



# Heartwood

## The Heartwood Self Invested Personal Pension (SIPP) Service

Fact Sheet

February 2012



## Introduction

The dynamics of retirement planning are such that for many investors, to achieve long term goals requires a complex solution. The Heartwood Self Invested Personal Pension (SIPP) Service aims to meet this need.

A SIPP is well positioned to work alongside our Wealth Management Service so that our clients are able to take full advantage of the benefits of a SIPP without having to compromise their overall investment and financial planning strategy.

## What is a SIPP?

A SIPP is a pension wrapper that holds investments tax efficiently until you retire and start to draw a pension income.

SIPPs offer far greater flexibility than ordinary personal pensions due to the range of investment options which are available including stocks and shares, unit trusts, managed funds and property.

Heartwood use a leading SIPP provider to administer the plans on behalf of our clients, Heartwood retain management of the underlying investments while the administration, book keeping and paperwork is handled by the SIPP provider. We can also provide investment services and advice to clients who already have their own SIPP.

## Why a SIPP?

A SIPP offers the flexibility to diversify your pension fund and tailor your investment portfolio within a tax exempt investment environment.

Benefits include:

- any investments into a SIPP attract a tax rebate either at the basic rate of income tax or your marginal rate of income tax depending on your individual circumstances
- all capital gains within a SIPP are free of tax
- a SIPP is well placed to take full advantage of the new pension legislation which removed the requirement to purchase an annuity at age 75
- investments held in a SIPP can be managed alongside other investments as part of an overall strategy
- there are few investment restrictions within a SIPP (unlike some other 'wrappers'), providing your investment manager with greater flexibility
- on retirement, you can elect to receive up to 25% of the funds built up as a lump sum which, under current rules, is free of tax.

## The Heartwood Integrated SIPP Service - key benefits

An Integrated SIPP provides investors with:

- the ability to build up their retirement reserve as an integrated component of their overall investment strategy
- access to an institutional investment process, at an accessible entry level
- low wrapper costs, both at set-up and ongoing
- maximum tax reliefs
- access to reports generated by Heartwood's Retirement Forecaster and Optimiser tools, to help calculate your pension funding levels relative to contributions and lifetime allowances
- one single point of contact with Heartwood, but also with the proactive input of our specialist retirement planning team
- maximum flexibility to plan for the future.

## Drawing benefits

A SIPP offers the full range of options at retirement, including:

- capped drawdown pension, where an annuity purchase is not suitable
- phased retirement
- annuity purchase

The new flexible drawdown facility available from April this year is also available via Heartwood's preferred SIPP arrangement.

Heartwood's investment approach ensures that the most suitable strategy can be adopted for the options selected.

## The Heartwood SIPP investment approach

The key investment feature is that there is the flexibility to manage the assets held in the SIPP and that they can be managed alongside other investment holdings (in, for example, ISAs, other tax efficient structures or a main account) and treated as part of an overall strategy by our investment team. Thus not only your investment objective but also your attitude to risk can be managed across the whole of your portfolio.

In addition to segregated portfolios, we offer a range of Multi Asset Funds (MAFs). These collective investment vehicles have been created to follow our different Investment Strategies. For all clients who have no need to deviate from the model positions, they provide an efficient way of capturing the performance of our Strategies.

The MAFs give our clients:

- a cost-effective, fully diversified investment;
- access to what we believe to be leading investment managers in the marketplace;
- tax-efficiency – investments sold within the MAF are not subject to capital gains tax;
- lower minimum investments;
- ease of administration.

Currently, we offer six different MAFs:

- the CF Heartwood Defensive Multi Asset Fund;
- the CF Heartwood Cautious Multi Asset Fund;
- the CF Heartwood Cautious Income Multi Asset Fund;
- the CF Heartwood Balanced Multi Asset Fund;
- the CF Heartwood Balanced Income Multi Asset Fund;
- the CF Heartwood Growth Multi Asset Fund.

## Why Heartwood?

Heartwood is best known for its provision of integrated wealth management services to high net worth individuals, often with highly complex and demanding financial affairs. However, due to the special low cost terms we have negotiated with a leading SIPP provider, we can also provide advice to investors whose needs are more straightforward.

All Heartwood clients benefit from:

- a diverse team of experienced investment and wealth managers
- well managed, disciplined and in-depth processes
- high levels of client service
- competitive fees
- online access through Heartwood's Client Centre
- access to a full range of integrated personal financial advice
- a comprehensive reports package.

## Integrated SIPP charges

Establishment of new SIPP	from £500
Transfers of existing pensions into a SIPP	1% of funds to be transferred subject to a minimum of £2,500.
Transactional Events fee <sup>1</sup>	1% funds 'under action' subject to a minimum of £250 or £2,500 where a full strategy review is required.
Annual management fee (in addition to normal Heartwood portfolio management charges <sup>2</sup> )	0.25% of SIPP assets pa

## Next steps

If you think that a SIPP could provide you with the solution you seek, please speak to your main contact at Heartwood.

- We will set up an initial meeting with you and one of our specialist Retirement Solutions advisers, to investigate and evaluate your precise needs so that we can advise on the most appropriate course of action.
- We will then agree terms before we undertake the detailed research and analysis required for us to submit a formal recommendation.
- Once a plan of action has been agreed, we will administer all the paperwork and administration, to migrate your plans into our integrated service and, at the same time, set up your Integrated SIPP.
- We would expect to go 'live' with your Integrated SIPP within 01-15 working days of receiving your completed documents and funds.

(continued overleaf)

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## Risk Warnings

Heartwood is a trading name of Heartwood Wealth Management Limited, which is authorised and regulated by the Financial Services Authority in the conduct of investment business. This document has been prepared by Heartwood for clients and/or potential clients who may have an interest in its services. Nothing herein constitutes advice to undertake a particular transaction and professional advice should be taken before any course of action is pursued.

When we advise on packaged products in relation to pensions or outside an investment management relationship, we will recommend products chosen from a limited selection of providers that we have chosen on the basis of our belief in their quality of service, investor protection, financial strength and, if relevant, their investment performance.

The value of the pension received when taking benefits from a SIPP will depend on various factors including, but not limited to:

- contributions made
- charges and fees
- tax treatment of SIPPs
- annuity rates
- investment performance.

The value of any investment, and the income from it, is not guaranteed and can fall as well as rise, so that you may not realise the amount originally invested.

Any levels of taxation referred to depend on the individual circumstances of the investor and the value of tax reliefs are those which apply at the date of publication. Tax rates and legislation are subject to change.

Please note that a SIPP is not a stakeholder pension.

Heartwood will not be the provider or scheme administrator of the SIPP.

<sup>1</sup> Pension vesting advice (e.g. drawdown), tax-free cash withdrawals, annuitisation, transfer to alternate provider, ad hoc single contributions.

<sup>2</sup> Portfolio charges available from Heartwood on request.

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