If you are in doubt then you should always seek financial advice.

What is my contribution?

There is no set level of contribution that you must make to the scheme, although if you do contribute there is a minimum premium level of £20 gross per month. The level of your contribution is up to you to decide but you may need to check with your Account Manager at Contractor Umbrella Ltd to ensure that it allows any other expenses, fees or salaries etc to be met.

How are contributions paid?

Your agreed contributions will be deducted by Contractor Umbrella Ltd from your contract value when your invoice is paid. These contributions will then be paid to Aegon Scottish Equitable by the 19th day of the following month.

Can I vary my contributions?

Yes. You can increase or decrease your contributions as often as you require. There is no penalty for doing so and you can make this alteration by emailing Infinite Wealth Management Ltd on cu@infinitemw.co.uk, confirming the actions you wish to take.

Can I stop my contributions?

Yes. You have total flexibility with this scheme to stop your contributions at any time without penalty. This gives you the ability to cease funding if you are between contracts or should you leave Contractor Umbrella Ltd. You also have the ability to restart contributions at any time, again without penalty.

How do I join the scheme?

Joining the scheme has been streamlined to minimise the paperwork involved. All you need do is email Infinite Wealth Management Ltd on cu@infinitemw.co.uk with the following details:

- Your full name
- Your approximate annual salary
- The amount you wish to contribute (% or £) per month/week
- The fund or funds you wish to invest in (up to 10 different funds can be selected initially)

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Infinite Wealth Management Ltd will then liaise with Contractor Umbrella Ltd and Aegon Scottish Equitable to ensure you are set up on the scheme. Once the first contribution has been received by Aegon Scottish Equitable, they will issue you with your policy document and Welcome Pack including your online login codes to enable you to manage your account online.

Can I change my mind?

Yes. When Aegon Scottish Equitable receives your first contribution they will issue you with your right to cancel your application within a 'cooling off' period of 30 days. If you do have any questions then please do not hesitate to contact Infinite Wealth Management Ltd on 01206 263773 or email us at cu@infinitewm.co.uk.

Investment of Contributions and Charges

What happens to the contributions paid into the Scheme?

You decide on how you invest your pension fund. An important feature of the Group Personal Pension is the wide range of investment funds available. Full details of the investment funds available are provided in the Aegon Scottish Equitable Pension Fund Guide called 'Selecting your fund'.

However, not all members may want to be actively involved with selecting funds for the investment of their contributions. To cater for this there are four investment options available.

Option 1 – The Default Fund

If you do not wish to make a decision on the choice of fund or funds into which your contributions will be invested, you will automatically be invested into the default fund.

Currently the default fund for the scheme is the Universal Balanced Collection fund. A fund factsheet is available upon request.

Option 2 – Lifestyle Funds

You might have an idea on the level of investment risk you are prepared to accept on the investment of your contributions but not want to get involved with monitoring the funds. Aegon Scottish Equitable provide a range of Lifestyle Funds that enable you to invest within a risk banding e.g. cautious, balanced or adventurous and allow the fund managers to manage the underlying fund choices.

The added advantage with Lifestyle Funds is that as you approach the selected retirement age of the scheme (65 for Contractor Umbrella Ltd), the fund moves your underlying holdings more toward deposit and fixed interest holdings which are inherently less volatile.

Option 3 – Old Broad Street Research (OBSR) Portfolios

OBSR are an independent and widely respected organisation who have agreed to run a number of portfolios for Aegon Scottish Equitable based on a defined attitude to risk. These range from Cautious (risk rating 3) through to Adventurous (risk rating 8).

You can select one or more of the portfolios or should you require some help in assessing your risk profile, Aegon Scottish Equitable have a risk profile questionnaire that can be completed which will provide you with a risk rating from 1 – 10. Should this be of interest to you please contact Infinite Wealth Management Ltd who will be happy to provide the questionnaire to you.

Details of the various OBSR portfolios can be found in the pensions fund guide.

Option 4 – Selecting your own mix of funds from the fund range

With this option you are free to select funds from the entire fund range to suit your aims and objectives. Initially up to 10 funds

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can be selected but once the plan is up and running, it is possible to have a greater number at any one time.

Please remember that with all options you should regularly review your choice to decide whether it is still right for you

IF YOU DO NOT SELECT ONE OF THE INVESTMENT OPTIONS THEN YOUR CONTRIBUTIONS WILL BE INVESTED IN THE DEFAULT FUND.

If you do not feel confident about making your own investment decision then you should obtain independent investment advice before making a decision. Should you wish to change funds once your plan is up and running, this can be done online at your own convenience or via an Aegon Scottish Equitable Fund Switch form returned to us. You should remember that charges on funds can vary. Full details of charges on all the funds are included in the Pension Fund Guide.

Investment warning

The value of units in pension funds can fall as well as rise and this can depend on the type of investment fund you choose and how those investments perform. A pension is a long term commitment and you will have no access to your fund until at least age 55 under current legislation.

What are the charges for the scheme?

All pension providers make a charge for operating their pension plans. These cover their administration and investment costs.

The scheme has been established with a basic annual management charge of 0.7%. Some funds carry an additional charge and the details of this can be found in the Pension Fund Guide. The charges are reflected in the price displayed for each fund on a daily basis as opposed to being deducted from your contributions.

Aegon Scottish Equitable will pay commission to Infinite Wealth Management Ltd. This is not paid directly from your policy via a separate charge but covered within the annual management charge of 0.7%.

Details of the amount and timing are given on the illustration provided to you by Aegon Scottish Equitable once your first contribution is received. The cost of providing this commission will be taken from the charges deducted by Aegon Scottish Equitable, as described above and will not be in addition.

Pension Benefits

When can I retire?

The scheme has a default retirement age of 65. However, under current legislation you can take your retirement benefits at any age from 55 irrespective of whether you are in employment or not.

How is my pension calculated?

The amount of pension you will receive from your plan will depend upon:

- The amount of money paid in to the plan
- The investment returns achieved on the monies
- The charges deducted by Aegon Scottish Equitable to cover its costs in running the plan
- The cost of buying a pension when you decide to retire

It is impossible to predict future rates with any accuracy and as such we cannot guarantee how much pension you will receive. Your illustration provided by Aegon Scottish Equitable estimates possible future amounts using three different sets

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of assumptions. These are not the minimum or maximum amounts that you could receive but are merely examples.

Once your plan is up and running, you can obtain projections of your estimated future benefits online to a retirement age you select.

What options will I have when I retire?

Some of the options are:

Option 1 – To buy an annuity with the whole fund

This can be from Aegon Scottish Equitable or any other provider of your choice (Open Market Option) which:

- Will be paid for your lifetime
- Can be paid monthly, quarterly, or yearly in advance or arrears
- Can be a level amount or increased annually
- Can be on a single or joint life basis
- May include a guaranteed period so that in the event of death the pension will be paid to your surviving dependents for a set period

Option 2 – Take Tax Free Cash and buy an annuity with the remaining fund

Under this option you have the ability to take 25% of the fund as a tax free lump sum and then utilise the remaining 75% to buy an annuity on the basis as described above. If the Tax Free Cash lump sum is taken this will reduce the amount of income from the annuity.

Option 3 – Take Tax Free Cash and defer taking an income

Under this option you can take your tax free cash as described above but defer purchasing an annuity by placing the funds in an Unsecured Pension. Under this arrangement the funds within the Unsecured pension remain invested. This option carries investment risks that are not present with an annuity and it is not suitable for everyone. You should seek independent financial advice if you are unsure as to whether this course of action is suitable for you.

The above options are those available under the current legislation and may be subject to change in the future.

How can I find out how much my retirement fund is worth?

You will receive an annual benefits statement directly from Aegon Scottish Equitable that will give details of the fund you have built up e.g. the value of the units your contributions have purchased.

In addition to this, you will have online access to your plan and can obtain an up to date value at any time.

Are there limits on the pension funds I can accumulate?

No. There are no limits on the pension funds you can accumulate in your lifetime. However, if the total value of all your pension funds when you retire exceeds the Lifetime Allowance, which is £1,800,000 for the tax year 2010/11, the excess will be subject to a Lifetime Allowance tax charge. From tax year 2011/12 the Lifetime Allowance will reduce to £1,500,000.

If you have substantial pension funds above or near to the Lifetime Allowance and you have claimed “primary protection” or “enhanced protection” as a result of tax changes to pensions made on 6th April 2006, you should seek financial advice before joining the scheme.

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Can I cash-in small pension fund values when I retire?

Yes. If you are over the age of 60 and the value of your pension funds in total (including those in payment) are below 1% of the Lifetime Allowance (£18,000 for the tax year 2010/11), you can have the whole of your pension fund paid as a lump sum. There may be a tax liability on 75% of the value paid to you.

Death and Disability

If I die before I retire, what will my dependants receive?

The full value of your pension fund will be returned. You can indicate to whom this sum should be payable by completing the Beneficiary Nomination Form that Aegon Scottish Equitable will send to you once your first contribution has been received. If you have contracted-out of the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P), the fund accumulated from this source must be used to provide a pension for your legal partner (if you do not have a legal partner, the fund will be payable as a lump sum).

If I die after I retire, what will my dependants receive?

If, at retirement, you decide to provide a pension for your partner in the event of your death, this will become payable in accordance with the policy conditions. You can also arrange your pension so that it is guaranteed to be payable for a minimum period. In the event of your death within this period, your pension will continue to be paid for the remainder of the period.

Taking early retirement due to ill health.

If you have to cease work due to serious ill health you may be able to take early retirement benefits from the Plan before the normal minimum age allowances by pension regulations (age 55).

Leaving Service

What happens if I decide to leave the employment of Contractor Umbrella Ltd?

If you leave the Company, your accumulated fund may be either left in the plan until you retire or alternatively:

1. You may continue contributing to the plan from your own bank account.
2. Your new employer can contribute to the plan.
3. If you have set up your own Limited Company, then contributions can be made by this company to your plan on a similar salary sacrifice basis.
4. You may transfer the value of your plan to another Pension arrangement. Please note that you do not have the option to take a refund of the contributions you have made.

Other Pension Benefits

What if I have old pension benefits?

If you have other pension benefits from a previous employment or period of self employment, it may be possible to transfer them into your personal pension policy. However, it may not be financially advisable for you to do this.

You should always take financial advice before you transfer any pension benefits away from their original source.

State Pensions

Will I still be entitled to a pension from the State when I retire?

Yes. Provided that you have paid sufficient National Insurance Contributions, you should be entitled to the standard old age pension. In addition, you may also be entitled to an earnings related pension. Pension earned before 6 April 2002 was known as the State Earnings Related Pension Scheme (SERPS); pension earned from that date is the State Second Pension (S2P). These schemes provide benefits that are related to the amount you have earned during your lifetime.

The guaranteed income element of the Pension Credit was introduced a few years ago, to top up people's retirement income if it falls below the amount intended to meet day-to-day living expenses. This amount is announced each year by the Government. Your entitlement to this benefit may be affected if you make private pension provision. This State benefit may be removed by the Government at any time.

Can I contract-out of the State Second Pension (S2P)?

Yes. Contracting-out results in no, or very little, further build up of the benefits under S2P. In exchange, a proportion of your National Insurance contributions will be redirected from the State scheme into the plan. This may lead to better benefits that you would have received under S2P but there are no guarantees that benefits will be greater.

You can use this plan or another personal or stakeholder pension to contract-out of S2P.

Does contracting-out benefit everyone?

No. The decision on whether or not you should contract-out is very finely balanced. It may ultimately depend on your personal attitude to a number of factors, not all of which are economic.

Should I be contracted-out of State Second Pension (S2P)?

Infinite Wealth Management Ltd view is that contracting out is unlikely to be suitable for most people. Older age groups, particularly those closer to retirement are likely to be financially worse off by contracting out. Your decision will depend on factors such as your personal circumstances, how you wish to receive your benefits and your attitude to investment risk.

It is worth noting that the government has recently announced that from 2012, contracting out into a private pension scheme will no longer be allowed.

For more information about contracting out, refer to the FSA Guide 'The State Second Pension – Should you be contracted out?' If you require further information then you can contact Infinite Wealth Management Ltd.

Other Important Information

In issuing this guide we are not providing advice on the suitability of this arrangement for your personal circumstances and are not advising you on whether or not you should join the scheme.

If you are unsure as to whether or not membership of this scheme is suitable for you, you should seek financial advice.