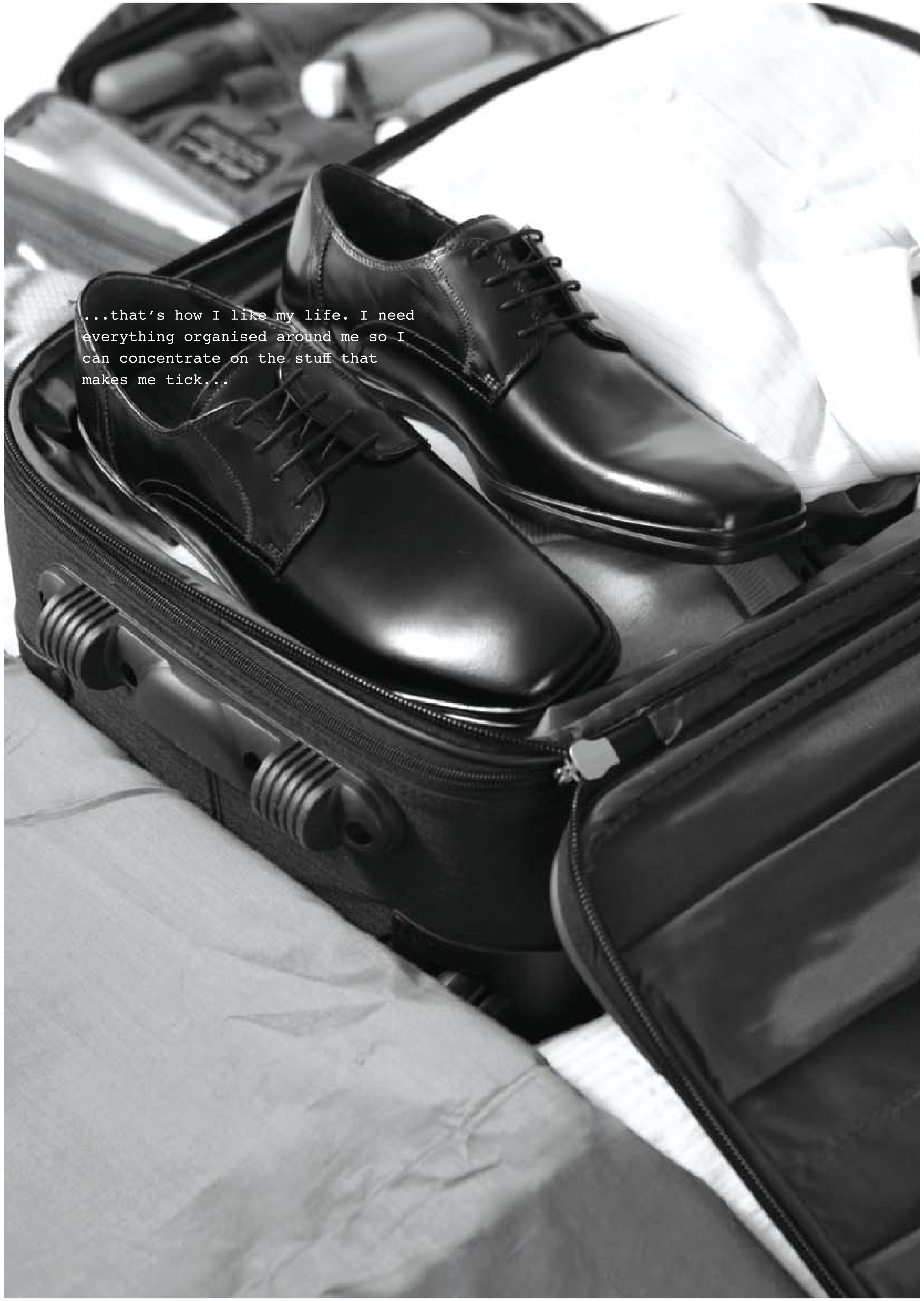

The living SIPP, for the way you are

**CARDIF PINNACLE**
**BNP PARIBAS GROUP**




# Retirement planning that's as individual as you

Your life changes daily, so you need a retirement plan that's flexible enough to evolve with you. Welcome to the Living SIPP from Cardif Pinnacle – built around you, your unique aspirations and your own individual lifestyle.

## Greater choice, more control with a SIPP

Our living SIPP is a Self-Invested Personal Pension – a tax-efficient wrapper which gives you greater choice than a traditional Personal Pension, easier management through online access to your account, plus more say over how and where you invest. So depending on your needs, objectives and attitude to risk, a SIPP enables you to invest in a broad range of pooled investment funds – which include Open Ended Investment Companies (OEICs), unit trusts and investment trusts – as well as cash, bonds, direct shares and property.

This booklet will take you through the options available when deciding on your retirement planning, and explain where and how a SIPP fits in – so you can then make an informed choice with your Financial Adviser as to what's right for you.

"…so who exactly is Cardif Pinnacle?…"

Formed in 1971, and part of BNP Paribas – one of the world's largest and strongest financial services groups – Cardif Pinnacle is a trusted name in investments. Currently employing more than 900 staff throughout the UK and Ireland, our combination of innovation and expertise has resulted in a Standard & Poor's rating of A- (backed up by BNP Paribas' AA status), plus a reputation for flexibility, quality and exceptional levels of service.



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# It’s your retirement… no-one else’s

…I’m not planning on being old when I retire!…

Retirement has changed. Gone are the days of OAPs and being ‘put out to grass’; now we can all look forward to better health, more opportunities… and to feeling younger for longer.

Flexibility is the key to modern retirement. With many people choosing to simply alter their work patterns rather than stop working altogether – and growing numbers changing their lives, or starting families or new businesses later on – the demand on finances can be greater for longer. Retirement is now an opportunity, not a closed door – and to make sure you’re prepared for the kind of future you want, you need to think about putting in place financial planning that’s flexible, adaptable, and entirely suited to you.

## Before you retire

First of all, you need to think about building up your retirement fund, so you can be confident of a secure, comfortable life after work. You can do this in a number of ways:

- **Contribute to a Personal Pension Plan**
  A Personal Pension Plan provides tax relief on contributions, and is available to any UK resident aged under 75. A Stakeholder Pension is a Personal Pension, although with the added benefit of a capped charging structure, and no penalties for stopping payments or transfers.
- **Take advantage of a Company Pension**
  There are two types of company pension, both of which offer tax relief on contributions: Final Salary, which guarantees a set level of pension when you retire, based on your final salary on retirement and the number of years you’ve been with the company pension scheme – and Money Purchase, which relies solely on investment performance. Sometimes your employer will also contribute to your company pension.
- **Take charge, with a Self-Invested Personal Pension (SIPP)**
  If you want more control over your retirement planning – and a wider choice over what you invest in – you can opt for a Self-Invested Personal Pension, such as the living SIPP from Cardif Pinnacle. You can even consolidate all your other pension provisions into your SIPP, so you have everything in one place.
- **Add more to your pot, by opting out of the Additional State Pension**
  The Additional State Pension (known as the State Earnings Related Pension Scheme, or SERPS, until 2002), offers a more generous additional pension to low and moderate earners, as well as certain carers and people with long-term disability. You can however choose to opt out of this, which means part of your National Insurance contributions are rebated into your Personal Pension Plan.

## At retirement

Once you’ve put your preparations in place, you’ll be able to decide how you want to approach your retirement – whether you want to take all your benefits immediately, or ease into it gradually, still allowing yourself as much flexibility as possible. There are a number of things you can do:

- **Take a tax-free lump sum**
  If you choose, you can take up to 25% of the value of your total pension savings as a tax-free lump sum when you retire. This can be up to a maximum of 25 per cent of your Lifetime Allowance (the total amount of pension funds which the government allows to you to build with contributions that receive tax relief), which is currently £1.65 million, rising to £1.8 million by 2010-11.
- **Give yourself an income, by buying an annuity**
  You can also buy an annuity, which is a regular income for life. You need to do this before your 75th birthday – although there’s no obligation to do it until that date. The amount you receive will depend on various factors, such as your age, gender and health – and, with some types of scheme, your marital or civil partnership status. If you’re not in perfect health (for example if you smoke, are overweight or have a medical history), you may be able to benefit from an enhanced annuity, which could provide you with a higher annuity payment.

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It's important to note that your annuity does not have to be from the same company that you have your pension plan with – you may get a better deal by shopping around using the Open Market Option (especially if you are in ill health and think you could benefit from an enhanced annuity). The Open Market Option is simply the right to transfer benefits at retirement from a pension policy to an insurance company of your choice.

- **Don't forget to protect your dependents**
  In the event of your death, it's a good idea to ensure that anyone who's financially dependent on you (such as a spouse or civil partner) will still benefit from your annuity income for as long as they live. You can choose the percentage of your annuity income that will be payable to them, which is called a Joint Life Annuity.

  If the financial dependent is a child, the annuity income continues to be paid until the child reaches a certain age, which may vary.

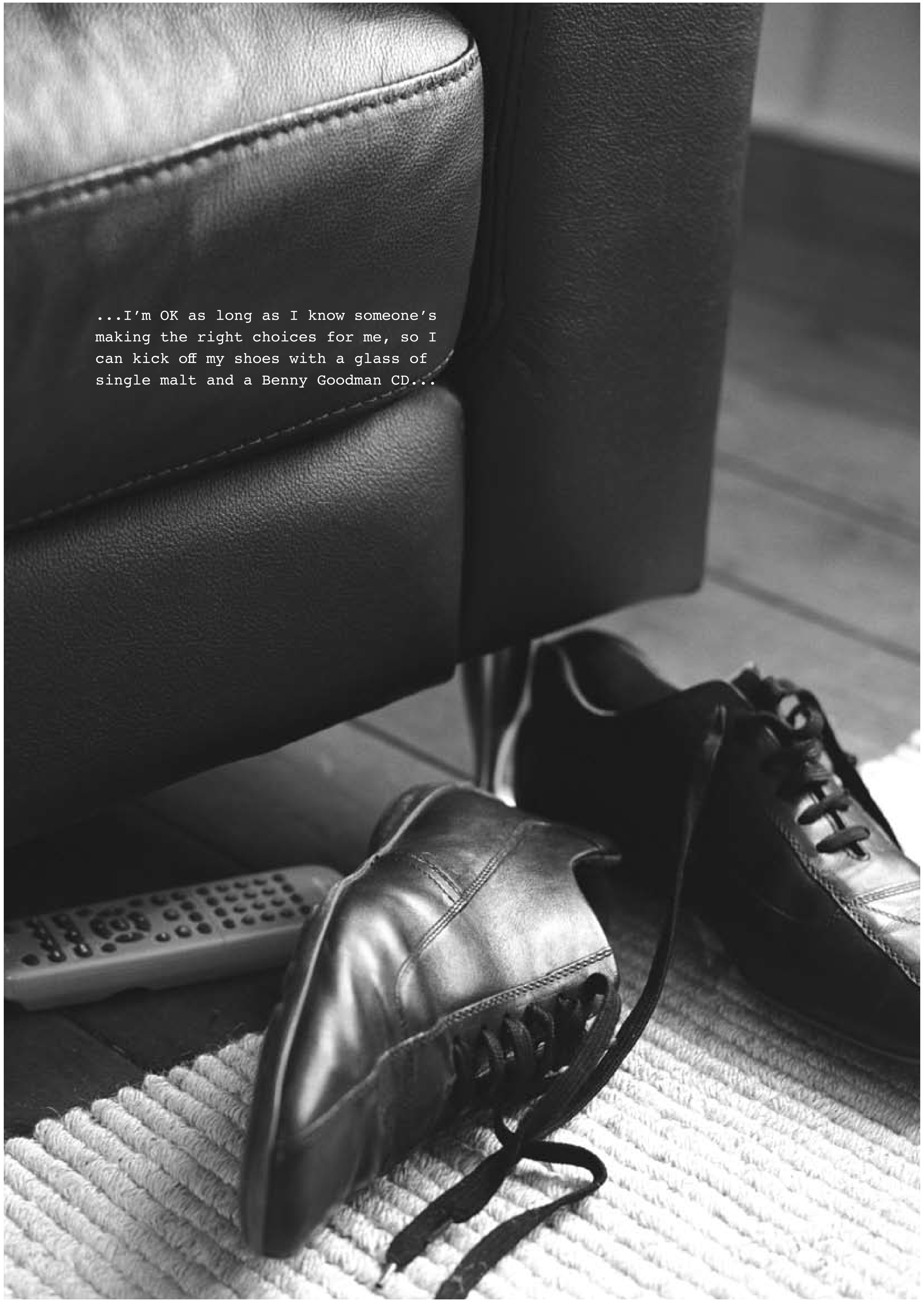
  You can also decide to have the annuity income guaranteed to be payable for between 1-10 years, regardless of when you die. This is known as the Guarantee Period – and payments which contine during this time will then be paid to your beneficiaries, although they will be subject to tax.

- **Give yourself more flexibility, by deferring part of your pension**
  If you choose to continue working – or want to be more flexible in your approach to retirement, you can consider deferring your pension. For example, if you choose to work after retirement age, you may choose not to claim your pension because that extra income may take you into a higher income tax bracket.

- **Keep some of your plan invested, with Income Drawdown**
  If you're aged between 50 and 75, you may wish to continue to keep your retirement savings invested, yet still take an income each year by cashing in some of your investment, rather than buy an annuity. The benefits of this are that you can choose to purchase your annuity at a time when rates are most favourable.

This is simply a guide to your SIPP options. Of course, as with any financial planning it's essential that you obtain professional financial advice to ensure that you're making the best decisions for your future, and that your retirement investment is working its hardest for you. One such decision could mean you opting for a SIPP.





# Is a SIPP right for you?

A SIPP is a practical, flexible solution for all stages of your life – from investing for retirement, to managing how you take your benefits. To make sure you know it's right for you, ask yourself the following

### 1 How much involvement do you want in your investment decisions?

It doesn't matter how confident you are in handling your investments, or how much knowledge you have of the markets – **a SIPP lets you have as much or as little control as you want.**

**So you can enjoy:**

- **Completely active involvement, where you make all the decisions**
- **Some input into where your money is invested**
- **Or, you can delegate all the choices to your Financial Adviser or a Discretionary Fund Manager**

### 2 How important is a wide investment choice to you?

If you want to have a wider choice of investment options than a traditional pension plan might offer – **a SIPP gives you the breadth you're looking for.**

### 3 Do you want to move all your existing pension arrangements into one place?

**A SIPP enables you to place all your current pension provisions under one umbrella,** so it's easier to manage. It can also save you money on administration costs too (although you'll need to check whether your current pension scheme operates transfer penalties first).

### 4 Would you like to include a broad spread of assets?

**A SIPP allows you to invest according to your attitude to risk and reward,** and to move parts or all of your investment between different asset groups. It may be that your attitude to risk will change at different points of your life – for example, you might want to take less risk the closer you get to retirement:

- **Cash** – for low risk and modest returns
- **Bonds** – for moderate risk, and therefore slightly higher returns
- **Property** – for moderate risk,and slightly higher returns
- **Pooled investment** funds (including OEICs, unit trusts and investment trusts) – for balanced or higher risk, and higher returns
- **Direct shares** – for high risk, and potentially high returns.

### 5 Are you likely to need a flexible plan?

If you think your lifestyle may be subject to change at any point, if you're not intending on stopping work immediately when you retire – or if you don't want to commit to paying in regular amounts to a pension – **a SIPP offers a flexible approach that can fit around you.**

# Your life. Your SIPP

A SIPP is designed around you, your objectives, and the way you live. But what kind of things are important to you – and how does the SIPP deliver?

"… I like to be in the driving seat…"

A SIPP gives you as much control as you want over how you build your retirement fund – from selecting your funds and assets, to managing your strategy, to choosing how you want your plan communicated. It's up to you how involved you want to be; however you want to manage your investment, a SIPP allows you as much or as little control as you like.

"… everything in one place – that's how I like it…"

Managing and viewing all your pension assets in one place can make life easier for you – while leading to savings in time and administration costs. So with a SIPP, you can bring together all your current pension schemes under one umbrella. However, as some schemes charge transfer fees, you'll need to check before you consolidate.

"… my coffee? Just black. But with investments, I like choice…"

With a SIPP, you'll have access to a broad range of investment choices – from pooled investment funds which include Open Ended Investment Companies (OEICs), unit trusts and investment trusts – to cash, bonds, direct shares and property. You'll also have a choice over how active you want to be in managing your strategy; for example, you may want to get involved in direct share dealing – or you might choose instead to work through a discretionary fund manager. Either way, with a SIPP, the choice is yours.

"…call me demanding, but if I've invested in something – I expect it to perform…"

Greater choice means access to more, potentially better performing investments – and the best fund managers in the market. So with a SIPP, your plan has every opportunity to work its hardest.

"… simplicity is sophistication. Why overcomplicate things?…"

A SIPP allows you to consolidate all your pension provision into one place – making it easier for you to keep track, with less paperwork meaning less time spent on complicated management. And because most SIPPs offer some form of internet access, it's easier to see what's happening to your investments, so you can stay on top of your pension planning.



# "…ok, so now let's actually talk…"

To find out more about how the Living SIPP can work for you, either speak to your regular Financial Adviser, or:

Call: 0844 543 1685

Email: invest@cardifpinnacle.com

Visit: www.cardifpinnacle.com/investments

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