M&G Platform

keyfacts®

KEY FEATURES

Key Features of the Pension Account

Self Invested Personal Pension (SIPP)

The Financial Conduct Authority is a financial services regulator. It requires us, Investment Funds Direct Limited (IFDL) to give you this important information to help you to decide whether the M&G Platform Pension Account is right for you.

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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Your rights as the investor on the Platform are set out in the Terms, which may be subject to change in the future. If we make any changes, we will update this document on the Platform and via the link below:

Download the latest Key Features of the M&G Platform Pension Account

Jargon buster

For a list of terms and definitions visit
mandgplatform.com/private-investors/jargon-buster

1 About the M&G Platform Pension Account

Self Invested Personal Pension (SIPP)

Its aims

The M&G Platform Pension Account (SIPP) allows you to make tax efficient investments with the aim of saving for your retirement. You can make contributions, and transfer pensions from other UK registered pension schemes, into the SIPP.

To allow you, with advice from your Financial Adviser, to select and purchase Investments for your SIPP. And, after you reach the normal minimum pension age it allows you to obtain access to your retirement savings.

Your commitment

- To make contributions to your SIPP and, or transfers to it from existing pension schemes
- To notify us immediately of any changes in your personal circumstances that may affect your SIPP membership. This includes your eligibility to continue to receive tax relief on contributions
- To pay SIPP charges when they are due; and
- To read all of the investment information given to you by your Financial Adviser

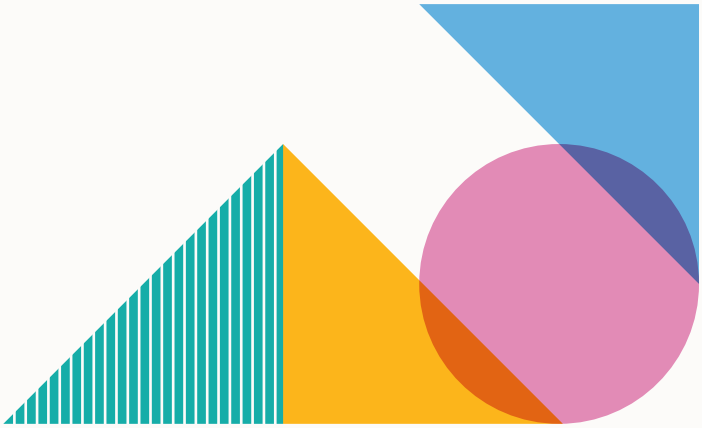
Other information and support

This document gives you key information about the M&G Platform Pension Account. For more detailed information about the Platform, the Terms that apply to your Account, and the support available to you, please refer to the resources below.

Understanding Your Platform

Terms

Additional support and accessibility information



Risks

Investing through a SIPP involves a number of risks. The main risks are outlined below.

Cash risks

Cash is not intended as a long-term investment choice, as inflation may reduce what it can buy over time.

It is important to ensure that there is always enough cash in your Account(s) to pay charges or make any payments which are due. If there is not enough cash available to make these payments, we will sell Assets without further notification, from the largest holding downwards, to provide the cash required. This may happen at a disadvantageous time and may have a material effect on the balance of Assets within a Model Portfolio.

Investment related risks

The value of your investments can fall as well as rise and you may not get back what you originally invested. 

The risks in your SIPP will depend on the investments you have chosen and how they perform over time. Past performance is not a guide to future performance. You should consider your investments as medium to long term, for example, five years or longer.

If you transfer from another pension scheme and then change your mind, we may not be able to return the transfer to the original scheme. You may also not get back any adviser charges paid.

There may be circumstances where buying, selling or switching investments is delayed. This means your money may not be invested, or you may not be able to access it, when you expect.

Capital and longevity risks for accessing your Pension savings

Accessing your savings and purchasing an Annuity will provide a guaranteed retirement income. Whereas accessing savings by drawing Income from the SIPP will not provide a guaranteed income as it relies on the performance & returns of your investments.

Withdrawing income from your SIPP can erode the value of your capital, especially where investment performance is poor and the level of income withdrawn is high. For example, if the value of your capital is eroded by your income you will have less to provide for dependants, or to buy an annuity in the future.

The value of your investments will be reduced by the effect of charges including our Platform Charges and those of your Financial Adviser, Fund managers and Discretionary Fund Managers (DFM).

If you choose to buy an annuity, the rates available in the market can change substantially over short periods of time, both up and down. For example, they could be worse when you buy an annuity than they are now, so your income could be higher or lower, depending on when you buy an annuity.

If you wait longer before buying an annuity, there may be a risk of 'mortality drag' on your income due to a loss of cross-subsidy from pensioners that die earlier. Your Financial Adviser can explain this to you.

Tax risks

If you die under the age of 75, HM Revenue & Customs (HMRC) rules require that any lump sum death benefit is paid within two years of the date we are notified of the death, otherwise the lump sum will be taxed at the beneficiary's marginal rate. This is a particular risk if you hold investments that take time to sell, such as collective investment funds that invest in property.

The amount you take from your pension fund could affect any state benefits that you are entitled to. If the Department for Work and Pensions, or your local council, decide that you have deliberately spent or given away your pension pot to receive or increase benefits, they may have to re-assess your eligibility and treat you as if you still have the money.

Income you take from your SIPP is normally taxed at your marginal rate and may affect the level of tax you pay on any other taxable earnings such as State Pension payments, benefits, salary, and annuity or investment income.

Tax treatment depends upon your individual circumstances, including your location, and the rules may change in the future.

2 Questions and Answers

What is the M&G Platform Pension Account?

The M&G Platform Pension Account is a registered pension scheme known as a Self-Invested Personal Pension (SIPP), which allows you to make your own investment decisions, in conjunction with your Financial Adviser. Like all registered pension schemes a SIPP provides you with a means of saving for your retirement. It is a long-term investment designed to provide you with a lump sum and/or income in retirement.

This SIPP has been set up under trust and accepted as a registered pension scheme by HMRC. Investment Funds Direct Limited (IFDL) is the scheme administrator of this SIPP. IFDL Personal Pensions Limited is appointed as the trustee for the scheme. It owns the cash and investments within your SIPP, holding them for your benefit under the Scheme Rules. The trustee appoints us to have custody of your cash and Assets.

You can make regular contributions into your SIPP each month or year and may make single contributions whenever you wish. Others, for example your employer, may pay into your SIPP on your behalf.

You may also be able to transfer funds from another registered pension scheme into your SIPP.

Who can have one?

Anyone who is aged 18 or over, and who is not a US Person or EEA Resident can open a SIPP. If you wish to pay into a SIPP you must be a relevant UK individual, which means that you are resident in the UK for tax purposes or you have relevant UK earnings.

A SIPP cannot be opened jointly with, or on behalf of, anyone else.

Is this SIPP a stakeholder pension scheme?

No, this SIPP is not a stakeholder pension scheme; however, stakeholder pension schemes are generally available and may meet your needs for pension savings.

How can I open a SIPP?

You can apply to open a SIPP by completing an Application through your Financial Adviser.

If we accept your Application, we will open the SIPP once the money has cleared into your Account, or transfers have been made into your SIPP from other registered pensions scheme(s).

How much can I pay in?

You, or another individual on your behalf, may make contributions to your SIPP. HMRC sets a limit on the contributions made in a year, which will qualify for tax relief. This is known as the Annual Allowance and limits the amount of tax relief available on pension savings.

If the total amount of contributions, to all pension schemes, made by you, or for you, exceeds the Annual Allowance, then tax relief will not be available for the excess contributions and there will be a tax charge payable on them.

We will not normally accept contributions which do not qualify for tax relief.

You can also make use of any unused Annual Allowance from previous tax years, once your Annual Allowance has been used up for the current tax year. Speak to your Financial Adviser if you think that this applies you. You will need to have sufficient relevant UK earnings to make any additional contributions above the Annual Allowance.

Your Financial Adviser can tell you the current level of the Annual Allowance and you can find it on www.gov.uk.

There is no minimum contribution amount for single lump sum contributions. You may stop and start your contributions at any time without penalty.

Up to age 75, you can make additional contributions, provided you do not exceed the HMRC limits, at any time into your SIPP by cheque or an electronic payment. We do not charge you for making additional deposits.

→ Will all contributions receive tax relief?

Under HMRC rules, you can currently receive tax relief at your marginal rate for contributions made by you, or on your behalf, up to £3,600 a year or 100% of your relevant UK earnings, whichever is the higher, subject to the Annual Allowance.

You will not receive tax relief on any contributions made by your employer.

There are some circumstances where your Annual Allowance may be lower. For more information ask your Financial Adviser, or see section 25 of the Terms.

Any contributions over the Annual Allowance will be subject to a tax charge and you will need to notify your local inspector of taxes through your self-assessment tax return if your contributions have exceeded the Annual Allowance. If it is possible for us to return any excess contributions to you, any excess tax relief already received from HMRC will be returned.

→ How do I transfer Investments from my existing pension plan to this SIPP?

You tell us that you wish to do this and we will deal with the scheme(s) from which you wish to transfer. You may transfer in cash or ask for investments to be transferred from your pension without the need for the investments to be sold. This is known as re-registration.

If you wish to transfer investments into your SIPP we will assess them for a variety of factors including whether the investments are permitted by HMRC. We will tell you if we are unable to accept an investment and request further instruction from you on how the transfer may proceed.

→ What investments are available?

Your SIPP may be invested in a wide choice of investments. Your Financial Adviser will let you know what is available to you.

There are risks associated with particular types of investments and these will be described in the information provided by the investment provider. Your Financial Adviser is responsible for ensuring that you understand the risks of investing, in general and any particular risks of the investments you are considering.

It is very important that you read the information provided to you about the investments you are considering before you decide to invest.

→ Can I switch my investment from one Fund to another?

Yes. This will be treated as a 'sell' and a 'buy' transaction. This means that your money will not be invested while the receipts of the 'sell' instruction are confirmed and before the 'buy' instruction can be made. This process may take a number of days to complete.

→ Can I split my SIPP Accounts?

It depends on the account type. If required, SIPP Accumulation accounts can be split into multiple accounts to enable different investment strategies, for example, to use two Model Portfolios. It is not possible to split SIPP Decumulation accounts.

→ What is the tax position for my SIPP?

We will credit your SIPP with basic rate tax relief which we reclaim from HMRC.

If you are liable to higher rate tax on your income, you should reclaim the higher rate relief through your self-assessment tax return. If you are classed as a Scottish resident or a Welsh resident by HMRC the tax relief that will be applied to your SIPP will be set by the Parliament applicable to your residency.

Contributions made in excess of the Annual Allowance will be subject to a tax charge which HMRC will levy against you directly.

The Investments in your SIPP usually grow free of UK capital gains and income tax. Where any income tax has been deducted, we reclaim this from HMRC and pay it back to your SIPP. Any income withdrawals and annuity income will be taxed under the PAYE system.

Death benefits from a SIPP are normally paid free of Inheritance Tax. Tax charges may be payable if the member dies age 75 or over. The amount of tax payable will depend upon how your beneficiaries choose to take the death benefit.

If at any time you receive benefits which are not in accordance with current pension rules, these will be regarded by HMRC as unauthorised payments and may be subject to an unauthorised payments charge.

These tax advantages and any rates quoted are based on our current understanding of UK legislation and may change in the future. Tax treatment depends upon your individual circumstances and the rules may change in the future.

What could I get back?

You will get the value of your Investment held in the SIPP at the time the Investments are sold. There is no guaranteed amount. The amount you get will depend on the following factors:

- How much you invest;
- The performance of your Investments;
- Any Charges;
- Any income or withdrawals you have taken; and
- The terms of your Investment.

What are the Charges?

The Platform Charges and Interest Explained document will give you more details about our charges.

Your Financial Adviser will advise you regarding the charges which will apply to your SIPP, and you may agree that the costs associated with this advice are paid from your SIPP.

Fund managers and DFMs will apply charges to your chosen SIPP Investments and will be able to provide you with more details about these charges.

Cash in your Account(s) earns interest, and we retain a share of this interest. The amount retained depends on your cash balance and current rates. For details and current rates, please visit our website.

How do charges affect my Investment?

The impact of charges on your Investment depends on a number of factors including the assets selected and the level of Financial Adviser charge. This will be shown on the illustration from your Financial Adviser.

How do I take the money from my SIPP?

When can I access my SIPP?

You can usually access your SIPP once you reach the normal minimum pension age set by HMRC. You do not need to have retired to take a lump sum or income from your SIPP.

In some circumstances, such as ill health or where you have a protected retirement age, you may be able to access your SIPP earlier.

For more information about when you can take your pension, see MoneyHelper guidance on when you can take your pension.

How do I take my benefits?

Once you are eligible, you can choose from a number of pension benefit options to make the most of your money. These include taking an income, lump sums, or a combination of both, depending on your circumstances.

You must have a Financial Adviser to access these options. We will ask you to confirm you have received advice before you take benefits.

For more details, see What type of benefits can I take from my SIPP?.

Getting help and advice

To help you make your decisions, you can use Pension Wise, a government service from MoneyHelper which offers free, impartial pensions guidance. Visit moneyhelper.org.uk/pensionwise to find out more, or call 0800 138 3944.

A service from Pension Wise MoneyHelper

Pension Wise offers guidance, not advice, about your retirement options. If you would like advice, you should speak with your Financial Adviser.

What type of benefits can I take from my SIPP?

You can choose to take benefits in the following ways:

Flexi-Access Drawdown

You can take an income of any amount at a time and frequency you choose, provided you have sufficient funds in your SIPP. Regular income payments can be made between the 1st and 28th of each month. There is no maximum limit on the income you can receive.

You can normally take a tax-free lump sum of up to 25% of the amount you put into flexi-access drawdown (subject to relevant allowances), with any income payments taxable as pension under PAYE.

Drip-Feed Drawdown

Drip-feed drawdown allows you to move amounts into flexi-access drawdown on a regular basis, for example monthly or yearly.

Each time an amount is moved into flexi-access drawdown, you can normally take a tax-free lump sum of up to 25% (subject to relevant allowances), with any income payments taxable as pension under PAYE.

Uncrystallised Funds Pension Lump Sum (UFPLS)

You can take a single lump sum or a series of lump sums from your uncrystallised funds.

Usually, 25% of each lump sum will be tax free, with the remainder taxable as pension income under PAYE.

Capped Drawdown

This is no longer available as a retirement option for clients taking benefits for the first time.

If you already have a capped drawdown arrangement, you can continue to take income within limits set by HMRC. These limits may change over time and could affect the level of income you can take. If you exceed the maximum income limit, your capped drawdown will automatically convert to flexi-access drawdown.

Important information

- Entering drawdown allows your investments to remain invested, with the potential for further growth.
- Tax-free lump sums do not create a right to cancel. Once paid, they cannot be cancelled or reversed and any associated tax consequences cannot be undone.
- These options will not be available to anyone without a Financial Adviser.

When can I buy an annuity?

From when you reach the normal minimum pension age, although you do not need to purchase an annuity. You can use your pension fund to arrange a retirement income from a wide range of providers offering different income options. An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity which will continue to be paid to your dependants if you die.

How will my lump sum and/or income be paid?

We will pay you by electronic transfer into a bank account in your name.

Can I transfer to another pension scheme at any time?

Yes, subject to the SIPP rules and HMRC requirements, you can transfer the value of your SIPP to another registered pension scheme or a Recognised Overseas Pension Scheme.

You can transfer both cash and assets from your SIPP to another registered pension scheme, subject to terms and conditions set by the new pension scheme.

If you want to transfer your SIPP after you have started taking benefits, the entire amount of your SIPP that has been used to provide these benefits, must be transferred to the new pension scheme at the same time.

You will also need to check with the asset manager of your underlying investments whether they will make a charge to sell the assets and transfer the monies in cash or make a charge to re-register the assets.

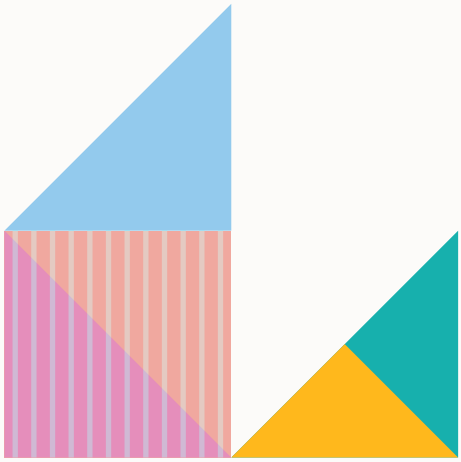
What happens if I die?

If you die under the age of 75, a beneficiary can receive a lump sum or a drawdown pension, free of tax.

If you die aged 75 or over, an individual who is a beneficiary can receive a lump sum or drawdown pension taxed at their marginal rate. A beneficiary who is not an individual, such as a company or a trust, can receive a lump sum taxed at 45%.

There is a limit on the amount of certain lump sum death benefits and serious ill health lump sums that can be paid without tax, known as the Lump Sum Death Benefit Allowance.

If the total amount paid exceeds this allowance, income tax may be payable on the excess.



Can I change my mind?

Opening

If you change your mind about opening your SIPP, you have 30 days from the date you receive our confirmation that your SIPP has been opened to write and tell us. A refund of the sum equal to the payment made will be made to you, your employer or the person that made the payment. This will be less any fall in market value, if the money has been invested, and associated investment charges.

If you ask us to fully complete your SIPP, before the end of 30 days there will be no right to cancel.

Transfers

If you wish to change your mind about a transfer, you have up to 30 days from the completion of the transfer to cancel by writing to us. If you cancel the pension transfer it will be returned to the previous scheme, provided that the previous scheme will accept the return of the assets. This return will be less any fall in the market value of any investments made and associated investment charges. Alternatively, the assets may be transferred to an alternative registered pension scheme of your choosing, provided this meets HMRC rules.

If you do wish to cancel your SIPP, or a transfer, please write to us at the address shown in the 'How to Contact us' section at the end of this document. Remember to include your full name, address and Account number.

About benefits

If you wish to change your mind the first time you make an election to receive benefits, you can cancel within 30 days from the date you receive our confirmation that your benefits are being paid. This cancellation right applies only to the arrangement to take benefits and to any income payments that have not yet been made.

A Pension Commencement Lump Sum or an Uncrystallised Funds Pension Lump Sum does not create a right to cancel under FCA rules. Once these lump sums have been paid, they cannot be cancelled or reversed and the tax consequences will remain.

If you cancel your arrangement to take benefits, we will stop any future income payments and set your SIPP to the position that applies once cancellation takes effect. Any income that has already been paid will remain taxable and cannot be reversed.

Your right to cancel applies only to your first election to take benefits.

3 Other information

Client category

We classify you as a 'retail client' under Financial Conduct Authority (FCA) rules. This means you'll receive the highest level of protection for complaints and compensation and receive information in a straightforward way.

Communicating with you

Our documents, reports and other communications will be in English.

Terms and conditions

This Key Features Document gives a summary of the M&G Platform Pension Account. Full details are set out in our Terms document, which can also be requested using the contact details on the last page. Your Financial Adviser will also provide it to you.

Our regulators

Investment Funds Direct Limited is authorised and regulated in the UK by the Financial Conduct Authority. We are registered on the Financial Conduct Authority (FCA) Register, reference number 114432.

Law

The Terms relating to the Platform are governed by the law of England and Wales.

Financial strength

M&G Platform meets regulatory standards for meeting its financial obligations. You can read more information in our Security of assets document and on our website.

Compensation

IFDL is covered by the Financial Services Compensation Scheme (FSCS) in respect of the Platform and the Accounts within it. If you make a valid claim against us in respect of your Investments and we are unable to meet our liabilities in full, you may be entitled to redress from the FSCS of up to £85,000 for investments, subject to eligibility.

Your cash and Investments are always held separately from our own accounts and from those with whom we place the Investments. As such, any insolvency practitioner would be obliged to return your cash and Investments to you as part of the wind-down process.

If your investment provider fails financially, as long as you have selected one covered by the FSCS, your Investment with that provider will be covered by the scheme up to a limit of £85,000 per provider. The fund prospectus, or similar document, will tell you if your investment provider is a member of the scheme. Insured Funds, covered by FSCS, receive protection of 100% of the Investment and are not subject to an upper limit of protection. The FSCS does not protect you against losses if the Investment were to fall in value.

The banks we use acknowledge your money is held as client money which is protected in the event of the insolvency of IFDL. In the event of the insolvency of one of the banks we use, any client money we hold for you is protected under the FSCS up to a maximum of £120,000 for each client and bank with whom client money is held. This limit is applied to banks that are separately authorised and can only be applied once, therefore banks operating under different brands within the same authorisation are covered under the same limitation. The compensation limit of £120,000 includes any other money held by you in accounts with the authorised banks we use, therefore if you have current or deposit accounts with the same bank these will all count towards the compensation limit of £120,000.

Temporary high balances of up to £1.4 million are protected for a limited period of 6 months from when the amount was first credited to the account or became legally transferable. The FSCS website has further details on the definition of a temporary high balance.

For further information please visit the Financial Services Compensation Scheme (FSCS) website at fscs.org.uk.

Tel: 0800 678 1100 or 020 7741 4100

Address: Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU

Conflicts of interest

Conflicts of Interest occur when, in the course of doing business with you, we or another customer of ours have an interest in obtaining a different result than the one that may be best for you.

We establish, operate and maintain effective policies and procedures within our business which are designed to:

- identify potential conflicts of interest which carry a risk of damage to our customers' interests;
- ensure that we take reasonable steps to prevent such conflicts arising; and
- provide a framework for us to follow to manage such conflicts to protect our customers' interests.

An example of a conflict of interest which may arise in connection with our Platform service is when we are buying or selling assets: the timing of these deals and the order in which they are struck could affect the prices that customers get and so create conflicts between customers, and/or make a difference to the administrative workload and so create conflicts between what is easy for us and what is best for the customer. We address these potential conflicts by having an Order Execution Policy. Further details of our Conflict of Interest Policy are available upon request.

How to make a complaint

If you have any concerns, or are dissatisfied with our service, please contact us to discuss this and we will aim to resolve your issue straight away. If you are not entirely satisfied, we have an internal complaints procedure which follows the standards required by the Financial Conduct Authority.

Please contact us at:

Tel: 0345 120 3022. Our lines are open 9:00am to 5:00pm Monday to Friday

Email: platformcomplaints@mandg.com

Address: Complaints Team, M&G Platform, Trimbridge House, Trim Street, Bath BA1 1HB

See more details in our Complaints Policy, which is also available on the Platform. If you are not satisfied with our response, you have the right to refer your complaint to The Pension Ombudsman or the Financial Ombudsman Service free of charge.

The Pension Ombudsman

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Address: 10 South Colonnade, Canary Wharf London E14 4PU

Website: www.pensions-ombudsman.org.uk

You can also submit a complaint online:

www.pensions-ombudsman.org.uk/making-complaint

Financial Ombudsman Service

The Financial Ombudsman Service deals with complaints about most financial services, including financial advice, investments and pensions.

Contact with the Financial Ombudsman Service about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Financial Ombudsman Service can be contacted at:

Tel: 0800 023 4567

Email: complaint.info@financial-ombudsman.org.uk

Address: The Financial Ombudsman Service, Exchange Tower, London E14 9SR

Website: www.financial-ombudsman.org.uk

You can also submit a complaint online:

www.financial-ombudsman.org.uk/make-complaint

M&G Platform

Contact us

0345 076 6140

Our lines are open 8:30am to 5:30pm Monday to Friday.
Telephone calls may be recorded for training and security purposes.

Client Services, M&G Platform, Trimbridge House,
Trim Street, Bath BA1 1HB

platformsupport@mandg.com

mandgplatform.com/private-investors

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