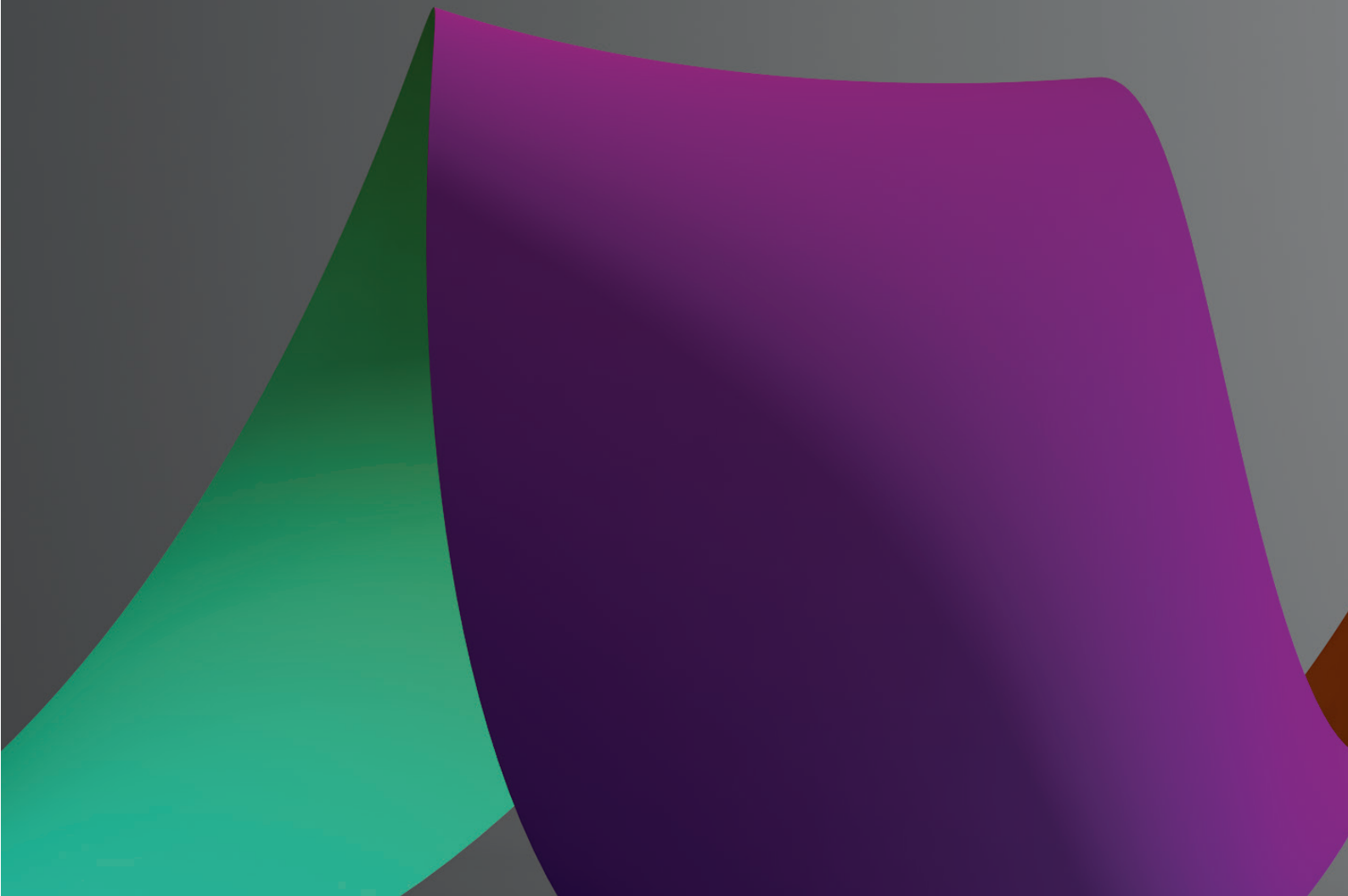


# 7IM SIPP Glossary



<b>7IM</b>	Seven Investment Management LLP, who provides the Investment Services in relation to the 7IM SIPP.
<b>7IM Fees and Charges</b>	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.
<b>7IM SIPP</b>	The 7IM SIPP established by a trust deed and rules dated 1 December 2017.
<b>7IM SIPP Account</b>	The cash and investment account that 7IM will establish for the purpose of your membership of the 7IM SIPP.
<b>7IM SIPP Application Form</b>	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.
<b>7IM SIPP Fees and Charges</b>	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.
<b>7IM SIPP Terms and Conditions</b>	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.
<b>7IM Terms and Conditions</b>	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.
<b>Agreement</b>	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.

<b>Annual Allowance</b>	<p>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.</p> <p>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.</p> <p>The Annual Allowance for the tax year 2018/19 is £40,000. However, if you have threshold income of more than £110,000 and adjusted income of more than £150,000, your Annual Allowance may be reduced on a tapered basis – again, speak to your financial adviser if you think this affects you. See also Tapered Annual Allowance below.</p> <p>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.</p> <p>If you have accessed your pension savings, you may be subject to a lower Annual Allowance as a result – see Money Purchase Annual Allowance.</p>
<b>Basic Amount</b>	<p>The maximum amount of pension contribution you are allowed to receive tax relief on, if you don't have any Relevant UK Earnings. For the tax year 2018/19 this is £3,600 gross. This figure may be amended in future by Treasury Order.</p>
<b>Capped Drawdown</b>	<p>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.</p> <p>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.</p>
<b>Carry Forward</b>	<p>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.</p>
<b>Crystallisation</b>	<p>The point at which accrued pension savings are converted to a lump sum or Pension Income and at which time a test against the Lifetime Allowance is carried out. You can normally start taking benefits at any time after age 55 irrespective of whether or not you remain in employment.</p>

<b>Defined Benefits Arrangement</b>	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.
<b>Dependant</b>	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.
<b>Enhanced Protection</b>	A form of Tax Protection that protects your pension savings against the Lifetime Allowance (LTA), 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 Lifetime Allowance. It can also specify protection for the Pension Commencement Lump Sum. Where lump sum protection is not specified, a member's lump sum entitlement will be restricted to 25% of the standard LTA. If you have Enhanced Protection, it can be invalidated in a number of circumstances e.g. if you accrue any further pension benefits after 6th April 2006.
<b>Expression of Wish</b>	A non-legally binding notification by you detailing how you wish your death benefits to be paid.
<b>FCA</b>	The United Kingdom Financial Conduct Authority and any successor body performing its functions.
<b>FCA Rules</b>	The FCA Handbook of Rules and Guidance as amended, supplemented or replaced from time to time.
<b>Finance Act</b>	The Finance Act 2004.
<b>Financial Adviser</b>	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.
<b>Fixed Protection 2012</b>	If you have this form of Tax Protection, the normal limit on your pension fund size will be replaced by £1,800,000, if greater. No further contributions or benefit accrual are allowed or the protection will be lost.

<b>Fixed Protection 2014</b>	<p>If you have this form of Tax Protection, the normal limit on your pension fund size will be replaced by £1,500,000, if greater. No further contributions or benefit accrual are allowed or the protection will be lost.</p>
<b>Fixed Protection 2016</b>	<p>If you have this form of Tax Protection, the normal limit on your pension fund size will be replaced by £1,250,000, if greater. No further contributions or benefit accrual are allowed or the protection will be lost.</p>
<b>Flexi-access Drawdown (FAD)</b>	<p>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.</p> <p>Drawing Pension Income using Flexi-access Drawdown will currently make you subject to the Money Purchase Annual Allowance.</p>
<b>Flexible Drawdown</b>	<p>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.</p>
<b>HMRC</b>	<p>H M Revenue &amp; Customs.</p>
<b>Individual Protection 2014</b>	<p>This is a form of LTA Tax Protection outlined by HMRC and was introduced on 6 April 2014. 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.</p> <p>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.</p>
<b>Individual Protection 2016</b>	<p>This is a form of LTA Tax Protection and applies from 6 April 2016 and 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.</p>
<b>In Specie</b>	<p>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.</p>

<b>Investment Service</b>	Means the 7IM investment service applicable to your 7IM SIPP Account.
<b>Lifetime Allowance (LTA)</b>	<p>This is a limit imposed by HMRC on the total value of an individual's Registered Pension Schemes. Exceeding this limit will normally result in tax charges.</p> <p>The LTA is set at £1,030,000 for the tax year 2018/19 and will rise each year in line with increases in the Consumer Prices Index.</p>
<b>Lifetime Annuity</b>	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.
<b>Loss</b>	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.
<b>Money Purchase Annual Allowance (MPAA)</b>	<p>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 was originally set at £10,000 per annum, but reduced to £4,000 per annum from 6 April 2017. It applies when:</p> <ul style="list-style-type: none"><li>• income is taken from Flexi-access Drawdown, or</li><li>• an Uncrystallised Funds Pension Lump Sum (UFPLS) is received.</li></ul> <p>It does not apply where only a PCLS is taken from Flexi-access Drawdown.</p>
<b>Nominee</b>	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.
<b>Normal Minimum Pension Age</b>	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.

<b>Pension Commencement Lump Sum (PCLS)</b>	PCLS is the tax free lump sum that can be paid to a member when their benefits are Crystallised. Where Tax Protection does not apply, typically this will be 25% of your 7IM SIPP Account. In some cases, LTA Tax Protection may allow more or less than 25% of your 7IM SIPP Account to be paid as a PCLS. Also known as "tax-free cash".
<b>Pension Income</b>	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.
<b>Primary Protection</b>	<p>A form of Tax Protection applied to pension benefits at April 2006 which were equal to or over £1,500,000. This replaces the standard LTA with a higher personal LTA which increases each year in line with the standard LTA.</p> <p>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.</p>
<b>QROPS</b>	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.
<b>Registered Pension Scheme</b>	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.

The legal definitions of 1 to 4 above can currently be found in:

1. Section 7(2) Income Tax (Earnings & Pensions) Act 2003. Formerly Schedule E earnings.
2. Part 2 Income Tax (Trading & Other Income) Act 2005. Formerly Schedule D earnings.
3. Section 579 of Income Tax (Trading & Other Income) Act 2005.
4. 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.



<b>Successor</b>	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.
<b>Tapered Annual Allowance</b>	This reduces the Annual Allowance, on a sliding scale, for those with 'adjusted income' over £150,000 and with 'threshold income' of more than £110,000. Currently for every £2 of 'adjusted income' over £150,000 the Annual Allowance will be reduced by £1 down to a minimum level of £10,000. The maximum reduction in the Annual Allowance is currently £30,000 therefore anyone with an income of £210,000 or more will have an annual allowance of £10,000. The figures above relate to the 2018/19 tax year.
<b>Tax Protections</b>	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, specifically in relation to the LTA. There are several forms of Tax Protection currently available, including Enhanced Protection, Primary Protection, Fixed Protection and Individual Protection.
<b>Tax Relief Limit</b>	Means the highest amount of 100% of your Relevant UK Earnings (within the meaning of section 189 of Finance Act) or the basic amount of £3,600.
<b>Transfer</b>	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.
<b>Trust Deed</b>	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.
<b>Trustee</b>	Means 7IM Trustees Limited, the trustee of the 7IM SIPP.
<b>Unauthorised Payment</b>	Means an unauthorised payment as defined in Section 160(5) of the Finance Act which attracts tax charges.
<b>Uncrystallised Funds Pension Lump Sum (UFPLS)</b>	<p>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 of which 25% will currently be tax-free and the remainder taxable at your marginal rate of income tax.</p> <p>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.</p>





7IM Investment and Retirement Solutions Limited is authorised and regulated by the Financial Conduct Authority. Registered address 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales number 10902511.

05.18

