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SELF-INVESTED PERSONAL PENSIONS

Taking control of where your money goes and how it grows

Some people don't want a pension company deciding how their pension savings are invested – they want to control where their money goes and how it grows. In this scenario, a Self-Invested Personal Pension (SIPP) offers a solution. Very much a do-it-yourself pension, you choose what investments you want to put your savings into, and keep control of your savings.

MORE ACCESSIBILITY

A SIPP is a personal pension wrapper that offers individuals greater freedom of choice than conventional personal pensions. However, they are more complex than conventional products, and it is essential you seek expert professional financial advice.

SIPPs allow investors to choose their own investments or appoint an investment manager to look after the portfolio on their behalf. Individuals have to appoint a trustee to oversee the operation of the SIPP but, having done that, the individual can effectively run the pension fund on his or her own.

INVESTMENT INSTITUTION

You can typically choose from a large choice of funds as well as pick individual shares, bonds, gilts, unit trusts, investment trusts, exchange traded funds, cash and commercial property (but not private property). Also, you have more control over moving your money to another investment institution, rather than being tied if a fund under-performs.

Once invested in your pension, the funds grow free of UK capital gains tax and income tax (tax deducted from dividends cannot be reclaimed).

TAX RELIEF

SIPPs, like all pensions, have unrivalled tax benefits. If you aren't using a pension to save for retirement, you could be missing out on valuable tax relief. In the current 2014/15 tax year, you could receive up to 45% tax relief (dependent on your marginal rate of tax) on any contributions you make and pay no income or capital gains tax on any investments returns inside your SIPP.

OTHER CONSIDERATIONS

You cannot draw on a SIPP pension before age 55, and you should be mindful of the fact that you'll need to spend time managing your investments. Where investment is made in commercial property, you may also have periods without rental income and, in some cases, the pension fund may need to sell on the property when the market is not at its strongest. Because there may be many transactions moving investments around, the administrative costs are higher than those of a normal pension fund.

The tax benefits and governing rules of SIPPs may change in the future. The level of pension benefits payable cannot be guaranteed, as they will depend on interest rates when you start taking your benefits. The value of your SIPP may be less than you expected if you stop or reduce contributions, or if you take your pension earlier than you had planned.

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FACTSHEET **RETIREMENT**

A SIPP could be a suitable option if you:

- Would like to have more control over your retirement fund and the freedom to make your own investment decisions, or prefer to appoint investment managers to do this for you and are prepared to pay a higher cost for this facility
- Would like a wide range of investments to choose from
- Want to consolidate your existing pension(s) into a more flexible plan
- Need a tax-efficient way to purchase commercial property

Dividends received within a SIPP do not come with a 10% tax credit, so basic-rate taxpayers are no better off receiving dividends within a SIPP than receiving the dividends directly. Investors in a SIPP need to be comfortable making their own investment decisions about their retirement. Investments go down in value as well as up, so you could get back less than you invest. The rules referred to are those that currently apply; they could change in the future. You cannot normally access your money until at least age 55. Tax reliefs depend on your circumstances. If you are unsure of an investment's suitability, you should seek professional financial advice. Although endeavours have been made to provide accurate and timely information, Goldmine Media cannot guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough review of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions.

PROFESSIONAL FINANCIAL ADVICE YOU CAN TRUST

We can help you decide whether a SIPP investment is right for you and outline the options available to enable you to take full investment control over your retirement planning, while enjoying the tax benefits available. For more information, please contact us.