

7IM SIPP Glossary

7IM

Seven Investment Management LLP, who provides the Investment Services in relation to the 7IM SIPP.

7IM Fees and Charges

The 7IM schedule of fees and charges for the Investment Service as amended from time to time and, if applicable, any additional fee information we have provided to you or your Financial Adviser.

7IM SIPP

The 7IM SIPP established by a trust deed and rules dated 1 December 2017.

7IM SIPP Account

The cash and investment account that 7IM will establish for the purpose of your membership of the 7IM SIPP.

7IM SIPP Application Form

The application form you submit to apply for membership of the 7IM SIPP. This document forms part of the legally binding Agreement between you, the SIPP Operator and 7IM.

7IM SIPP Fees and Charges

The 7IM SIPP Fees and Charges published by the SIPP Operator from time to time and which contains the fees and charges that you agree to pay as a condition of being a member of the 7IM SIPP.

7IM SIPP Terms and Conditions

The contractual terms and conditions that form part of your Agreement and which set out the contractual basis on which the SIPP Operator operates your 7IM SIPP Account.

7IM Terms and Conditions

The contractual terms and conditions that form part of your Agreement and which set out the contractual basis on which 7IM provides the Investment Service in relation to your 7IM SIPP Account.

Agreement

The legally binding agreement that you, the SIPP Operator and 7IM will enter into and be bound by if your application to join the 7IM SIPP is accepted. It consists of (i) your 7IM SIPP Application Form, (ii) the 7IM SIPP Terms and Conditions and the 7IM SIPP Fees and Charges which apply to you and the SIPP Operator in relation to the operation of the 7IM SIPP, and (iii) the 7IM Terms and Conditions and the 7IM Fees and Charges which apply in relation to the Investment Service provided by 7IM for your 7IM SIPP Account.

Annual Allowance

The maximum amount that can be contributed to all of your Registered Pension Schemes in a tax year, without you being subject to a tax charge.

Increases in benefits under final salary pension schemes are also taken into account in the calculation – you should speak to your financial adviser if you think this may affect you.

It may be possible to pay more than the Annual Allowance in a particular tax year without incurring a tax charge if certain conditions are met – see 'Carry Forward' below.

If you have accessed your pension savings, you may be subject to a lower Annual Allowance as a result – see Money Purchase Annual Allowance.

Please refer to our website at www.7im.co.uk for further details.

Basic Amount

The maximum amount of pension contribution you are allowed to receive tax relief on, if you don't have any Relevant UK Earnings. Please refer to our website at www.7im.co.uk for further details.

Capped Drawdown

A form of Pension Income. Capped Drawdown limits how much you can take out each year and the amounts are set by the Government Actuaries Department (GAD). Your income will be checked against the GAD rates at least every 3 years, up to age 75, and annually thereafter.

Capped Drawdown is no longer available for new drawdown entrants, although anyone who was already in Capped Drawdown before 6 April 2015 can continue so long as all the applicable legal conditions continue to be met.

Carry Forward

This allows you to increase your pension contributions above the current Annual Allowance by utilising any unused Annual Allowance from the previous three tax years. You can only carry forward unused Annual Allowance from a tax year in which you were a member of a Registered Pension Scheme and provided applicable legal and HMRC requirements are met. It can be impacted where the Tapered Annual Allowance applies.

Crystallisation

The point at which accrued pension savings are converted to a lump sum or Pension Income. You can normally start taking benefits at any time after Normal Minimum Pension Age irrespective of whether or not you remain in employment.

Defined Benefits Arrangement

This is an employer sponsored pension scheme that is designed to produce a specific level of income at retirement, using a formula that takes into account your salary and length of service with your employer.

Dependant

Your spouse or civil partner, any child of yours under age 23, anyone who is dependant on you due to physical or mental impairment and anyone (except a child over 23) who is financially dependant on you or with whom you are financially mutually dependant, in all cases as defined under the Finance Act.

Enhanced Protection

A form of Tax Protection that protected your pension savings against the Lifetime Allowance prior to 6 April 2024, and was only available if you were a member of a Registered Pension Scheme on 6 April 2006 and had registered for Enhanced Protection before 6 April 2009. If you have this type of protection, your total pension benefits will not be subject to the standard Lump Sum Allowance or the Lump Sum and Death Benefit Allowance. It can also specify additional protection for the Pension Commencement Lump Sum. Please refer to our website at www.7im.co.uk for further details.

Expression of Wish

A non-legally binding notification by you detailing how you wish your death benefits to be paid.

FCA

The United Kingdom Financial Conduct Authority and any successor body performing its functions.

FCA Rules

The FCA Handbook of Rules and Guidance as amended, supplemented or replaced from time to time.

Finance Act

The Finance Act 2004.

Financial Adviser

Any financial adviser firm appointed by you to act on your behalf, such financial adviser firm being regulated by the FCA or an appointed representative or being regulated by an equivalent overseas regulator.

Fixed Protection 2012

If you have this form of Tax Protection, the normal limit used to calculate your Lump Sum Allowance and your Lump Sum and Death Benefit Allowance will be replaced by a greater amount than the standard Lump Sum Allowance and Lump Sum and Death Benefit Allowance. Please refer to our website at www.7im.co.uk for further details. From 6 April 2023, it has been possible for individuals with Fixed Protection 2012 to accrue new benefits without losing this form of Tax Protection.

Fixed Protection 2014

If you have this form of Tax Protection, the normal limit used to calculate your Lump Sum Allowance and your Lump Sum and Death Benefit Allowance will be replaced by a greater amount than the standard Lump Sum Allowance and Lump Sum and Death Benefit Allowance. Please refer to our website at www.7im.co.uk for further details. From 15 March 2023, it

has been possible for individuals with Fixed Protection 2014 to accrue new benefits without losing this form of Tax Protection.

Fixed Protection 2016

If you have this form of Tax Protection, the normal limit used to calculate your Lump Sum Allowance and your Lump Sum and Death Benefit Allowance will be replaced by a greater amount than the standard Lump Sum Allowance and Lump Sum and Death Benefit Allowance. Please refer to our website at www.7im.co.uk for further details. No further contributions or benefit accrual are allowed or the protection will be lost, unless you applied for Fixed Protection 2016 before 15 March 2023. The deadline for applying for Fixed Protection 2016 is 5 April 2025.

Flexi-access Drawdown (FAD)

This is a form of Pension Income which was introduced with effect from 6 April 2015. You are allowed to withdraw Pension Income from your 7IM SIPP Account with no upper annual limit, subject to applicable tax.

Drawing Pension Income using Flexi-access Drawdown will currently make you subject to the Money Purchase Annual Allowance.

Flexible Drawdown

Flexible drawdown was available until 5 April 2015, and enabled an income to be taken from a pension fund, provided the member met the minimum income requirement. All flexible drawdown benefits were automatically converted to Flexi-access Drawdown from 6 April 2015.

HMRC

H M Revenue & Customs.

Individual Protection 2014

This is a form of Tax Protection outlined by HMRC and was introduced on 6 April 2014 in relation to the LTA but continues to apply post 6 April 2024 in relation to the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance. It is designed to protect individuals that have built up pension pots over £1.25 million as at 6 April 2014 for up to £1.5 million or the value of the fund at 6 April 2014, if lower.

It is possible to hold Individual Protection 2014 with Fixed Protection 2012 or 2014 – but not Primary Protection. Contributions may be made without losing this protection.

Individual Protection 2016

This is a form of Tax Protection and was introduced from 6 April 2016 in relation to the LTA but continues to apply post 6 April 2024 in relation to the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance. It is designed to protect individuals who had built up pension pots over £1 million on 5 April 2016. Contributions can continue after 6 April 2016 for protection up to £1.25 million or the fund value at 6 April 2016, if lower. However you will not be able to apply for this if you have Primary Protection or Individual Protection 2014. The deadline for applying for Individual Protection 2016 is 5 April 2025.

In Specie

A phrase often used in relation to transfers of assets between Registered Pension Schemes. It means “in its actual form” so, rather than converting the assets into cash before transferring, the assets themselves are transferred without being liquidated. Examples of assets that might be transferred In Specie are OEICs, unit trusts, stocks and shares.

Investment Service

Means the 7IM investment service applicable to your 7IM SIPP Account.

ITEPA

The Income Tax (Earnings and Pensions) Act 2003.

Lifetime Allowance (LTA)

This was the limit imposed by legislation on the total value of an individual’s Registered Pension Schemes between 6 April 2006 and 5 April 2024. Exceeding this limit normally resulted in tax charges. Please refer to our website at www.7im.co.uk for further details.

Lifetime Annuity

An annuity contract which provides an income for life within the meaning of the Finance Act, in return for you paying over some or all of your 7IM SIPP Account to an insurance company. When buying a Lifetime Annuity, you have the option to include annual increases and/or a continuing Pension Income for your spouse/civil partner when you die, although including these will reduce the initial level of Pension Income payable. Specialist annuities may also be available from some providers if you meet the relevant criteria e.g. annuities that provide a higher Pension Income if you are in poor health.

Loss

Any direct or indirect, consequential or special loss including any fees, costs, charges, claims, awards, fines, determinations, expenses, taxes, tax charges, tax surcharges, Unauthorised Payments, penalties, interest, levies, liabilities or demands of any kind whatsoever.

Lump Sum Allowance (LSA)

This is the limit imposed by legislation on and from 6 April 2024 on the total value of PCLSs or the tax free element of an UFPLS. Exceeding this limit will normally result in tax charges. Please refer to our website at www.7im.co.uk for further details.

Lump Sum and Death Benefit Allowance (LSDBA)

This is the limit imposed by legislation on the total value of lump sums paid from an individual's Registered Pension Schemes on and from 6 April 2024. Exceeding this limit will normally result in tax charges. Please refer to our website at www.7im.co.uk for further details.

Money Purchase Annual Allowance (MPAA)

This was introduced from 6 April 2015 and is a reduced limit on the total contributions that can be made to your pension if you have previously accessed benefits flexibly. It applies when:

- income is taken from Flexi-access Drawdown, or
- an Uncrystallised Funds Pension Lump Sum (UFPLS) is received.

It does not apply where only a PCLS is taken from Flexi-access Drawdown. Please refer to our website at www.7im.co.uk for further details.

Nominee

Means someone nominated by you (or if you do not nominate someone, someone nominated by the Scheme Administrator), other than a Dependant, to receive benefits on your death from your 7IM SIPP Account within the meaning of the Finance Act.

Normal Minimum Pension Age

Means the earliest date that the Finance Act allows benefits to be taken under the 7IM SIPP (other than in circumstances of qualifying ill health under the Finance Act) which, since 6 April 2010, is age 55. Normal Minimum Pension Age will rise to age 57 from 6 April 2028.

Pension Commencement Lump Sum (PCLS)

PCLS is the tax free lump sum that can be paid to a member when their benefits are Crystallised. Typically this will be 25% of your 7IM SIPP Account. However, the PCLS will be limited to your available Lump Sum Allowance or, if lower, your available Lump Sum and Death Benefit Allowance. Also known as "tax-free cash".

Pension Income

The income received from your pension savings either by taking regular amounts from your 7IM SIPP Account through Capped or Flexi-access Drawdown, or by buying a Lifetime Annuity.

Primary Protection

A form of Tax Protection applied to pension benefits at April 2006 which were equal to or over £1,500,000. This replaced the standard LTA with a higher personal LTA which increased each year in line with the standard LTA.

There is currently no option to revoke Primary Protection and therefore if this applies, you cannot apply for Fixed Protection, or any of the forms of Individual Protection. However it is currently possible for you to hold both Enhanced and Primary Protection.

QROPS

Stands for "qualifying registered overseas pension scheme" within the meaning of the Finance Act and is a type of overseas pension scheme that you may be able to make a Transfer to.

Registered Pension Scheme

A pension scheme is a Registered Pension Scheme at any time when, either through having applied for registration and been registered by HMRC, or through acquiring registered status by virtue of being an approved pension scheme on 5 April 2006, it is registered under Chapter 2 of Part 4 of the Finance Act.

Relevant UK Earnings

Currently means any of the following:

1. Employment income such as salary, wages, bonus, overtime and commission providing this income is taxable in the UK.
2. Income derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership).
3. Income arising from patent rights and treated as earned income.
4. Income which is derived from the carrying on of a UK furnished holiday lettings business.
5. The legal definitions of 1 to 4 above can currently be found in:
6. Section 7(2) Income Tax (Earnings & Pensions) Act 2003. Formerly Schedule E earnings.
7. Part 2 Income Tax (Trading & Other Income) Act 2005. Formerly Schedule D earnings.
8. Section 579 of Income Tax (Trading & Other Income) Act 2005.
9. Part 3 Income Tax (Trading & Other Income) Act 2005.

Where any of the above are not taxable in the UK it will not count as Relevant UK Earnings.

Relevant UK Individual

An individual is a Relevant UK Individual for a tax year if:

- the individual has Relevant UK Earnings chargeable to income tax for that year
- the individual is resident in the UK at some time during that year
- the individual was resident in the UK both at some time during the five years immediately before that year and when the individual became a member of the pension scheme, or
- the individual, or the individual's spouse, has for the tax year general earnings from overseas Crown employment subject to UK tax.

Scheme Administrator

The Scheme Administrator of the 7IM SIPP is 7IM Investment and Retirement Solutions Limited. The Scheme Administrator is the person responsible to HMRC for compliance with applicable tax requirements for Registered Pension Schemes.

SIPP

A self-invested personal pension.

SIPP Operator

The operator of the 7IM SIPP is 7IM Investment and Retirement Solutions Limited. As operator, it is regulated by the FCA and responsible to the members of the 7IM SIPP for managing and administering the assets and income of, and the benefits payable under, the 7IM SIPP in accordance with applicable laws and the Trust Deed.

Successor

Has the meaning set out in the Finance Act and means an individual who becomes entitled to benefits from the 7IM SIPP on the death of a Dependant, Nominee or Successor.

Tapered Annual Allowance

This reduces the Annual Allowance on a sliding scale, depending on an individual's 'adjusted income' and 'threshold income'.

Please refer to our website at www.7im.co.uk for further details.

Tax Protections

Means any form of protection that you have registered with HMRC to protect some or all of the value of your pension benefits against tax charges brought about by changes in legislation. There are several forms of Tax Protection currently available, including Enhanced Protection, Primary Protection, Fixed Protection and Individual Protection.

Tax Relief Limit

Means the highest amount of 100% of your Relevant UK Earnings (within the meaning of section 189 of Finance Act) or the Basic Amount.

Transfer

The cash equivalent value of pension benefits from a previous pension scheme transferred to the 7IM SIPP either in cash or In Specie assets, or the value or amount available to transfer to another Registered Pension Scheme or QROPS from your 7IM SIPP Account.

Trust Deed

Means the governing trust deed and rules of the 7IM SIPP, as amended from time to time. This is the formal legal document that sets out how the 7IM SIPP and your 7IM SIPP Account must operate.

Trustee

Means 7IM Trustees Limited, the trustee of the 7IM SIPP.

Unauthorised Payment

Means an unauthorised payment as defined in Section 160(5) of the Finance Act which attracts tax charges.

Uncrystallised Funds Pension Lump Sum (UFPLS)

This allows you to draw your PCLS and the remaining Crystallised fund at the same time. You can select an amount to be paid as a lump sum. The amount of the UFPLS which can be taken tax-free will be limited by your available Lump Sum Allowance and your available Lump Sum and Death Benefit Allowance. The remainder is taxable at your marginal rate of income tax.

Subject to applicable law and HMRC requirements you can use this feature as often as you like until your 7IM SIPP Account is exhausted. Using this feature will make you subject to the Money Purchase Annual Allowance.

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority.
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