

# Modular iPlan Technical Guide

## Contents

<b>Introduction</b>	
Getting started	1
Product bank accounts	2
James Hay Online	2
<b>Modular iSIPP - Putting money in</b>	
Contributions	4
Tax relief	4
Transfers in	6
<b>Investing your money</b>	
Fixed term deposit accounts	7
Investment Centre	7
Managed Portfolio Panel	8
Whole of Market	9
Commercial property	10
<b>Taking money out</b>	
Benefit options	12
Lifetime allowance and protection	13
Modular iSIPP on death	15
<b>Modular ISA</b>	16
<b>Modular GIA</b>	17
<b>Tax &amp; Compensation</b>	18
<b>Useful contacts</b>	19

# Introduction

## Welcome to the James Hay Modular iPlan

The Modular iPlan is an online wealth management service that enables you and your financial adviser to view and manage your savings and investments – held in a variety of products which have different tax rules.

This section of the Technical Guide provides some general information that covers all of the products that are available under the Modular iPlan.

## Products available under the Modular iPlan

Within a Modular iPlan, you must first have a Modular iSIPP. This is a self invested personal pension which is a UK registered pension scheme that complies with HM Revenue & Customs (HMRC) pension scheme requirements.

Additionally, you can take out an Individual Savings Account (Modular ISA) and/or a General Investment Account (Modular GIA). The Modular GIA is not a tax privileged product.

For further information on the products that you can hold within a Modular iPlan, please see the individual product sections later on in this guide.

## General information

This document is designed to provide guidance on how to manage your Modular iPlan products, as well as technical and regulatory information that may apply.

If you have any questions after reading this guide, please speak to your financial adviser or call us on 03455 212 414.

If you do not have a financial adviser and would like to speak to one, you can obtain a list of financial advisers local to your area by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk) or by calling Unbiased on 0800 023 6868.



For general information on pensions, please see the **Useful Contacts** section at the end of this guide.

Should you require access to any of our literature in alternative formats, such as Braille, large print, audio or E-text, please contact us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

## Getting started

### Eligibility for a Modular iPlan

To be eligible, you must be aged over 18, have a financial adviser appointed to your Modular iPlan and must not be:

- a US Person or resident of the US for tax purposes
- an undischarged bankrupt.

You do not have to be resident in the UK, but you will not receive tax relief on any contributions you make to the Modular iSIPP if you are not a UK resident, and you cannot take out a Modular ISA unless you are a UK resident.

You may open a Modular iSIPP on behalf of a person under the age of 18 if you are a parent or guardian.



If at a later date your eligibility status changes you will need to inform us in writing, by letter or secure message sent through [James Hay Online](#).

Before applying for a Modular iPlan product, you will be provided with a Key Features Document and Illustration by your financial adviser. These are designed to help you decide whether the product under the Modular iPlan is suitable for you. You should read them in conjunction with the terms and conditions of the product so that you understand how the product works.

### Setting up the Modular iSIPP

Once you are satisfied that you wish to proceed, your financial adviser can complete an online application, which can be submitted with a digital signature, or print from our online application system to sign and send to us.

### Verifying your identity and your address

As part of the application process, we are required to check your identity and address in order to comply with the UK Money Laundering regulations, which are designed to prevent money laundering. Until we have verified this information, we cannot fully open your Modular iSIPP.

Your financial adviser can complete a 'Confirmation of Verification of Identity Certificate', which confirms that they have seen your original identity documents. If this is not possible, you can provide us with black and white photocopies of two different documents – one from each of the lists below - from which we will be able to verify your identity:

#### List A

- Unexpired passport
- Unexpired UK old style driving licence (not provisional)
- Unexpired UK photocard driving licence
- Firearms certificate or shotgun licence
- EEA or Switzerland National identity card
- Northern Ireland voter's card.

#### List B

- Unexpired UK old style driving licence (not provisional)
- Unexpired UK photocard driving licence
- Council tax bill dated within the last 12 months
- Firearms certificate or shotgun licence
- Credit card or bank statement dated within the last three months (not internet printed)
- Utility bill dated within the last three months (not mobile phone, satellite/cable TV or internet printed bills)
- HM Revenue & Customs coding/assessment/statement/tax credit
- Northern Ireland voter's card.

## Product bank accounts

Any payments of money into your plan from you or a third party will be held in pooled bank accounts. This means that the accounts will hold money for you and our other clients. Your individual holdings will be recorded internally by us and available to view at any time. Your individual holding for a product is referred to as your product bank account.

The pooled bank account will be held in the name of the SIPP trustee, James Hay Pension Trustees Limited, in respect of SIPP monies. A separate pooled bank account will be held in the name of James Hay Wrap Managers Limited and operated in accordance with the Financial Conduct Authority's (FCA) Client Money Rules in respect of the GIA and ISA.

For further information on how the product bank accounts operate, please visit our website at [www.jameshay.co.uk/bankaccounts](http://www.jameshay.co.uk/bankaccounts).

Please note that these bank accounts are designed for holding cash for the short periods while your investments are being made, or benefits are being paid, rather than for holding cash over the long term.

All of our charges will be taken from the relevant product bank account. Similarly, any dealing charges that you may incur for buying and selling investments outside the James Hay Investment Centre (with any stockbroker or investment manager service) will be met from the appropriate product bank account. You and your financial adviser will need to ensure that sufficient cash balances are maintained in the product bank accounts to cover these expenses as they fall due.

## James Hay Online

Once your application has been processed, and you have received confirmation that your Modular iPlan product is open, you can register for online access to your Modular iPlan products via James Hay Online. Through James Hay Online you will be able to:

- amend your personal details
- view your product bank account details
- buy and sell investments in the Investment Centre
- transfer money to/from investment managers
- change your income levels
- obtain an illustration
- send us secure messages.

To set up your online access, go to [www.jameshay.co.uk](http://www.jameshay.co.uk), click on the Log in button on the home page and follow the instructions.

We will issue you with a registration code by post to allow you to view and manage your Modular iPlan through our secure website. Your financial adviser can also register to have online access to your plan.

### Modular iPlan investment modules

The Modular iPlan is designed to give you access to different investment modules that you can switch on and off, depending on your changing requirements.

- The Modular iSIPP has the following investment modules: Core, Whole of Market, Commercial Property and Specialist Investments<sup>1</sup>.
- The Modular GIA has the following investment modules: Core, Whole of Market and Specialist Investments<sup>1</sup>.
- The Modular ISA has the following investment modules: Core and Whole of Market.

More information on these modules can be found in the **Investing Your Money** section of this guide. For further details of the investments available within each of the modules, please read the relevant product's 'Permitted Investments List' available at [www.jameshay.co.uk](http://www.jameshay.co.uk).

### Paying money in

There are no minimum contribution levels on any of the Modular iPlan products.

The Modular ISA and Modular iSIPP are both subject to specific HMRC rules which limit the amount you put into them. However, the Modular GIA does not have any such limits.

You can make payments into any product at any time, either singularly or on a regular basis, by electronic bank transfer or direct debit. Your product bank account details can be found within your James Hay Online account. When making any payment, it is important that you quote the correct payment reference for your product, to ensure that the money is promptly allocated to the relevant product bank account. Any payments you make must be made from an account in your name with a recognised bank.

### Transferring existing investments to the Modular iPlan

The procedure for transferring investments to your Modular iPlan will depend on the type of investment and the product in which it will be held. Any transfers of pension benefits should be agreed between you and your financial adviser. The recommendation to proceed with the transfer of pension benefits should be made by an appropriately qualified financial adviser. It may be possible to transfer existing investments to your Modular iPlan product as they are, rather than having to sell and re-purchase.

- If you wish to transfer existing pension benefits to a Modular iSIPP, the trustees of the transferring scheme will calculate a transfer value which, if you accept, they will pay to us in cash. However, a transfer from an existing pension could include investments which can become part of your Modular iSIPP.
- The providers of any ISA that you wish to transfer will normally be asked to provide a cash transfer, which will be paid to us and credited to your Modular ISA. However, a transfer from an existing ISA could include investments which can become part of your James Hay Modular ISA.
- Assets that are not held in an ISA or pension arrangement may be transferred into your Modular GIA by re-registering or assigning them to the nominee company used by us.

<sup>1</sup> Specialist Investments are no longer available for new investment. Please refer to the **Specialist Investments** section on page 10 for further information.

## Your right to cancel

Once your Modular iPlan product has been set up, we will send you a welcome letter, confirming the details of your application and asking you for any other forms or information we may need to carry out your instructions. We hope you will be happy with your decision to open a Modular iPlan, but a cancellation notice will be included in the welcome pack in case you change your mind and wish to cancel your application.

You can let us know if you wish to cancel your application by completing the cancellation notice and returning it to us at the following address within 30 days of receipt:  
James Hay Partnership, Dunn's House, St Paul's Road, Salisbury, SP2 7BF

On receipt of the cancellation notice, we will cancel your Modular iPlan product and return any money or investments back to the person or organisation that made the original payment, or (in respect of a pension transfer) if that is not possible, to an alternative pension scheme of your choosing. It is possible that the value of an investment may have fallen and you may not get back the amount you originally invested.

For more information please refer to the relevant product's terms and conditions, available from our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

## Charges

We take initial and ongoing administration charges from your Modular iPlan products, and these are detailed in the relevant product's charges schedule. You may also pay charges to other parties, such as investment managers and stockbrokers (depending on the investments you choose), as well as charges to your financial adviser for the advice and services they provide to you.

For full details, please refer to the Modular iSIPP, Modular GIA and Modular ISA charges schedules, which are available on our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

## Annual statements

You will receive a welcome letter as soon as we accept your application for a Modular iPlan product. Any investments you make will be acknowledged on receipt and statements will be sent to you or your financial adviser.

We will send you regular statements showing the value of your investments for all products you hold within the Modular iPlan - annually if you hold a Modular iSIPP only, or quarterly if you hold a Modular ISA and/or Modular GIA alongside a Modular iSIPP. If your Modular iSIPP is in drawdown (where you have begun to take benefits from your SIPP), we will also send you an annual review statement for your Modular iSIPP shortly before the anniversary of when you started to take drawdown.

# Modular iSIPP - Putting money in

You can put money into your Modular iSIPP by:

- making personal contributions
- someone making contributions on your behalf, for example, a family member (referred to as a third party in this document) or your employer
- transferring in pension savings that you have already built up in pension schemes elsewhere.

## Contributions

If you wish to make a personal or employer contribution into your SIPP, please speak to your financial adviser before making the contribution as there may be tax implications that will need to be taken into consideration.

### Personal contributions

You can pay as much or as little as you want into your Modular iSIPP, although there are limits on the amount that will attract tax relief (see further details in the **Tax Relief** section below). You can make single or regular contributions and you can stop, restart, increase or decrease your regular contributions at any time. Regular contributions can be set up on a monthly, quarterly, half-yearly or annual basis via direct debit.

You can make contributions to your Modular iSIPP up until the age of 75. After this point, all contributions to your Modular iSIPP must stop.

Please note that if a third party is making contributions on your behalf, we will not be able to accept any money from them until we have completed an identity check on the third party. This is to ensure we comply with the UK Money Laundering regulations.

To make a single contribution, please contact your bank to arrange an electronic transfer (BACS, CHAPS, Faster Payment) from your bank account to your SIPP bank account. Your SIPP bank account details can be found on the Trustee Cash section of your James Hay Online Account. When making a contribution by electronic transfer, please ensure that you always quote the correct payment reference, to ensure that the money is promptly allocated to your SIPP product bank account.

If details of the contribution were not included on your Modular iSIPP application, please complete and submit the 'SIPP Supplementary Contribution Application Form' from our [website](#).

To set up a regular contribution, please also complete the Direct Debit Mandate attached to the form and send it to us. We will set up the direct debit with your bank.

Please allow 10 business days for us to set up the direct debit.

### Employer contributions

Your employer can make single or regular contributions into your Modular iSIPP. If they are paying regular contributions they will need to complete the Employer Payment of Contributions Declaration section of the 'SIPP Supplementary Contribution Application Form' which is available on our website. This confirms that they will pay contributions to James Hay by the 19th (the 'due date') of the month following the end of the calendar month in which the contributions were deducted from your salary.

Once the form has been signed and the direct debit has been set up, we are obliged to notify the Pensions Regulator if contributions are missed or received after the due date.

For the purposes of setting up the direct debit, we will use the first contribution date as the ongoing collection day for the contribution.

To make a single employer contribution, please ask your employer to arrange an electronic bank transfer (BACS, CHAPS, Faster Payment) from their bank account to us. If details of the contribution were not included on your Modular iSIPP application, please complete and submit the 'SIPP Supplementary Contribution Application Form' from our [website](#).

To set up a regular employer contribution, ask your employer to also complete the Direct Debit Mandate attached to the form and send them to us.

## Tax relief

You may be eligible for tax relief on your contributions. If you are entitled to tax relief, we will reclaim the basic tax relief from HMRC on your behalf and add it to your Modular iSIPP. It takes between 7 and 11 weeks for tax relief claims to be credited to your SIPP bank account.

If you are a higher rate tax payer, you may be able to claim the difference between the basic tax rate and the higher tax rate, on your tax return or by contacting HMRC.

### Eligibility

Your eligibility for tax relief will depend on a number of factors including:

- your residential status and earnings
- how much you decide to contribute.

If you are a UK resident you will be able to receive tax relief on any gross contributions of up to 100% of your earnings each tax year.

Even if you have no earnings you can still contribute up to £3,600 gross each tax year and be able to claim tax relief on your contributions.

If you open your Modular iSIPP and later cease to be a UK resident then you will continue to be able to receive tax relief on the first £3,600 of your contributions for the first five years that you become non resident. If you become a UK resident at a later date, you will be able to receive tax relief on your contributions in the normal way.

If you are a non-UK resident you will not be eligible for tax relief on any contributions you make.

### Tax relief on third party contributions

We treat third party contributions as personal contributions and so we will reclaim basic rate tax relief where this is applicable.

### Employer contributions and tax relief

Employer contributions are treated as 'gross' contributions and we therefore do not reclaim tax relief on them.

### Exceeding your personal tax relief limit

You are obliged by law to declare your contributions to HMRC on your annual tax return. If HMRC notifies us that the contributions you have paid exceed your personal tax relief limit for the year (meaning the higher of your earnings in the tax year or £3,600), then depending on your wishes, we will either:

- repay the excess contribution back to you after basic rate tax relief on it has been deducted and returned to HMRC (please note that we cannot normally refund contributions under any other circumstances); or
- record the excess contribution separately within your Modular iSIPP (please note that any contributions that exceed your personal tax relief limit will not attract any tax relief).

When testing whether a person has exceeded their personal tax relief limit in a tax year, HMRC will ignore contributions made in that tax year if the person making the contribution has suffered from severe ill health or has died.

### Levels of tax relief for the 2020/21 tax year

Basic rate tax relief is 20%. Therefore, for every £100 of contribution you wish to make to your Modular iSIPP, you will only need to contribute £80 and we will claim basic rate tax relief of £20 from HMRC on your behalf and add it to your Modular iSIPP.

If you are a Scottish resident (as determined by HMRC) your tax rate may differ. For example, you may be liable to income tax at no more than the Scottish starter rate of 19%. For the 2020/21 tax year we will still claim tax relief of 20% where applicable. HMRC has stated that it will not recover the difference between the Scottish starter rate and the Scottish basic rate for the 2020/21 tax year.

The Welsh government has the power to amend the rate of income tax paid by Welsh residents, and if they do, this may impact the amount of tax we can reclaim on contributions made by Welsh residents. The Welsh government has indicated that they will not amend the rate of income tax for the 2020/21 tax year.

If you pay a higher rate of tax, you will need to claim the difference between the basic rate of tax and the higher rate of tax that you pay, via your tax return or by contacting HMRC.

### The annual allowance

The annual allowance limits the tax privileges applicable to your contributions in a tax year. If you exceed the annual allowance, you will be subject to an annual allowance tax charge which effectively cancels out the tax relief received on the amount above the annual allowance.

In the 2020/21 tax year, the annual allowance is £40,000. The £40,000 limit includes contributions made by you, your employer and any third parties.

If you have a defined benefits pension scheme (where the pension benefits at retirement depend on your earnings history and your length of service with a particular employer), the annual value of any increase in your benefits will also count towards the annual allowance.

If you have adjusted income (that is your total income before the deduction of personal allowances or reliefs) of more than £240,000 per annum, your annual allowance will be reduced by £1 for every £2 of income above £240,000 with a maximum reduction of your annual allowance to £4,000.

Your annual allowance will not be affected by:

- transfer values received from other pension arrangements
- pension debits and credits from a divorce settlement.

It is possible for any unused annual allowance to be carried forward for three years.

### The money purchase annual allowance

If you wish to take money out of your Modular iSIPP (or any other money purchase pension you may have) then whilst you can continue to make contributions, you may be subject to the Money Purchase Annual Allowance (MPAA). The MPAA for the 2020/21 tax year is £4,000. If you contribute more than the MPAA, then you will be subject to an annual allowance tax charge that effectively cancels out the tax relief received on the amount above the MPAA.

The money purchase annual allowance rules will apply to you if one of the following occurs in a tax year:

- You take an income from a flexi-access drawdown fund, including receiving payments from a short-term annuity provided from a flexi-access drawdown fund
- You receive an uncrystallised funds pension lump sum
- You notify your scheme administrator that you wish to convert your pre-6 April 2015 capped drawdown pension fund to a flexi-access drawdown fund and you subsequently take an income from that fund
- You take more than the permitted maximum for capped drawdown from a pre-6 April 2015 capped drawdown pension fund
- You receive a stand-alone lump sum and you are not entitled to enhanced protection.

In addition, you will be subject to the money purchase annual allowance rules if you had a valid flexible drawdown declaration accepted by a scheme administrator before 6 April 2015.

The money purchase annual allowance rules will not apply if one of the following occurs:

- You receive a tax-free pension commencement lump sum but do not take an income
- You receive a trivial commutation lump sum
- You receive a small pots lump sum
- You are in receipt of a scheme pension
- You are in receipt of a lifetime annuity
- After 6 April 2015, you take no more than the permitted maximum for capped drawdown from a pre-6 April 2015 drawdown pension fund.

It is not possible for unused MPPA to be carried forward to future years. The rules around triggering the MPAA are complex and if you think they may apply to you, we recommend that you obtain professional financial or tax advice.

## Transfers in

Your Modular iSIPP can be used to consolidate pension savings you hold with other pension providers, even if you do not want to make any other contributions into it. By doing so, you may find it easier to monitor and manage your pension savings if they are all in the same place.

You can transfer in pension savings from any other UK registered pension scheme, such as a personal pension or an employer pension scheme. You may also be able to transfer in pension savings from a qualified recognised overseas pension scheme (QROPS).

Any transfer is subject to both our acceptance and the agreement of the administrators of the transferring scheme. We strongly suggest that you obtain financial advice before instructing any form of pension transfer.

Please note that we will not accept pension transfers from defined benefit pension schemes (also known as final salary schemes) or from defined contribution schemes (occupational money purchase schemes) that contain safeguarded benefits, or schemes that have any other protected benefits, unless you have received advice from an appropriately qualified financial adviser, and the adviser recommends that you proceed with the transfer. This requirement applies to all such transfers regardless of the amount.

### Tax

Transferring savings from other pension schemes into the Modular iSIPP is not treated in the same way as a personal contribution and will not affect your tax relief position in any way. However, we recommend you seek financial advice before instructing a transfer.

### Buddy/block transfers


HMRC rules allow for some of your existing scheme specific benefits that you might have had prior to April 2006, (such as an entitlement to retire at an earlier age, or a pension commencement lump sum in excess of 25%) to be protected if you transfer your scheme pension benefits to your Modular iSIPP. However, certain requirements must be met, including what is referred to as a 'buddy transfer' or 'block transfer', where you and another member of the transferring scheme must transfer your total pension rights at the same time.

Subject to these requirements being met and the transferring scheme agreeing that the transfer can be made, we are able to accept buddy/block transfers. Benefits from this type of transfer will be kept in a separate Modular iSIPP arrangement.

### Arranging a transfer in

If you wish to make a cash transfer in, you or your financial adviser can submit a request through [James Hay Online](#). 

We will contact the trustees of the transferring scheme to obtain the discharge papers on your behalf, or you can provide them to us. Once the discharge papers have been completed, the transferring scheme will calculate a transfer value which, if you accept, they will pay to us in cash.

Should you wish to transfer existing pension funds without first disinvesting to cash, you can complete a 'SIPP In-specie Transfer In Form' from our [website](#) and send it to us. 

The advantage of making an in-specie transfer is that you may avoid selling and buying costs, and your money can continue to benefit from uninterrupted investment performance. It may not always be possible to make an in-specie transfer, as this will depend on the investments held in your existing pension scheme.

# Investing your money

You can invest your money in a number of different ways through the Modular iSIPP depending on how much you are investing, how long you want to invest it for, and the level of risk you want to take with your capital.

For more information on the types of risks associated with different types of investments, please read the 'Guide to Investment Risk' document available on our [website](#).

## SIPP product bank account

Some investors choose to maintain a cash balance in their SIPP bank account for the payment of charges or benefits. Whilst we would suggest a minimum balance of £1,000 is maintained (or more if you are taking an income), the SIPP bank account is not designed for long term investment. If you wish to invest your money to receive a higher rate of interest, whilst at the same time protect it from the ups and downs of investments funds, we offer a range of fixed term deposit accounts.

## Fixed term deposit accounts

If you wish to invest in cash without the risks posed by market fluctuations, you can hold cash deposit accounts within your Modular iSIPP. We offer a range of cash deposit accounts from a variety of leading banks. The minimum starting deposit is £25,000 and terms ranging from 3 months to 60 months are available.

To apply for a fixed term deposit account, you should read the fixed term deposit provider's terms and conditions, available from our [website](#), and then complete the relevant provider's application form. This can be sent to us via secure message, post or fax and we will arrange the fixed term deposit for you.

The rate of interest you receive will be the prevailing rate on the date the money is deposited with the deposit provider. This will be between two and five business days after we have received your application form.

Once your application has been accepted, you will be sent confirmation of the new account, along with the interest rate and maturity date for your cash deposit.

If you invest in a cash deposit over a fixed term, please note that you will not be able to access your cash during the term.

Please note: Should a fixed term deposit provider's business fail and they are unable to return some or all of your money, you will be covered under the Financial Services Compensation Scheme (FSCS) up to the relevant compensation limit, which is currently £85,000. This limit would include any money you may hold with the deposit provider outside your SIPP as well.

## Investment Centre

The Investment Centre is our in-house fund platform that allows you to invest in a variety of collective investment schemes that we refer to as 'funds'. Through the Investment Centre you can invest in up to 3,700 funds from leading fund managers on favourable terms. We have negotiated competitive discounts on the initial management charges made by the fund managers in their fund prices, reducing the cost of each investment.

We offer access to two different groups of funds: Select funds and Collect funds.

Select funds are mainly institutional and pooled pension funds, which are only available to you if you have a financial adviser appointed to your Modular iSIPP.

Collect funds are mainly unit trusts and OEICs, and you can invest in these whether you have a financial adviser or not.

The available funds are split into two lists, known as the 'Collect Funds List' and the 'Select Funds List'. These are available on our [website](#).

You can buy, sell and switch Investment Centre funds via James Hay Online; just log on to your account and follow the instructions.

If you or your financial adviser submits an online instruction to buy, sell or switch a fund before the cut-off time detailed on James Hay Online, we will normally carry out your instruction on the same day. If an instruction is submitted by post or fax, then provided it is received by 4pm, we will normally carry out your instruction on the next business day. For more information, please see our 'Order Transmission Policy', which is available on our website.

### Switching funds

If you want to switch between Investment Centre funds, we need to sell your holdings in one fund and buy them in the other. We do this by selling your holding in the fund on one day and buying the holding in the new fund normally on the following business day, thereby ensuring your money remains invested as fully as possible while switching.

Please note that the timing of the buy trade is dependent on us receiving details of the sale trade from the fund manager. Furthermore, please note that we reserve the right to defer making the buy element of a switch until we have received the sale proceeds from the fund manager, for any reason and without prior notice. For any switches within a Managed Portfolio Panel, the buy element of a switch will never be placed until we have received the sale proceeds.

We will update your James Hay Online account with details of Investment Centre transactions once we have received a contract note from the fund manager. A paper confirmation will also be posted to you or your financial adviser if you use one, except for regular trades and transactions undertaken within a Managed Portfolio Panel. These are not confirmed individually but are included in a half-yearly (for regular transactions) or quarterly (for Managed Portfolio Panel transactions) statement sent to you or your financial adviser.

You can find more information about the options available through the Investment Centre on our [website](#) [www.jameshay.co.uk](http://www.jameshay.co.uk). Full terms and conditions for the Investment Centre are also included in the 'SIPP Terms and Conditions', which can be obtained from the literature section of our website.



## Cancelling your investment

If you have received advice from a financial adviser in respect of your Investment Centre purchases (including the buy element of a switch), you can cancel your investment within 14 days of receiving your cancellation notice. We will send you a cancellation notice for each investment you make, except for regular investments where you will only receive a cancellation notice when you set up the regular investment, or if you make any changes to it. If you cancel a trade, you may not get back your full investment, as the value of any units or shares bought may have fallen.

If you have not received advice from a financial adviser, you will not be able to cancel your investment.

## Suspension of a fund

If a fund manager suspends dealing in a fund for any reason for any period of time, we will not be able to accept instructions on that fund until it is reinstated. If this happens, we will let you or your financial adviser know.

## Tax

Dividend distributions are paid net of tax and we are not able to reclaim the tax deducted. Interest distributions may be paid gross or net of tax. If paid net of tax, we are able to reclaim the tax. As the Modular iSIPP is a registered pension scheme, any gains made on investments within it are not subject to capital gains tax. This is based on current tax legislation which may change in the future.

## Fund manager charges

If you invest in funds via the Investment Centre, the fund manager will take a charge to cover the cost of setting up your investment and running the fund. These are normally referred to as initial and annual management charges. The charges you pay will vary depending on which funds you invest in. Please refer to the 'Collect Funds List' and 'Select Funds List' for more information about the costs of investing in a particular fund.

Sometimes the fund manager rebates part of their annual management charge to us. If this happens we will credit 100% of the amount rebated to your SIPP in the form of additional units to the same value. There are some scenarios, permitted by regulation, where instead of allocating any rebate as additional units, we may credit it to your SIPP bank account.

## Our charges

To help cover the costs of operating our Investment Centre we take an Annual Platform Charge from your SIPP bank account. This is a percentage charge based on the total value of your Investment Centre holdings (including where funds are held in model portfolios on the Managed Portfolio Panel), cash in your SIPP bank account and any fixed term deposit accounts you hold.

Please refer to the 'Modular iSIPP Charges Schedule' on our [website](#) for further details of this charge.

## Managed Portfolio Panel

(only available if you have an appointed financial adviser)

A model portfolio held via our Managed Portfolio Panel is a defined collection of funds set up by an investment manager to achieve a predetermined investment strategy and reflect a certain risk profile.

If you wish to leave the day-to-day monitoring of your Investment Centre funds to an investment professional, we offer access to a range of model portfolios with varying risk profiles, all of which are made up of funds in our Investment Centre fund range.

Each model portfolio is managed by an investment manager who is responsible for selecting, monitoring, reviewing and rebalancing the investments that comprise the model portfolio, and for ensuring the funds contained in it reflect the design of that model portfolio.

When your chosen investment manager rebalances the investments by switching between funds, the buy element of the switch will only be processed once the sale proceeds have been received.

Please be aware that you may only hold one model portfolio in your Modular iSIPP at any time, and that if you hold a model portfolio via the Managed Portfolio Panel, you will not be able to hold any other Investment Centre funds.

We will provide you with a periodic report, based on the investments connected to your chosen model portfolio, on a quarterly basis. These reports will provide you with information such as investment values, transactions and the performance of your model portfolio during this period.

To set up a model portfolio via the Managed Portfolio Panel, your financial adviser will need to agree to the terms of business of the investment manager whose portfolio they wish to use, and they will then be able to appoint the investment manager on your behalf using [James Hay Online](#).

Once the investment manager has been appointed, we will buy or sell units in funds to ensure you are invested in the funds and proportions as specified by the investment manager for that model portfolio.

## Whole of Market

### Investment managers and stockbrokers

You may wish to use the services of an investment manager or stockbroker to buy and sell (trade) individual stocks and shares on your behalf. An investment manager usually offers different types of services including:

- Discretionary service - the investment manager will manage your investments based on the strategy agreed with you, without consulting you on individual trades.
- Advisory service - the investment manager will advise you on what trades to place but will need to get your agreement before placing a trade.
- Execution only service - the investment manager or stockbroker will act on your instructions when placing trades and will not provide advice.

You can use the services of our panel stockbroker if you require an execution only service. However, you may also choose a non-panel stockbroker or, if you require a discretionary or advisory service, an investment manager through the Whole of Market module.

The investment manager or stockbroker you wish to use must be based in the UK, regulated by the Financial Conduct Authority and agree to our operational requirements. We have a list of investment managers and stockbrokers with whom we currently have agreements, and this is available on our website.

To set up an investment manager or stockbroker account, please read the investment manager's or stockbroker's own terms and conditions and then complete the investment manager's application form and our 'Investment Manager Appointment Form', available on our [website](#). Upon receipt of these forms, we will set up the account on your behalf.

We will confirm to you once the account has been set up, and you or your financial adviser can then place trades directly with them.

The investment manager or stockbroker will apply charges for trading in stocks, shares and other investments and for holding cash on your behalf. If the investment manager holds cash on your behalf, they will take their charges from this cash or we may pay their charges from your SIPP bank account. Please read the investment manager's or stockbroker's literature to check you are happy with the level of their charges before applying for an account.

Please note: Should an investment manager or stockbroker business fail and be unable to return some or all of your money or investments to you, you may be covered under the Financial Services Compensation Scheme (FSCS) up to the relevant compensation limit, which is currently £85,000 for money and investments held by them. Please ask your chosen investment manager or stockbroker for further information regarding how the FSCS covers them.

For full details of the range of investments permitted under your Modular iSIPP, please refer to the 'Modular iSIPP Permitted Investments List', a copy of which is available on our [website](#).

### Other Whole of Market investments

This covers most other types of investments allowed under HMRC pension rules, which do not fit within one of the other modules of the Modular iSIPP, including:

- Collective investment funds not available on the Investment Centre
- Investments held by Investment Managers and by Stockbrokers not on our Panel
- Investment trusts
- Structured products
- Insurance company managed funds
- National Savings and Investments (NS&I) products
- Investment grade gold bullion

To buy or sell these types of funds directly, you can complete the 'Instruction to Trade Form' available on our [website](#), and send this to us along with any additional documentation that the fund provider may require.

## Commercial property

You can invest in commercial property and land in the UK, which may be purchased by your Modular iSIPP. You cannot buy a residential property using your Modular iSIPP.

To help with your purchase, you may be able to borrow up to 50% of the value of your Modular iSIPP at a commercial rate of interest from a commercial lender in the UK.

In order to purchase the property, you will need to arrange for various reports and documents to be forwarded to us. During the time the property is owned in your Modular iSIPP, you will be asked to arrange for valuation reports to be carried out by a qualified surveyor, and may be asked to pay additional fees for certain services that may be required, such as a lease renewal or buy-out.

Since the ownership of commercial property involves ongoing liabilities, particularly if the property falls vacant, you must ensure that sufficient money is available to meet any property costs at all times. The property must be managed in accordance with commercial practice and no concessions can be given because you or a party connected to you is the tenant.

If you want to buy a commercial property or land, please refer to the 'Commercial Property Purchase and Maintenance Guide' which explains the process and our requirements. Once you are ready to proceed, please complete the 'SIPP Commercial Property Questionnaire' and forward it to us together with all the necessary supporting documentation as outlined in the guide.

Before selling your property please refer to the 'Commercial Property Disposals Guide', which explains the process and our requirements. Once you are ready to dispose of the property, please complete the Disposal Form included in the guide and forward it to us.

### Risks to consider

Purchasing a property in a SIPP is one of the most complex investments you can make, and therefore you should fully consider the risks and obligations this type of investment imposes.

If you purchase the property with the assistance of a loan from a commercial lender, the interest rate on the loan may increase and your loan repayments may go up.

Any tenant of the property may not pay the rent on time and if the property falls vacant and rental income stops being received, your Modular iSIPP will still have to meet any ongoing costs, such as loan repayments and business rates.

It may take time to sell a property and if a delay does occur, this may affect your retirement planning, as funds may not be available when you need them.

As with any investment, the value of the property may drop and you may not get back what you invested.

For further information or for copies of the guides referred to above, please visit our [website](#).

### Specialist Investments

While they are no longer available for new investment, you may be able to make additional investments (top ups) in certain types of Specialist Investments (including second hand/traded endowment policies, Non-Mainstream Pooled Investments, unquoted shares and loans to unconnected third parties) if you already hold one of these in your Modular SIPP, subject to our due diligence review and requirements in place at the time the investment is requested.

If you wish to top up an existing investment, please read our 'Specialist Investments (also known as Non-Standard Investments) Guide' which is available from our [website](#). New investments (other than top ups) are not permitted into these types of investments.

# Taking money out

When you are ready to take benefits out of your Modular iSIPP, either in the form of one or more lump sums or as regular income, the way in which you take your benefits can have tax implications, particularly if you have large amounts of money in your pension fund, or a number of pension funds with different pension providers.

We therefore recommend that before applying to take benefits out of your Modular iSIPP, you should:

- speak to your financial adviser
- access free, impartial guidance through the Government backed service called Pension Wise, details of which are given at the end of this document
- read the Money Advice Service brochure called 'Your pension: your choices', which is available on our website
- read our 'Accessing Your Pension Benefits' and 'Scamproof your Savings' documents, which are available on our website.

## Starting to take money out of your Modular iSIPP

Under normal circumstances you can start taking benefits from your Modular iSIPP from age 55. You do not need to retire or stop working to receive your benefits, which may be taken in their entirety, or phased over a number of years, as you prefer.

You may be able to take your benefits earlier than age 55 if you have a protected retirement age, due to the fact you were a pension scheme member who qualified for early retirement under prior legislation, or if you are forced to retire due to ill health. If your pension rights can be taken before the minimum pension age of 55, then you must crystallise all of the benefits in the scheme at the same time.

There is no upper age limit by when you must start to take benefits.

## Providing proof of age

When you come to take your benefits, if you have not already done so, you will need to provide us with evidence of your date of birth.

Your financial adviser can confirm your age by sending us a letter confirming they have seen evidence of your date of birth. An example letter which satisfies our requirements called the 'Evidence of Age Proforma' is available on our [website](#).

Alternatively, you can confirm your age by sending us a black and white photocopy of your unexpired passport, or your original birth certificate (and marriage certificate if your name has changed on marriage).

Please note: Due to Crown Copyright rules, we can only accept originals of birth and marriage certificates as proof of your age.

## Taking money out of your SIPP early due to ill health

Subject to medical evidence, we may pay 'ill health early retirement benefits' before the age of 55, or 'serious ill health benefits' if you are expected to live for less than 12 months.

The medical evidence must be from a registered medical practitioner and must confirm that, in their opinion, (for early retirement) you are, and will continue to be, medically incapable (either physically or mentally) of continuing your current occupation as a result of injury, sickness, disease or disability, or (for serious ill health) you are expected to live for less than one year.

If you wish to apply for either of the above, we will need to ask you for evidence from a medical practitioner before agreeing to pay benefits. To apply for benefits early due to your ill health, please provide this evidence alongside our 'Benefit Payment Form'.

If you are suffering from poor health when you come to retire, it is worth investigating the annuity options available to you, as you may get a better annuity rate than someone of a similar age who is in good health via an enhanced annuity. We suggest you consult with your financial adviser if you think this may be applicable to you.

## Taking money out in stages

Rather than taking your money out all at once, you may have the option to take money out in stages over a period of years, allowing you to wind-down your working activity in the way that suits you. If you have any pre 6 April 2006 pension benefits with protected pension entitlement, as provided for under the transitional rules, you might not be able to take these benefits in stages.

## Benefit options

You can take as little or as much as you want from your Modular iSIPP. You have the choice of taking your funds as an income for life by purchasing a lifetime annuity, or you can access your funds as and when you want through one or more lump sums and income drawdown. Or you can have a combination of both.

To access your funds, you will have two main choices:

- You can put your funds into drawdown, known as flexi-access drawdown, from which you can take out any amount over whatever period you choose as an income withdrawal, or
- You can take a single or series of lump sums from your uncrystallised funds (any funds not already designated for income), known as an uncrystallised funds pension lump sum (UFPLS).

Certain flexible access payments will trigger the money purchase annual allowance rules. Please see the **Contributions** section of this document for further details.

### Flexi-access drawdown

If you choose to access your pension through drawdown for the first time, the funds will be crystallised (designated) into flexi-access drawdown. You can take a tax free lump sum of up to 25% of the funds you crystallise, and there will be no limit on the amount of income that you can draw from the remaining value of the crystallised funds in your plan each year.

You can take income payments annually, half-yearly, quarterly or monthly. Any income payment via flexi-access drawdown will be taxable under PAYE and will trigger the money purchase annual allowance rules.

To take flexi-access drawdown, please complete the 'Benefit Payment Form for Capped or Flexi-access Drawdown' from our [website](#) and send it to us.

### Capped drawdown

If you have an existing pension fund that is in capped drawdown (a fund crystallised before 6 April 2015 where you have not since exceeded the capped drawdown income limit or converted to flexi-access drawdown), you can continue to receive capped drawdown from your Modular iSIPP should you transfer in that pension. You can also crystallise further funds in capped drawdown where you have an existing capped drawdown arrangement.

The difference between capped drawdown and flexi-access drawdown is that there is a limit on the amount of income you can take from a capped drawdown fund; a limit that is regularly recalculated based on your age, your fund value and the government actuary department's tables of annuity rates. Taking an income under capped drawdown does not trigger the money purchase annual allowance rules, whereas taking an income under flexi-access drawdown does.

### Uncrystallised funds pension lump sum (UFPLS)

If you want to access some or all of your money purchase pension savings without designating funds for income drawdown, you can take an uncrystallised funds pension lump sum. This lump sum is payable from the uncrystallised part of a pension fund, and so cannot be paid from a fund already in drawdown.

The full designated sum will be paid in one go, with 25% of the amount paid tax-free, and the remainder taxed as pension income through PAYE.

To qualify, you must be aged 55 or older or meet the ill-health conditions, and have sufficient lifetime allowance available to cover the lump sum amount (or if aged over 75, just some lifetime allowance remaining).

To ensure that the amount you could receive tax-free is not greater than the amount that could be paid as a pension commencement lump sum through drawdown, you must not have either primary or enhanced protection with a protected lump sum of more than £375,000.

If you take an uncrystallised funds pension lump sum, you will be subject to the money purchase annual allowance rules. Please see the **Contributions** section of this document for further details.

To take an uncrystallised funds pension lump sum, please complete the 'Benefit Payment Form for UFPLS' from our [website](#) and send it to us, along with any of the supporting documentation listed at the end of the form.

### Buying a lifetime annuity

You can choose to purchase a lifetime annuity with your fund at any time after you have reached age 55, whether or not you are already receiving benefits. Your annuity will be purchased on the open market from any insurance company you choose.

A lifetime annuity must be payable to you at least annually by an insurance company and must be payable at least until your death.

Payments from a lifetime annuity are taxed as income.

To exercise the Open Market Option to purchase a lifetime annuity, please complete and submit the 'Annuity Open Market Option Request Form', which can be obtained from our [website](#).

### Checklist for applying to take benefits

- Benefit Payment Form for Capped or Flexi-access Drawdown, or
- Benefit Payment Form for UFPLS, or
- Annuity Open Market Option Request Form
- Confirmation if you have any form of protection from HMRC and evidence of this, such as the relevant certificate (please see the next section of this document for information on protection)
- Evidence of your name and address (if not previously received)
- Proof of your age (if not previously received), and
- Sufficient money available in your SIPP bank account, or appropriate disinvestment instructions, in order for us to pay your required benefits.

We recommend that you seek appropriate guidance or advice to understand your options at retirement.

## Lifetime allowance and protection

The lifetime allowance is a limit on the value of benefits you can take from all of your registered pension schemes before you have to pay a tax charge.

Your lifetime allowance does not restrict the amount of your pension savings but it does limit the amount that can be tax privileged. It applies to the total value of any benefits to which you are entitled, whether they are held in one pension or in several arrangements.

We will test the value of your benefits against your lifetime allowance when you:

- take a pension commencement lump sum, begin taking income withdrawals or purchase an annuity
- take an uncrystallised funds pension lump sum if you are aged under 75 (if you are aged over 75, you must have some lifetime allowance remaining - please see the note below)
- request a transfer value to a qualifying recognised overseas pension scheme (QROPS).

When you take an uncrystallised funds pension lump sum and are aged over 75, if your remaining lifetime allowance is less than the amount you take, the tax free element of the lump sum (normally 25% of the amount you take) will be restricted to 25% of your remaining lifetime allowance, with the balance taxed as income.

If you die before taking your benefits, we will also test the value of your benefits against your lifetime allowance when calculating lump sum death benefits.

In any of the circumstances above, if the value of the benefits being paid takes you over your lifetime allowance then the excess will normally be subject to a tax charge. The tax charge is 55% of any excess benefits taken as a lump sum, and 25% of those that will be used to provide income (which will be subject to income tax).

The occasions when benefits are tested are called 'crystallisation events'. If you do not take all your pension benefits at once, any remaining percentage of your lifetime allowance that has not been used will be carried forward to the next crystallisation event.

### How much is my lifetime allowance?

Depending on your circumstances, your lifetime allowance may be either 'standard' or 'enhanced'.

#### Standard lifetime allowance

The standard lifetime allowance is available to everyone and is £1,073,100 for the 2020/21 tax year.

In any subsequent tax year, the allowance may be changed by the government.

#### Enhanced lifetime allowance

You may be eligible for an enhancement of the standard lifetime allowance if:

- your Modular iSIPP has received a transfer from an overseas pension scheme which has not received UK tax relief
- a pension credit that qualifies for an enhancement has been received as a result of a sharing order under a divorce settlement

- you have made contributions as a non-UK resident of more than five years standing
- you hold a primary protection certificate.

You can request an enhanced lifetime allowance by applying to HMRC, giving the reason. If your request is allowed, you will receive a certificate showing the amount of enhancement calculated by HMRC.

You will need to keep the enhancement certificate until all your benefits have come into payment (although a replacement will be provided by HMRC if it is lost, defaced or destroyed). All other documents relating to your request must be kept for six tax years.

### Fixed protection

The lifetime allowance has been reduced several times over recent years. Each time it has been reduced, you have been able to apply to HMRC for fixed protection, which means that your lifetime allowance is fixed at the previous limit, until such a time that the standard lifetime allowance increases to a level exceeding the previous limit.

- 6 April 2012: Lifetime allowance reduced from £1.8 million to £1.5 million - Fixed Protection 2012 available prior to this date to fix your lifetime allowance at £1.8 million.
- 6 April 2014: Lifetime allowance reduced from £1.5 million to £1.25 million - Fixed Protection 2014 available prior to this date to fix your lifetime allowance at £1.5 million.
- 6 April 2016: Lifetime allowance reduced from £1.25 million to £1 million - Fixed Protection 2016 available to fix your lifetime allowance at £1.25 million.

Whilst the deadline for applying for Fixed Protection 2012 or 2014 has now passed, there is no closing date for making an application for Fixed Protection 2016. Applications to HMRC must be made online. For more details, see [www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance).



You cannot apply for Fixed Protection 2016 if you already hold Primary Protection, Enhanced Protection or an earlier form of fixed protection.

When you wish to take benefits, you must provide us with a copy of your fixed protection certificate issued by HMRC.

You will lose your fixed protection if you make further contributions to any money purchase pension arrangement (which includes your Modular iSIPP). You may also lose it if you have any pension benefit accrual under a defined benefit pension arrangement.

It is still possible to transfer accrued pension benefits from other schemes into your Modular iSIPP without this having any impact on your fixed protection, provided it is a permitted transfer (as set out in HMRC guidance).

## Primary and enhanced protection

If you have a primary protection, enhanced protection or an enhanced (primary dormant) protection certificate and you wish to take benefits, you must provide us with a copy of your certificate.

If you have either an enhanced protection or an enhanced (primary dormant) protection certificate and you do not want to use enhanced protection when taking benefits, you must notify HMRC of this within 90 days of the benefit commencing. Failure to notify HMRC will result in a financial penalty.

If you have primary protection, you may continue to make contributions. However, you will lose your enhanced protection if you make further contributions to any money purchase pension arrangement (which includes your Modular iSIPP).

You may also lose it if you have any pension benefit accrual under a defined benefit pension arrangement.

It is still possible to transfer accrued pension benefits from other schemes into your Modular iSIPP without this having any impact on your primary or enhanced protection, provided it is a permitted transfer (as set out in HMRC guidance). You should ask your financial adviser for guidance.

## Individual protection

There are two forms of individual protection available:

- Individual Protection 2014
- Individual Protection 2016.

### Individual Protection 2014

Individual Protection 2014 will give you a lifetime allowance equal to the value of your pension savings on 5 April 2014 - up to an overall maximum of £1.5 million.

Individual Protection 2014 is only available if the value of your pension savings (including any benefits in payment) on 5 April 2014 exceeded £1.25 million. There is no upper limit on the value. Therefore, you could have had pension savings in excess of £1.5 million and still applied for Individual Protection 2014. However, your lifetime allowance will be capped at £1.5 million. Applications for Individual Protection 2014 had to be made to HMRC by 5 April 2017.

### Individual Protection 2016

Individual Protection 2016 will give you a lifetime allowance equal to the value of your pension savings on 5 April 2016 - up to an overall maximum of £1.25 million.

Individual Protection 2016 is only available if the value of your pension savings (including any benefits in payment) on 5 April 2016 exceeded £1 million. There is no upper limit on the value. Therefore, you can have pension savings in excess of £1.25 million and still apply for Individual Protection 2016. However, your lifetime allowance will be capped at £1.25 million.

You can make an application to HMRC for Individual Protection 2016 online. For more details, see [www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance).



You can hold either form of individual protection whilst also holding any form of Fixed Protection or Enhanced Protection. However, you cannot apply for Individual Protection if you already hold Primary Protection. You cannot apply for Individual Protection 2016 if you already hold Individual Protection 2014.

## Modular iSIPP on death

### If you die without buying an annuity

Your Modular iSIPP is held within a trust, and as such, it lies outside your estate for inheritance tax purposes. This means that when you die the proceeds from your Modular iSIPP can normally be paid to your beneficiaries free of inheritance tax.

There may be other tax charges on the proceeds, depending on your age at the date of your death and the options your beneficiary(s) decide to take. Your beneficiary(s) can normally either take the death benefits as a cash lump sum or keep the funds within the pension environment to provide a regular income.

We pay benefits to beneficiaries based on your wishes as stated on your application. However, as trustee of your Modular iSIPP, we have ultimate discretion on who we pay.



To let us know who you would like your Modular iSIPP benefits to go to in the event of your death, or to update your nomination, please complete and submit an 'Expression of Wish Form', available from our [website](#).

### If you are aged under 75 at the date of your death

If you were to die aged under 75, you will be able to pass on your Modular iSIPP funds to any beneficiary free of tax, provided this is done within two years of the date of your death.

Where any of your pension fund is uncrystallised, this part will be tested against your lifetime allowance, and any amount in excess of your lifetime allowance will be subject to the lifetime allowance charge. Any crystallised fund is not tested against the lifetime allowance on your death.

Other than the lifetime allowance test, there is no difference in the tax treatment between funds you have crystallised and those that are uncrystallised; therefore if your beneficiaries elect to take a lump sum from your fund which you previously crystallised, the lump sum will be paid free of any tax.

Alternatively, your beneficiaries can opt to take an income from what was your Modular iSIPP fund. Any income they take will be free of income tax if you are under age 75 at the date of your death.

Where you have not taken benefits from your uncrystallised pension funds, your beneficiaries have to decide which way they intend to take the benefits within two years of your death, otherwise tax charges will arise.

### If you are aged over 75 at the date of your death

If you are aged over 75 on the date of your death, and if your beneficiary opts for the lump sum, a tax charge will be applied at their own marginal rate of income tax, whether you had taken benefits from your pension or not. If your beneficiaries instead elect to take an income from the fund, they will pay tax on the income at their own marginal rate.

If a lump sum death benefit is paid to a trust, then a tax charge of 45% will be applied. You can nominate a registered charity to receive a lump sum death benefit in the event that you have no dependants. Any lump sum paid to a registered charity will be tax free.

On the deaths of the recipients of your pension fund, any residual pension can be passed on to a beneficiary of their choosing. The tax treatment of the residual fund is dependent on the age of the recipient at the time of their death, and not your age.

### If you die after buying an annuity

If you have used all or part of your fund to buy an annuity, on your death the benefits paid will depend on the options selected when the annuity was purchased.

When you purchase an annuity you can choose to include a spouse's, civil partner's or dependant's pension.



## Opening a Modular ISA

Under the ISA Regulations, there are three types of ISA:

- Cash ISA
- Stocks and shares ISA
- Innovative finance ISA.

In each tax year, you may subscribe to one cash ISA, one stocks and shares ISA and one innovative finance ISA.

The Modular ISA is a stocks and shares ISA as defined under ISA Regulations.

For the 2020/21 tax year, the ISA allowance is £20,000. You can split the amount you pay into an ISA between a cash ISA, a stocks and shares ISA and an innovative finance ISA as you choose, up to the £20,000 limit. If you do not use the ISA subscription limit in any tax year you cannot carry it forward or add it to the limit of the next tax year.

## Tax

All investment income and capital growth within your Modular ISA is free of UK taxes, except for the 10% tax deducted at source on UK dividends, which is non recoverable.

## Making a subscription to your Modular ISA

As long as you keep within your annual allowance, you can invest lump sums whenever you wish, or pay a regular monthly amount.



To make a single or regular subscription to your Modular ISA, please complete and submit the 'Supplementary ISA Subscription Form' from our [website](#).

Subscriptions can be paid by bank transfer, direct debit, or you can request for money to be transferred in to your Modular ISA from your Modular GIA. Bank details, including your payment reference, for your ISA product bank account can be found within your James Hay Online account, or from us on request.

## Transferring an existing ISA

You may transfer all of your current year's ISA, or part or all of a previous year's ISA at any time, provided that the transfer is in accordance with the regulations applying to ISAs and your existing ISA manager agrees to the transfer. A transfer may be made in cash or by re-registering assets depending on your ISA manager's agreement. You will need to check with your existing ISA manager whether they will take a charge to sell the assets and transfer the money in cash or to re-register the assets.



To arrange the transfer of your existing ISA into your Modular ISA, please complete and submit the 'ISA Transfer Request Form', available from our [website](#).

## Investing within the Modular ISA

Any subscriptions made into your Modular ISA will be held in the ISA product bank account until you provide investment instructions to us.

You can invest in collective investment schemes, such as unit trusts and OEICs, through our Investment Centre. We also have a panel of stockbrokers through whom you can invest in stockmarket traded investments, including shares and fixed interest securities quoted on any stock exchange recognised by HMRC.



For full details, please read the 'Modular ISA Permitted Investments List' available from our [website](#). This also explains which investments fit into which module within your Modular ISA.

Please note that due to HMRC reporting requirements, under the Modular ISA we are unable to offer access to investment managers or stockbrokers not on our panel.

## Overseas investment risk

Please note that if you hold investments outside of the UK, due to local laws a third party nominee may not hold your investments in a way which is separately identifiable from investments of that third party or of us. In the event of their insolvency, if there is a shortfall in investments available to settle all claims, all of your investments may not be recovered, and you may share proportionately in accordance with all clients' entitlements.

## Modular ISA withdrawals

You can withdraw any amount, or close the account, at any time. Withdrawals can be made on a regular basis, or as a single lump sum, and you can choose which underlying investments are sold to make the payment (though the fund manager may take a charge for this). There is no minimum amount that must remain in your Modular ISA.

If you withdraw an amount from your Modular ISA, you can only reinvest that amount back into an ISA if you have available unused subscription allowance for that tax year.

You can make withdrawals or close the account by writing to us or sending us a secure message from your [James Hay Online Account](#).



If you would like to make withdrawals on a regular basis, you will need to notify us at least 14 business days before the date of the first payment. Regular withdrawals will be transferred by electronic transfer to a bank account in your name. Lump sum payments will be made either by cheque or by electronic transfer to a bank account in your name.

## Modular ISA on death

If an ISA account holder dies, the investments remain sheltered from tax as a 'continuing account of a deceased investor', until the earlier of:

- the completion of the administration of the deceased's estate
- the closure of the ISA account, or
- the third anniversary of the ISA account holder's death.

During this period, no new subscriptions can be made to the account, and it normally cannot be transferred to another ISA manager.

On receiving appropriate proof of title, such as probate, we will pay in accordance with the instructions of your personal representatives the balance together with any interest earned up to the date we close the Modular ISA.

The proceeds from your Modular ISA will form part of your estate for inheritance tax purposes.

If on your death you have a surviving spouse or civil partner, they will be able to invest an amount into their ISA in addition to their usual allowance, referred to as Additional Permitted Subscriptions (APS). The APS can be funded from ISA assets or cash that they inherit or, if in cash, from their own resources.

The APS limit is the value of the ISA investments either:

- at the date of death of the ISA account holder, or
- at the point when the account ceases to be a continuing deceased's account (i.e. when the ISA is closed after investments are distributed to the estate, or the third anniversary of the ISA account holder's death - whichever is earlier).

The surviving spouse or civil partner can choose which value to use, but once they have done so, they cannot change their mind.

# Modular GIA

## Paying money in and investing

There are no minimum or maximum limits to your Modular GIA, so you can invest as much as you wish at any time.

Payments can be made by bank transfer or Direct Debit. Bank details, including your payment reference, for your GIA product bank account can be found within your James Hay Online account, or from us on request.

Your Modular GIA can hold most types of investments. A detailed description of all the permitted investments is available in the 'Modular GIA Permitted Investments List' from our [website](#). This also details which investments fit into which module within your Modular GIA.

## Overseas investment risk

Please note that if you hold investments outside of the UK, due to local laws a third party nominee may not hold your investments in a way which is separately identifiable from investments of that third party or of us. In the event of their insolvency, if there is a shortfall in investments available to settle all claims, all of your investments may not be recovered, and you may share proportionately in accordance with all clients' entitlements.

## Tax

The Modular GIA is not a tax privileged product. The tax you pay will depend on the type of investments that you hold and your personal circumstances. At the end of each tax year, we will provide you with all the relevant information that you will need to include in your self-assessment tax return. For further information, please speak to your financial adviser.

## Modular GIA withdrawals

You can withdraw any amount at any time from your Modular GIA, as a single lump sum or on a regular basis.

To set up a regular withdrawal from your Modular GIA, please complete and submit the 'Regular Withdrawal Request Form' available from our [website](#). Regular withdrawals will be paid by electronic transfer to a bank account in your name.

Single lump sums can be requested in writing, by post, fax or secure message sent through [James Hay Online](#). Lump sum payments will be made either by cheque or by electronic transfer to a bank account in your name.

## Monitoring your Modular GIA

You can log on to our secure website, James Hay Online, at any time to see a current valuation of your Modular GIA.

Every three months, we will also send you a statement showing the value of your Modular GIA and the transactions carried out over the past three months.

## The Modular GIA on death

If you die, your Modular GIA will form part of your estate. Once we receive proof of title, we will follow the instructions of your personal representatives. We will pay any remaining cash balance together with interest earned up to the date we close the Modular GIA, or if requested we will transfer the investments held in the Modular GIA, in accordance with their instructions.

## Tax

Any taxation information contained in this document is based on our interpretation of legislation and HMRC practice, which may change from time to time. Any information relating to how tax may be applied to you may change and depends on your individual circumstances.

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## Banking

In respect of the GIA and ISA product bank accounts, please note that we may place money in notice or unbreakable term deposit accounts with notice periods of, or on deposit for, fixed terms of up to 95 days, in accordance with the FCA's Client Money Rules. In the event of our insolvency or default of a bank or deposit taker, the investor's money may not be immediately available for distribution.


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## Compensation

The Modular iSIPP scheme administrator, James Hay Administration Company Limited, and the ISA Manager and GIA provider, James Hay Wrap Managers Limited, are both covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations, you may be entitled to compensation under the FSCS. We will send you details of the cover provided by the FSCS on request.

The individual product providers for your underlying investments may themselves offer protection under the FSCS. Please ask your financial adviser or the particular product provider for further information.

The product bank accounts and fixed term deposits are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations up to a combined maximum of £85,000 for all accounts you hold with them (including those held through a Modular iPlan product and any you may hold personally outside of the Modular iPlan).

 For further information about the FSCS (including the amounts covered and eligibility to claim), please call us on 03455 212 414 or refer to the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).


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## Useful contacts

James Hay is the provider of your Modular iPlan products. We do not provide financial advice. If however, after reading this guide you have any technical or administrative questions, you can send us a secure message, or call us on the number below:

James Hay Partnership  
Dunn's House  
St Paul's Road  
Salisbury  
SP2 7BF

 Website: [www.jameshay.co.uk](http://www.jameshay.co.uk)

 Telephone: 03455 212 414


Lines are open from 9am to 5pm Monday to Friday. To help improve our service we may record or monitor calls.

### Pension Wise

Deciding what benefits to take from your pension is an important decision. You are entitled to receive free and impartial guidance through the Government backed service called Pension Wise. The objective of the service is to empower you to make informed and confident decisions on how you use your pension savings in retirement. The guidance does not replace financial advice given by regulated financial advisers.

Pension Wise is provided by The Pensions Advisory Service and Citizens Advice. You can receive this guidance online, by telephone or face-to-face. Please visit the Pension Wise website or call the number below if you wish to use this service.


 Website: [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

 Telephone: 0800 280 8880 or 0300 330 1003  
(from outside the UK +44 20 3733 3495)

### Financial Services Compensation Scheme

The FSCS is the UK's compensation fund of last resort for customers of authorised financial services firms. They may pay compensation if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is independent of the government and financial services industry. For more information, please visit the FSCS website or call the number below:


 Website: [www.fscs.org.uk](http://www.fscs.org.uk)

 Telephone: 0800 678 1100

### Money Advice Service

The Money Advice Service offers free impartial money advice. Please visit the Money Advice Service website or call the number below if you wish to use this service:


 Website: [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk)

 Telephone: 0800 138 7777

### Unbiased

If you wish to use the services of a qualified financial adviser, you can find one local to your area through Unbiased. Please visit their website or call them on the number below:

 Website: [www.unbiased.co.uk](http://www.unbiased.co.uk)

 Telephone: 0800 023 6868

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

James Hay Partnership is the trading name of James Hay Services Limited (JHS) (registered in Jersey number 77318); IPS Pensions Limited (IPS) (registered in England number 2601833); James Hay Administration Company Limited (JHAC) (registered in England number 4068398); James Hay Pension Trustees Limited (JHPT) (registered in England number 1435887); James Hay Wrap Managers Limited (JHWM) (registered in England number 4773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England number 7259308); PAL Trustees Limited (PAL) (registered in England number 1666419); Santhouse Pensions Trustee Company Limited (SPTCL) (registered in England number 1670940); Sarum Trustees Limited (SarumTL) (registered in England number 1003681); Sealgrove Trustees Limited (STL) (registered in England number 1444964); The IPS Partnership Plc (IPS Plc) (registered in England number 1458445); Union Pension Trustees Limited (UPT) (registered in England number 2634371) and Union Pensions Trustees (London) Limited (UPTL) (registered in England number 1739546). JHS has its registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH. IPS, JHAC, JHPT, JHWM, JHWNC, SPTCL, SarumTL, IPS Plc, PAL, STL, UPT and UPTL have their registered office at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. JHAC, JHWM, IPS and IPS Plc are authorised and regulated by the Financial Conduct Authority. The provision of Small Self Administered Schemes (SSAS) and trustee and/or administration services for SSAS are not regulated by the FCA. Therefore, IPS and IPS Plc are not regulated by the FCA in relation to these schemes or services. (04/19)