True Potential Investments Drawdown Key Features.

true potential investments

keyfacts®

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, True Potential Investments LLP, to give you this important information to help you to decide whether drawdown from your pension is right for you. This is an important document which you should read carefully and keep for future reference.

What is the purpose of this section?

The purpose of this document is to provide you with the Key Features that apply to taking Income Drawdown from your True Potential Pension. This document is designed to provide you with sufficient information to enable you to decide whether drawing down from your True Potential Pension is the right decision for you.

If you don't understand any part of this document or have any questions about the options which may be available to you, we strongly recommend that you obtain guidance from Pension Wise* or seek advice from a regulated Financial Adviser.

Seeking guidance? Try MoneyHelper.

Pension Wise is a government service from MoneyHelper that offers free, impartial guidance about defined contribution pension (a pension based on how much has been paid into your pension pot). It outlines the options available at retirement for people with this type of pensions. Please refer to page 11 of this document for further details.

Key features.

This Key Features document gives you important information about taking drawdown from your True Potential Pension. You should read this document carefully before deciding whether to withdraw funds from your pension.

What questions should I ask before I drawdown my pension?

This document gives you the answers to a number of very important questions. These are set out on the following pages and will help you decide whether the True Potential Drawdown product is suitable for you. You should be aware that Stakeholder pension schemes are generally available and might meet your needs as well as the True Potential Pension.

Aims of the True Potential Pension Drawdown:

- To allow you to take a tax-free lump sum (normally 25% of your pension fund) and/or draw an income from your pension
- To allow you flexibility in the level of income taken
- To allow your fund to remain invested whilst you take an income from it
- To provide flexibility in the event of your death
- To potentially allow for flexibility in the timing of an annuity purchase

Your commitment.

- You must take care to read all of the relevant literature and information provided by your financial adviser and True Potential Investments.
- To provide True Potential with the information required to set up drawdown for you and to test your pension benefits against your Lifetime Allowance
- To regularly review your investment strategy and income levels and seek advice when you are not sure
- To notify us of any relevant changes in your personal circumstances
- To understand drawdown and decide whether it is correct for you
- If you are in any doubt, seek financial advice and/or obtain guidance from Pension Wise
- To ensure that you have enough in your pension to meet income payments due and fees payable
- When you flexibly access benefits you must, within 91 days, inform True Potential Investments and your other pension providers
- To keep within the rules of both our Personal Pension as set out in the Terms & Conditions and those set by HMRC
- To ensure any withdrawals (drawdown) is within HMRC limits

Main risk factors.

- Taking income from your fund may reduce its value, this maybe particularly pertinent if your investment returnsare poor or high levels of income are being withdrawn from your pension.
- Investment returns depend on future performance and nothing is guaranteed. Past performance is no guarantee of future performance and therefore this may result in a lower future fund value than you anticipated.
- A reducing fund could result in less available income in the future. It may also result in the reduction in the value of death benefits for beneficiaries
- When you drawdown, you may get back less than your retirement goal because;
  a) Your Investments grow less than illustrated
  b) You have taken money out and/or
  c) You do not invest as planned.
- Tax rules and government pension policy can change at any time.
- There is no guarantee to what your retirement income will be.
- If you transfer from another pension, the benefits may not be comparable.
- If you cancel and your Investments have fallen in value, you will not get back the full amount you invested or transferred

Fees and charges.

Fee	Amount	Frequency
Wealth Platform charge*	0.40% per annum* on all assets held on the TPI Wealth Platform	Monthly
Drawdown charge	NIL	N/A
True Potential All Eligible Securities Pension Fee**	£108.00 to invest in funds other than the True Potential Funds on the Platform	On opening of account and annually on the anniversary
Income Drawdown Administration Fee.	£250	One-off in certain circumstances outlined below***
Dealing charges	£0 for mutual fund purchases and sales	On dealing
CHAPs charge	£15.00 per CHAPS transfer	On transfer

*As shown in the above table, to cover the costs of administering your investments, we charge a small percentage of the value of your investments over the year, which is known as the Wealth Platform Charge. The amount is 0.40%per annum.

** This fee only applies if you have the True Potential Investments All Eligible Securities Pension. This Pension allows for investments within any fund available on the True Potential Wealth Platform without restriction. The £108 annual fee covers our costs for arranging the purchase of all eligible securities within The True Potential Investments All Eligible Securities Pension and is not a fee for advice or investment management services.

*** We reserve the right to charge a fee of £250 for administration of Income Drawdown under certain circumstances at our discretion. For example, pension cases that have been transferred to us and have subsequently had a full account value withdrawal request made within 12 months of the transfer.

Question and answers.

What is Income Drawdown?

- Drawdown is a way of taking income from your pension without having to purchase an annuity
- Money in your pension remains invested in the fund of your choosing and you take money from the fund as income,as and when you need it
- Income Drawdown is not guaranteed for life: you only have an income for as long as you have a pension pot, so if you empty your pot, you will face later retirement with a much reduced income
- In addition, because your pension remains invested, the value of your pension could go up or down

When can I start Income Drawdown?

Income Drawdown can commence from the normal minimum pension age (NMPA) which is currently age 55. Pension benefits can only be taken earlier than the NMPA where you meet the ill-health or serious ill-health conditions or if you have a protected pension age.

Where can I invest?

The True Potential Investments Personal Pension is restricted to the strategy funds available on the True Potential Wealth platform. Investments for the True Potential All Eligible Securities Pension is open to any of the funds available on the True Potential Wealth Platform.

How much does it cost?

True Potential Investments do not charge for drawdown, however as outlined above there is a charge of 0.40% per annum for holding your investments on the platform and this is in addition to the charges of the fund in which you are invested.

Example:
Suppose your investment pot is worth £25,000. This means we charge only £100 over the year. Periodic fees are deducted/paid from any cash held on the account. If there is an insufficient cash balance on the account to cover the fee, the remainder will be raised by selling units from the largest holding.

Is Income Drawdown taxed?

Yes, Income Drawdown is taxed as earned income, so we will deduct income tax from your payments.

Majority of initial withdrawals are likely to be subject to emergency rate tax. This means you may be placed on an emergency tax code. Where an emergency tax code is applied, it may lead to an overpayment or underpayment in tax which may need to be reclaimed from or paid to HMRC at a later date.

This is how the PAYE system operates and is not as a result of our process.

Question and answers.

How much tax-free cash can I take?

In normal circumstances you can take the first 25% of your pension fund as a lump sum which is not subject to any income tax. In some cases, you may be able to draw a percentage greater than the 25% mentioned above but this is limited to members who have additional protection with HMRC.

Any tax-free cash can be taken when Income Drawdown commences, or you can phase the payment of your tax- free cash and Income Drawdown over a period of time. Any remaining undrawn funds have the option for further tax-free cash amounts up to 25% of the fund value that remains undrawn.

Will my pension pot stay invested?

Yes, the remaining value of your pension will stay invested in your original investment choices.

Alternatively you can choose to invest your drawdown (crystallised) funds in one of four Investment Pathways. These are extra investment options designed for customers who have not received advice, and are based on common objectives for how and when you might want to use your savings.

What is capped drawdown?

Capped drawdown allows your pension funds to remain invested in the True Potential pension scheme after a tax-free lump sum has been paid. Income withdrawals can be made up to the maximum limit of 150% of the rate set by the Government Actuary Department (GAD) in any one pension year.

Any income taken cannot exceed this limit. However, if income exceeds 150% of the GAD rate, clients will automatically convert to flexi-access drawdown. You cannot change your mind and go back into capped drawdown if you exceed the cap. The amount of income taken can be varied from year to year, if the maximum income is not taken in a pension year, the difference cannot be taken in a later pension year.

Where income remains within GAD limits clients can continue to contribute up to the £60,000 Annual Allowance (for the tax year) but if they move to flexi-access drawdown the maximum that can be contributed to their pension each tax year will be reduced to £10,000, the level of the Money Purchase Annual Allowance (MPAA).

This GAD limit is reviewed every 3 years (and yearly after age 75). On the review date, a new maximum income is calculated based on the revised pension pot value and the most recent GAD rates and set for the next period. If you move additional pension pots into an existing capped drawdown, the income will be reviewed, and a new maximum calculated.

Capped drawdown ceased from 6th April 2015, therefore new capped drawdown arrangements (including dependants' capped drawdown arrangements) cannot be created after 5 April 2015 unless it's to accept a capped drawdown to capped drawdown transfer. Additional funds (designations) can be added into existing capped drawdown arrangement.

Question and answers.

What is Flexi-Access Drawdown (FAD)?

Flexi-Access Drawdown (FAD) was introduced as an option from 6 April 2015 and replaced previous capped and flexible drawdown options for individuals setting up a new drawdown plan from this date. Any existing flexible drawdown plans automatically became Flexi-Access Drawdown on 6 April 2015.

Flexi Access Drawdown allows you to withdraw a tax-free lump sum and an income that is not subject to a maximum limit except for the total amount of your fund in Flexi-Access Drawdown. You are able to take any amount (up to the full amount in Drawdown) as an income on monthly, quarterly, half yearly or annual intervals or even as one-off payments. This can be varied on your Instruction. A Money Purchase Annual Allowance is triggered when you receive the first flexi-access drawdown income payment from your drawdown fund. If you take tax- free lump sum and no income, this does not trigger the MPAA.

What is Uncrystallised Funds Pension Lump Sums (UFPLS)?

Uncrystallised Funds Pension Lump Sums (UFPLS) is one of the new ways to take funds from your pension. This was introduced as part of the pension flexibility brought in from 6 April 2015. UFPLS allows you to withdraw a specific lump sum from your pension pot of up to 25% tax free and the remainder taxed at your marginal rate. A Money Purchase Annual Allowance is triggered when you first take an UFPLS payment from your pension. You must meet certain conditions in order to access benefits from your pension as an UFPLS. These conditions include the following:

- You must be at least age 55 or meet the conditions to take benefits early under the ill-health rules or have protected pension age
- Lump sum payment must be from uncrystallised funds in your True Potential pension arrangement
- You must have at least some your Lifetime Allowance (LTA) available if you are over age 75. If the UFPLS is paid to you before reaching age 75, you must have full Lifetime Allowance available to cover the payment

What is Small Pots Payments?

Small pots are technically known as cash lump sum. If you have a small pension worth £10,000 or less, you may be able to take benefits as cash lump sum from your True Potential Pension. Small pots from non-occupational pensions are limited to three small payments in your lifetime and each payment must extinguish your pension right held in the True Potential Pension arrangement. To allow the payment of small pot from your True Potential Pension, the following conditions need to be fulfilled:

- You have reached the minimum retirement age of 55 or you satisfy the definition for ill-health early retirement or have a protected early pension age
- Each payment must not exceed £10,000 at the time it is paid to you
- A maximum of three small pot payments are permitted
- The payment must extinguish all your benefit entitlement under the arrangement within the True Potential Investments Pension.

Question and answers.

How much can I pay in?

There is no limit to the amount that you can pay into your True Potential Investments Pension Plan. However, there are limits on the contributions that you can pay in that would attract tax relief on your payment. These contributions are limited by the Annual Allowance (AA). This is the maximum amount of new money eligible for tax relief in a single tax year.

Everyone can pay, and get tax-relief on, up to £3,600 gross each year. If you earn less than £3,600, you are limited to tax relief on a gross contribution of £3,600 (£2,880 net).

For most people, annual allowance is currently £60,000 (2023/24). However, you can also receive tax relief up to 100% of your relevant earnings on contributions paid into your True Potential Investments Pension pension each tax year. This means if your earnings are lower than £60,000 you will be entitled to tax relief on your personal contribution only up to the amount you earn. If you earn less than £3,600, you can pay in up to £2,880 and still get tax relief.

Contributions that exceed your annual salary or the £60,000 allowance could be subject to an annual allowance charge in line with income tax at the rate(s) that apply to you..

Please note that the annual allowance and contribution rules may be subject to change in the future. In some circumstances a reduced Annual Allowance may apply:

- A Money Purchase Annual Allowance (MPAA) (£10,000 gross for the tax year) will apply each tax year once you take money directly out of any money purchase (defined contribution) pension pot you have, unless you:–

  - Only take your tax-free cash lump sum, or
  - Take all of it under the small pension pot rules, or
  - Continue taking Capped Income Drawdown

Taking a Flexi-Access Drawdown income payment will trigger the Money Purchase Annual Allowance.

- Tapered Annual Allowance - Your Annual Allowance may also be reduced if your income (including the value of any pension contributions) is over £260,000 and your income (excluding the value of any pension contributions) is over £200,000.

The Annual Allowance will not apply in the tax year in which you die or if you access your pension pot because of serious ill health.

How often can I receive my income payments?

You can choose to receive one-off (ad hoc) payments as and when you require income or you can choose to receive regular income. Regular payments can be made monthly, quarterly, half yearly or yearly. All regular income payments would be made on the 1st working day of the relevant month. Single or Ad Hoc payments will be processed weekly with a Friday payment date.

Can I alter my income payments?

You can vary the frequency of payments at any time (subject to GAD limits if applicable). If you want to request or change an income payment, we will need a minimum of 10 working days' notice before the payment date.

Question and answers.

What documentation will I receive?

At least once a year you will receive a review pack. This will confirm:

- Your fund value on the review date
- The amount and frequency of the income you are withdrawing currently

The Lifetime Allowance (LTA) is the total amount you can draw from pension savings (workplace and/or personal) in your lifetime without paying extra tax.

For the current tax year 2023/24, the Lifetime Allowance is £1,073,100. When you make a withdrawal from a registered pension scheme, you use up a proportion of your available Lifetime Allowance. However, where you make withdrawals in excess of your available Lifetime Allowance, you may be liable for extra tax charges.

The rate of the tax you pay on pension savings above the Lifetime Allowance depends on how the money is paid to you and when you took your pension savings. If you took your pension on or after 6 April 2023, there is no Lifetime Allowance charge. Instead you will pay extra tax at your marginal rete of income tax on.

Where applicable, we will take off any extra tax charge before you get your payment from us.

Can I transfer other Income Drawdown plans to my True Potential Pension?

Yes, the True Potential Pension accepts transfers of existing UK drawdown plans.

Can existing Income Drawdown plans be combined?

No, HMRC rules require that existing drawdown plans transferred into True Potential Investments must remain separate and keep their original pension year and review date. If you are over 75, and have more than one capped drawdown arrangement, you can request that their pension years are aligned so that GAD limits for each arrangement are reviewed on the same date each year. Each arrangement will be subject to separate reviews.

Can I transfer out?

Yes, but only if you transfer your drawdown funds to another plan offering drawdown or to purchase an annuity.

When can I buy an annuity?

You can use some, or all, of your Income Drawdown fund to purchase an annuity at any time.

Question and answers.

What happens when I die?

As the True Potential Pension is held within a trust, it does not usually form part of your estate. The Trustees will pay the benefits to your beneficiaries.

You can make an Expression of Wish, setting out who you would like to receive the benefits, at any time in writing but the Trustees will not be bound by these wishes although they will take them into account.

Death benefits are paid as cash by selling Investments.

What are the death benefits?

The options are;

If you die before age 75, and benefits are paid within 2 years, your beneficiaries have the following options:

1. Take the whole fund as cash: this will be paid tax free
2. Take a regular income through an annuity or flexible drawdown: the income will be paid tax free
3. Take lump sums through Income Drawdown: the lump sum payments will be paid tax free

If you die after age 75 and benefits are paid after 2 years OR **if you die after age 75**, your beneficiaries have the following options:

1. Take the whole fund as cash: this will be subject to an income tax charge on the beneficiary at their marginal rate
2. Take a regular income through an annuity or flexible drawdown: the income will be subject to an income tax charge on the beneficiary at their marginal rate
3. Take lump sums through flexible drawdown: the lump sum payments will also be treated as income, so would be subject to an income tax charge on the beneficiary at their marginal rate

What if I change my mind?

When you start drawdown, you have 30 days in which to change your mind. If you do change your mind, you should contact us immediately. If you have received any payments, you will have to pay these back, including any tax-free lump sums.

Once the 30 days have elapsed, you will not be able to cancel entering pension drawdown.

Question and answers.

What is MoneyHelper? Your money. Your choice.

Free and impartial guidance is available from the Government if you're planning to retire and have a defined contribution pension (a pension based on how much has been paid into your pension pot).

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We strongly recommend that you take advantage of this service before you make your decision.

You can get help and guidance on the Money Helper website, over the phone or face to face about the 6 steps you need to take to turn your pension pot into income for your retirement:

1. Check the value of your pension pot
2. Understand what you can do with your pension pot
3. Plan how long your money needs to last
4. Work out how much money you'll have in retirement
5. Watch out for tax
6. Shop around for the best deal

It also explains, when shopping around, how to avoid pension scams and the importance of taking your time to make sure your money lasts as long as you do. Pension Wise won't recommend any products or tell you what to do with your money.

How to Contact Money Helper

Web: www.moneyhelper.org.uk
Telephone: 0800 011 3797 to book a phone or face-to-face appointment.
The phone line is open from 8am until 8pm Monday to Friday.

Question and answers.

What if I have a query or complaint?

True Potential Investments are authorised and regulated by the FCA and as such are bound by its rules.

If you have a complaint, you should write to our Complaints Team at:

True Potential Investments LLP
Newburn House
Gateway West
Newburn Riverside
Newcastle upon Tyne
NE15 8NX

T: 0191 242 4866 (option 3)
E: complaints@tpllp.com

Your complaint will be handled in accordance with our internal procedure and the FCA rules governing complaints. For more information on this, please refer to the 'How to make a complaint' section of our site here: https://www.tpinvestor.com/complaints

If your complaint is not dealt with to your satisfaction the matter may be referred to;

Financial Ombudsman Service
Exchange Tower
183 Marsh Wall
London
E14 9SR

T: 0800 023 4567 or 0300 123 9123
W: www.financial-ombudsman.org.uk
E: complaint.info@financial-ombudsman.org.uk

Please note that the Financial Ombudsman Service will not investigate a complaint that has not been raised with us first, and we have had reasonable time to respond.

Any such action will not affect your right to take legal action.

Question and answers.

Financial Services Compensation Scheme (FSCS).

Your cash and Investments are always held separately to True Potential Investments own cash and assets.

As such, in the event that True Potential Investments or a depositorTrue Potential Investments use failed financially, your cash and assets would remain yours as they are segregated; and as part of the wind down process the administrator is obliged to return them to you.

In the event that True Potential, a depositor or a fund manager are unable to meet the liabilities to you in full you may be entitled to redress from the Financial Services Compensation Scheme (FSCS). Further information is available from FSCS at:

FSCS
PO Box 300
Mitcheldean
GL17 1DY

T: +44 0800 678 1100

True Potential Investments ensure that any depositors used (e.g. banks) are covered by the Financial Services Compensation Scheme. This means that you could be covered by the FSCS up to the prevailing rate for each separately authorised deposit taker – subject to eligibility for compensation.

Should your Fund Manager fail financially, so long as you have selected a Fund Manager covered by the UK FSCS your investments could be covered at the relevant FSCS rates at the time – subject to eligibility for compensation.

This information will be available in the Fund Prospectus. For further information visit the FSCS website (www.fscs.org.uk)

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Your capital is at risk. Investments can fluctuate in value and you may not get back the amount you invest. Past performance is not a guide to future performance. Tax rules can change at any time.

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