

HALIFAX SHARE DEALING

Guide to SIPPs

**Halifax Share Dealing
Self Invested Personal Pension**



a little extra help



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Who are Halifax Share Dealing?

Halifax Share Dealing is an execution-only stock broking service that offers a range of share dealing products to help thousands of customers to trade their investments every day.

At Halifax Share Dealing we aim to make dealing on the UK, European and US markets simple and cost-effective as well as ensuring that our customers' wishes are carried out quickly and efficiently.

Working in partnership with A J Bell

Halifax Share Dealing are working in partnership with A J Bell, one of the UK's largest and fastest growing SIPP administrators, to bring you this Self Invested Personal Pension.

An introduction to SIPP

A SIPP, or Self Invested Personal Pension, is a flexible way to save for your retirement. Unlike other personal and company pensions which leave investment decisions to fund managers generally employed by pension providers, a SIPP allows you to be personally responsible for where to invest your money.

This means you have a far wider choice of where to invest (more details are on page 4 of this guide) and puts you in control of your pension investment.

SIPPs offer many tax advantages* over other types of investment and are open to everyone in the UK whether they are:

- Employed
- Self-employed
- A pensioner
- A carer
- In full-time education
- Unemployed

A SIPP can be opened for someone under the age of 18 by their parent or guardian.

You can apply for a SIPP even if you already have a pension as they can be held alongside any other pensions you might have and contributions can be made both by you and your employer. Alternatively you can transfer your existing pension into a SIPP (more details on transferring your existing pension can be found on page 8 of this guide).

When you are thinking about taking out a SIPP you must keep in mind that the value of investments can go down as well as up, and you may not get back the full amount you have invested.

*Personal circumstances and tax laws may change.

Managing your SIPP

A SIPP is essentially a 'wrapper' for your pension savings. You contribute to your SIPP and build up a fund which you can then use to trade in any of the investment options available. The portfolio of investments that you build up will hopefully grow over time to provide you with an income for your retirement.

How you divide your fund is entirely up to you. Full details of the investment options are below.

What you can invest in

With a Halifax Share Dealing SIPP you can invest in any of the following:

- FTSE 100, 250 and FTSE All-Share
- Shares in Investment Trusts
- Exchange Traded Funds also known as Tracker Shares
- Alternative Investment Market stocks (AIM)
- Certain international stocks traded on the London Stock Exchange International Retail Service (IRS) which are quoted and settled in sterling
- Units in Unit Trusts and shares in Open Ended Investment Companies (OEICs)
- Gilts
- Corporate fixed and convertible bonds
- CREST Depository Interests (CDIs)
- UK convertible and cumulative preference stock
- Warrants in UK shares settled in CREST
- International trading in seven world markets.

You can deal over the phone by calling our agents and asking them to buy or sell on your behalf or do everything online via our secure website.

Paying into your SIPP

Your contributions

After your initial payment or transfer of an existing pension fund, you can contribute to your SIPP by Direct Debit, cheque or electronic transfer. You can choose to make regular contributions, single lump sums, or both up to a maximum of the lesser of your Relevant UK Earnings or the Annual Allowance.

Regular contributions

These are payments which you make monthly into your SIPP by Direct Debit.

Single contributions

You can pay these in as and when you want using a cheque or by electronic bank transfer. The minimum amount for a single contribution is £1,000.

Employer's contributions

You can also arrange for your employer to make contributions into your SIPP. Payments must be made from a UK bank account in the company's name.

They have the option of making regular payments by Direct Debit or single payment by company cheque. The same minimum limits which your contributions have to meet also apply to employer's contributions.

Annual contribution limits

The government has set an Annual Allowance for pension contributions. This covers all the pension schemes you have. If your contributions go over the limit you may be able to carry forward unused tax relief from the three previous tax years. If you still exceed the annual allowance, you face an annual allowance charge based on your marginal rate of tax relief.

The Annual Allowance is currently £50,000.

The tax advantages you'll enjoy

To encourage people to invest in pension schemes the Government has given them a number of attractive tax advantages, and SIPPs are no exception.

There is no Capital Gains Tax* to pay on profits you make and dividends which you receive on investments within your SIPP are not subject to Income Tax.

There is also tax relief on the contributions you make (your employer receives tax relief on any contributions which they make).

* Please note: The levels of taxation can change and the value of any tax advantages will depend on your individual circumstances.

- You can claim tax relief at the basic rate (20%) on your personal contributions up to £3,600 or 100% of your relevant UK earnings, whichever is the highest.
- So for every £100 you intend for your plan, you just pay in £80 and the Scheme Administrator claims back the other £20 from the taxman on your behalf. It's then credited to your SIPP between 6 and 11 weeks after you've made the relevant contribution.
- If you are a higher rate taxpayer you can claim 40% of your contributions. The Administrator will claim back your basic rate tax allowance as above and you will be able to claim the remaining 20% relief via your self-assessment tax return.

What happens when you retire?

The reason you take out a SIPP in the first place is to try to ensure you can look forward to a comfortable retirement. So what will you be able to do with the fund when the time comes?

Firstly, from the age of 55, and up to the age of 75 you will be able to take up the option of a tax-free lump sum of up to 25% of the total value of your pension.

The maximum tax-free lump sum is the lower of:

- a) 25% of the value of your SIPP; and
- b) 25% of the unused lifetime allowance

However you don't have to take up this option if you don't want to.

Then, whether or not you have chosen to take the tax-free lump sum there are two main options in order to arrange an income for your retirement:

1. Lifetime Annuity - providing an income for life

You can choose to use your pension fund to buy an annuity from an annuity provider. With an annuity you are guaranteed a regular income for life. You are free to shop around for the best deal you can find. Various factors also affect how much the annuity will be, for example your age, your sex and even whether you smoke.

2. Income Withdrawal - enabling you to carry on investing

This is the alternative to having an annuity and allows you to continue to invest in your SIPP even after you have retired.

It's available to people from the age of 55 and provides income directly from your pension fund as a [Drawdown Pension](#)

It gives you the chance to decide how much of your pension you want to crystallise and you can then choose to take 25% of this as a pension commencement lump sum (currently tax-free, but tax laws may change) and draw regular income from the rest.

If you meet certain conditions, you may be eligible to draw income using Flexible Drawdown. This allows you to withdraw unlimited income from your SIPP, although the payments are subject to PAYE. Further information can be found in the [Key Features](#).

Transferring an existing pension into a SIPP

If you already have a personal or company pension, or even another SIPP, you are able to transfer it into a Halifax Share Dealing SIPP.

If you wish to transfer your existing investments please download and fill in a [Transfer Form](#).

In certain circumstances even if you have started to withdraw money from a pension you can still transfer it to a Halifax Share Dealing SIPP. For more information please contact your current pension administrator or see our Key Features document.

If you are planning to transfer the fund from another SIPP into a Halifax Share Dealing SIPP, you should also be aware that there are certain investments we cannot currently accept including property and insurance company bonds, some overseas shares and certain UK quoted shares which cannot be settled via CREST.

Please note that we recommend you consult a suitably qualified Independent Financial Adviser if you are considering transferring another pension plan into a Halifax Share Dealing SIPP.

Our charges

Unlike other pension plans, which may have high charges, investing with a Halifax Share Dealing SIPP offers very competitive costs. Full details of our charges can be found in our Key Features document or our website www.halifax.co.uk/SIPP

Dealing within your SIPP

A SIPP is a flexible way to control your pension investments, but your choice doesn't just stop with the type of investments you make. There are many ways to deal within your SIPP, including...

Real time dealing

When you deal real time you can be assured that we will carry out your instructions at the best prices available from the Market Counterparties we deal with.

Out of hours trading

You can also place trades outside of the stock market hours. Your trade will be executed as soon as practically possible and at the best price available in the market when it re-opens. All orders are dealt in fair and due turn.

Trade using Advanced Dealing (TradePlan)

Halifax Share Dealing's exclusive TradePlan tools help you take control of risk and make the most of the rise and fall of the stock market, without having to keep a constant eye on your SIPP. With other Halifax Share Dealing accounts there are charges for TradePlan, but you can use this trading tool for FREE within your SIPP.

There are 5 TradePlans to choose from, each aiming to safeguard against unnecessary losses. They are:

Limit Order – a Limit Order lets you set a price above which you will not buy and below which you will not sell investments.

Stop Loss* – a Stop Loss order lets you set a price to sell shares which is lower than the current price. It aims to protect you from falls in a share price.

Experienced investors would usually set a target for the profit they want to achieve and also for the loss that they're prepared to make – a Stop Loss lets you control the latter.

Target Setting – use Target Setting to maximise profit when share prices rise and protect against losses when they fall. This TradePlan is a combination of a Limit Order to sell at a higher price than the current price and a Stop Loss order to sell at a price lower than the current price.

Range Trading – use Range Trading to specify the prices at which you wish to buy and sell a particular stock without the need to constantly watch share prices. It's a combination of two Limit Orders, one to buy shares at a lower price than the current price, and one to sell them at a higher price.

Price Locking* – use Price Locking to track a rising share price and protect you if the price begins to fall. It is an intuitive Stop Loss order that automatically adjusts your stop price to lock in rises when shares climb and protects you from sharp falls.

*Our Stop Loss and Price Locking facilities do not use a guaranteed stop loss. When the share price reaches your Stop Loss price, your order will go into a queue to be actioned. This means that the price dealt may, on occasion, be either higher or lower than the trigger price.

Frequently asked questions

Here are answers to some of the questions we are asked most often by customers and potential customers.

Q What happens if I change jobs or become unemployed?

A If you change jobs or become unemployed you can stop and start your contributions whenever you want. Your SIPP will never lapse.

Q Can I use my SIPP to contract out of my state pension?

A It is possible to transfer in accumulated contracted out benefits, but the SIPP cannot accept ongoing new contracted-out contributions.

Q Can I pay contributions in the form of shares or other investments?

A We only accept contributions by cheque, Direct Debit or electronic transfer. There is one exception and this is in the case of shares issued under certain types of employer's Sharesave plans. Please call us on 08457 225 525 for more information.

Q How can I find out what my SIPP is worth?

A Register for the Halifax Share Dealing online service and you can get a valuation of your portfolio 24 hours a day, 365 days a year. Alternatively, you will receive a statement and valuation in the post in November and May each year.

Q Will I earn interest on cash which is invested in my SIPP?

A Yes. We pay interest on all cash investments in a Halifax Share Dealing SIPP equivalent to the Bank of England Base Rate.

Q Will I pay tax on my pension?

A All pensions are taxable and the Scheme Administrator will deduct any income tax due before paying you. If you've bought a lifetime annuity, the insurance company will be responsible for the payment of your income tax.

Q What happens if I'm applying for a SIPP on behalf of someone who's under 18?

A You will have to sign a Legal Guardian Declaration confirming that:

- You understand that contributions paid may only be returned to the member in the form of benefits payable under the rules of the SIPP
- You will be responsible for the SIPP until the member reaches age 18 and will be responsible for ensuring that contribution limits are not exceeded
- You will tell us the applicant's National Insurance number when they reach age 16.

Q What happens if I die before I start claiming a pension?

A When starting your SIPP you are asked to nominate beneficiaries in the event of your death. These nominations must be kept up to date throughout the term of your SIPP. In the unfortunate circumstance the member dies before claiming a pension we will fully investigate their circumstances. This will include reviewing the nominated beneficiaries, reading over the will and consultation with the legal representative of the member. This will ensure the funds are allocated to the rightful beneficiaries. We have total discretion as to who we pay and this may not be those people noted as nominated individuals.

If you have any other questions not answered here, please visit WWW.HALIFAX.CO.UK/SIPP or call Halifax Share Dealing on **08457 22 55 25**

The Halifax Share Dealing SIPP is administered by A J Bell Management Limited. A J Bell Management Limited is registered in England No. 3948391. Registered office: Trafford House, Chester Road, Manchester, M32 0RS. Sippdeal Trustees Limited is a wholly owned subsidiary of A J Bell Management Limited, registered in England No. 4050222. Dealing and Stockbroking administration services are provided by Halifax Share Dealing Limited. Halifax Share Dealing Limited is registered in England No. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. A Member of the London Stock Exchange and an HM Revenue & Customs approved ISA Manager. Both A J Bell Management Limited and Halifax Share Dealing Limited are authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.