Cash Fund Drawdown

Key features

This is an important document. Please read it and keep for future reference.

The Financial Conduct Authority is a financial services regulator. It requires us, Link Fund Solutions Limited (LFS), to give you this important information to help you to decide whether our Cash Fund Drawdown is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

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About this document

The purpose of this document is to explain the most important features of Cash Fund Drawdown.

This document is intended to be a summary only and you should read it carefully with the Terms and Conditions, and the Guide to Investment Risk and the LF Cash Fund.

Please also refer to the Prospectus for comprehensive details of:

- The LF Personal Pension Trust, service provision, general investor information and data protection practices
- The LF Cash Fund and its investment objective
- The underlying fund and its investment objective
- Fund risk factors and risk management
- Unit valuations and dealing processes
- Fund charges and expenses.

The Prospectus, Annual Report & Accounts are available at pensions.linkfundsolutions.co.uk or please contact us for a copy.

Helping you decide

If you are considering whether to invest in Cash Fund Drawdown this booklet will help you make that decision. You should be comfortable you understand the features of Cash Fund Drawdown before you invest.

Drawdown is only one option available to you when you want to take your retirement benefits from your pension. It is an alternative to taking one-off lump sums directly from a pension (Uncrystallised Funds Pension Lump Sum) or buying an annuity.

If you are at all unsure if Cash Fund Drawdown is right for you, please seek financial advice. Financial advice must be sought if you wish to invest £50,000 or more in Cash Fund Drawdown. Our customer service team are happy to give you more information but they cannot give you financial advice. Our contact details can be found on page 10.

Introducing Cash Fund Drawdown

When you first move your pension savings into drawdown, you can normally take up to 25% as tax-free cash. If you take out tax-free cash, it can only be taken at this point. Your remaining savings are then invested in the LF Cash Fund, from which you can make taxable cash withdrawals.

You can withdraw as much as you require from your pension fund. However, the minimum withdrawal amount is £500. The amount you withdraw and over what timeframe, will depend on the value of your pension. Your individual tax circumstances may also influence what you decide to do.

Cash withdrawals can only be made on an ad-hoc basis. If you wish to withdraw a regular income, LFS have other drawdown products which may be more suitable to your needs.

The LF Cash Fund invests in money market instruments. Money markets are less volatile than shares and provide a relatively low level of risk. However, they should not be considered completely risk free as the value of your funds can go down as well as up.

Cash Fund Drawdown is a flexi-access drawdown plan. Cash Fund Drawdown (the Plan) is designed for customers who wish to deplete their pension fund over a short period of time. If you choose to make high levels of withdrawals, you will need to consider and plan for tax, as you could potentially suffer a higher tax liability than you had originally anticipated.

Additionally, depleting your pension savings rapidly could leave you with inadequate savings to support you during retirement. You may have to rely on the State Pension and other savings to support you during your retirement.

IS CASH FUND DRAWDOWN SUITABLE FOR YOU?

May be suitable if you:

✓ Wish to take tax-free cash and/or ad-hoc cash withdrawals

✓ Want to deplete your Plan fund over a short period of time

✓ Do not expect your invested pension fund to benefit from any potential stock market growth

✓ Have other sources of income to support you during retirement

✓ Understand and have planned for the tax implications of taking cash withdrawals

✓ Require ad-hoc cash withdrawals only

✓ Are aged 55* or over

✓ Are willing to take the risk that the value of your savings could go down

✓ Have at least £5,000 to invest after the deduction of any taxfree cash and paying any adviser charges.

Not suitable for you if you:

× Want guaranteed or sustainable income payments for life

× Are able to use small pot commutation

× Want regular income payments

× Wish your funds to remain invested for the medium to long term

× Expect your investment to benefit from any potential stock market growth

× Do not want to take the risk that the value of your savings and income could go down

× Have less than £5,000 to invest after taking tax-free cash and any adviser charges

× Are aged under 55*.

* Unless HM Revenue & Customs (HMRC) rules allow you to access your benefits earlier due to ill health, you have a protected early pension age or you are entitled to a dependant, nominee or successor drawdown plan.

LINK Asset Services

Its aims, your commitment, risks

ITS AIMS

The aims of Cash Fund Drawdown are to:

- Allow you to normally take up to 25% of your pension fund as tax-free cash
- Allow you to make ad-hoc taxable cash withdrawals
- Allow you to deplete your pension savings over a short period of time
- Provide an alternative to an annuity and one-off payments (Uncrystallised Funds Pension Lump Sums)
- Give you the option to pass on any remaining funds if you die.

YOUR COMMITMENT

- You understand the options available to you at retirement and the risks associated with this Plan. If you are at all uncertain or if you have any questions we strongly recommend that you seek advice from a regulated financial adviser.
- If you are investing £50,000 or more (after tax-free cash is deducted) you must have received advice from an FCA authorised financial adviser who has recommended this Plan as suitable for you and submitted the application on your behalf.
- You will consider and understand what income you need to sustain you through your retirement.
- Before you exit your existing pension arrangements and transfer into this Plan you will consider whether it will be beneficial for you to proceed, and that you will not lose valuable guarantees.
- You will review your Plan regularly to ensure it continues to meet your needs and circumstances.
- You will inform us at outset what sum of tax-free cash you wish to take (normally up to 25% of the value of your pension fund).
- You will inform us each time you wish to make a taxable cash withdrawal and the amount of cash you wish to take.
- If you have accessed your pension savings flexibly with another pension provider, before you make your first taxable cash withdrawal with us, you will need to let us know.
- You will provide us with the information we need to test any benefits against your Lifetime Allowance.

RISKS

- Cash withdrawals will reduce the value of your Plan.
- Depleting the value of your Plan cuts off a potential source of future income. You may have to rely on the State Pension and other savings you have to support you during your retirement.
- Cash Fund Drawdown is not a sustainable long-term income strategy. You may run out of money if you take out too much money or you live longer than you anticipate.
- Taking high levels of withdrawals may push your income into a higher rate tax band and you may consequently pay more tax than you were expecting.
- Your Plan invests in the LF Cash Fund. Please read the Guide to Investment Risk and the LF Cash Fund so that you are fully aware of the level of risk associated with this fund.
- Your pension continues to be invested. This means that the value of your Plan may go down and is not guaranteed.
- As your pension remains invested you will continue to incur charges for the management of your investment.
- Transferring into this Plan may mean that you are giving up valuable benefits from your previous scheme(s).
- You should be aware that contributing to a pension scheme may not be suitable for you, particularly if small amounts of savings affect your entitlement to any means tested State Pension benefits.
- Reducing your pension funds will reduce the value of death benefits for any beneficiaries.
- Death benefits under the Plan are normally free of Inheritance Tax. There are however, some occasions when they do incur tax. If you have any doubts or queries, please consult a qualified tax professional.
- Future changes in legislation and taxation could affect the benefits of your Plan.
- If you decide to purchase an annuity in the future, annuity rates may be at a worse level than they are now and therefore the income you receive may be lower.
- A financial adviser can assess whether this Plan is suitable for your individual needs and circumstances. If you take out this Plan without receiving financial advice, you will not benefit from this. LFS cannot provide financial advice.

Questions and answers

SETTING UP CASH FUND DRAWDOWN

Q. How much tax-free cash can I take?
A. When you first move into drawdown, you can normally take up to 25% of your pension savings as a tax-free lump sum. If you choose to take tax-free cash you must take it at outset. It cannot be taken at a later date.

Q. Do I have to take taxable cash withdrawals?
A. No, you do not have to take taxable cash withdrawals immediately. You can choose to start making withdrawals at any time. Please contact us when you wish to do this.

Q. When can I start to make taxable cash withdrawals?
A. You can set up your Plan and start making taxable cash withdrawals from the age of 55. HM Revenue & Customs (HMRC) may allow you to access your benefits earlier if you have poor health, you have a protected early pension age or you are entitled to a dependant, nominee or successor drawdown plan.

Q. Do I have to move all of my pension funds into drawdown?
A. No, you can gradually transfer your funds into drawdown, as long as you meet the minimum initial investment amount.

Q. What is the minimum initial investment amount?
A. £5,000 after the deduction of any tax-free cash and paying any adviser charge. This minimum investment can be met using multiple transfers. There is a £200 set-up fee, but there is no fee for your first transfer into the Plan; additional transfers cost £90 each.

Q. Can I transfer additional pension funds into my Plan?
A. Yes, you can make additional transfers into your Plan. Customers, who have not been specifically recommended this Plan by a financial adviser, cannot invest more than £50,000 in Cash Fund Drawdown in total.

There is no minimum additional transfer in value. There is no charge for your first transfer into the Plan. There is a £90 transfer in fee for each subsequent transfer you make.

Q. Can I carry on paying into a pension when I start taking taxable cash withdrawals from my Plan?
A. Yes, you can still pay into a pension even when you start making taxable cash withdrawals. However, when you start to make withdrawals (not tax-free cash) from your Plan, your annual allowance for contributions into defined contribution plans will reduce to £10,000. This is known as the Money Purchase Annual Allowance (MPAA). It means payments made over this amount will incur a tax charge. You can find out more about the MPAA on page 6.

Q. How will you keep me updated on the value of my Plan?
A. We will send you an annual statement, showing you the value of your Plan.

In addition, unit prices are published daily at pensions.linkfundsolutions.co.uk. Alternatively, you can obtain an up-to-date valuation by contacting us.

We recommend that you review your Plan and the level of withdrawals you take on a regular basis.

Q. Do I have to take financial advice to take out this Plan?
A. For investments of £50,000 and more (after the deduction of any tax-free cash) you will need to have received advice from a regulated financial adviser who has recommended this Plan. Your application will also need to be submitted by your adviser.

For investments of under £50,000 (after the deduction of any tax-free cash) you are not required to take financial advice and can apply directly. However, there will be further information that you will need to provide. If the information that you provide indicates a need for advice, we will require you to obtain professional financial advice from a regulated financial adviser before proceeding.

If you are at all uncertain about your options at retirement or the risks associated with this Plan, we strongly recommend that you seek advice. LFS cannot provide you with advice.

Q. How can I pay for financial advice?
A. If you are taking out this Plan because it has been recommended by a financial adviser, you can pay a one-off charge for initial advice directly to your financial adviser or we can deduct the charge from your Plan at the time it is set up. If you wish to pay your financial adviser to review your Plan annually, we can also deduct the charges for these reviews from your Plan if you ask us to do so.

MAKING TAXABLE CASH WITHDRAWALS

Q. How do I make a cash withdrawal?
A. You will need to let us know each time you wish to make a cash withdrawal and how much you wish to make the withdrawal for.

When you request your first taxable cash withdrawal, please supply us with a P45 from the current tax year. Otherwise we are required by HMRC to use an emergency tax code. Please see page 6 for further details on taxation.

Q. When will I be paid?
A. Cash withdrawals are paid on the first of the month or the previous working day if the first of the month is a weekend or bank holiday.

We will need to receive your request for a cash withdrawal on or before the 15th of the month for the payment to be made on the 1st of the following month.

Q. How much cash can I take?
A. The minimum taxable cash withdrawal you can make from your Plan is £500. There are no limits on the maximum levels of cash you can withdraw from your pension fund. However, if you take high levels of withdrawals, you risk depleting your pension savings to nothing and having to rely on the State Pension and other savings you may have. There is a £45 administration fee for each withdrawal you make.

Q. How much cash will I receive?
A. Cash withdrawals are normally subject to income tax, which is deducted by us before you receive the payment, see taxation section on page 6. There may also be a slight variation in the payment to you, due to a small movement in the fund price between the times of placing and pricing the deal (this is called forward pricing) but the majority of your cash withdrawals will remain the same as the gross amount you requested.

Q. How am I paid?
A. Cash payments are paid directly to a bank account in your name.

Q. Can I access my pension savings like I can my bank account?
A. Your Plan gives you flexible access to your pension savings, allowing you to take money directly out of your pension fund.

Unlike a bank account, every time you take money out of your pension savings, you will normally be taxed on it as if you are receiving an income. We usually take this tax from your money before we pass it on to you.

You will be charged for withdrawing money from your Plan (see Charges section on page 8).

Q. What communication do you have with me about my cash withdrawals?
A. In a similar way to taking a salary, a payslip is produced for you for each cash withdrawal you make. This shows you the net income you have received and the tax you have paid.

At the end of each tax year you will also be issued with a P60 which summarises the total cash withdrawals you have received from your Plan during the tax year.

TAXATION

Q. How much tax will I pay?
A. You can normally take up to 25% of the value of your current pension savings as tax-free cash, when you first move into drawdown.

Further cash withdrawals from your Plan are treated as income and subject to Pay As You Earn (PAYE) income tax. Income tax is deducted by us from your cash withdrawal prior to you receiving a payment.

When making cash withdrawals, it is important to remember that HMRC adds the value of your cash withdrawals to any other income you receive in the tax year. Depending on how much other income you have, the value of any cash withdrawals taken may push you into a higher tax bracket, meaning you could pay 40% or even 45% on some or all of it.

As taxable cash withdrawals are on an ad-hoc basis, it may result in you paying more tax than you need to depending on your individual circumstances.

Q. How do I reclaim any overpaid tax on a cash withdrawal?
A. HMRC automatically review your income at the end of the tax year and issue a tax calculation to you detailing any over or underpayment of tax. Alternatively you may apply directly to HMRC for a reclaim form to apply for a refund of any overpayment during the tax year.

If you have any queries about your tax code or whether you are paying tax at the correct rate, you will need to contact your local tax office.

Important Note: Tax treatment of your Plan depends on your individual circumstances. The information above is based on our understanding of current law and practice as at March 2016. Tax law and practice may change in the future. Please note that we are not authorised to advise you about these matters. You should seek advice from a suitably qualified tax professional to understand how these regulations will affect you.

Q. What is the Money Purchase Annual Allowance?
A. You can qualify for tax relief on pension contributions of up to 100% of your earnings or £40,000 for the 2016-17 tax year, whichever is the lower. The allowance will be reduced by £1 for each £2 of income between £150,000 and £210,000. The minimum allowance for those earning £210,000 or more will be £10,000. This is the amount you can save each year into any type of pension and still receive tax relief.

When you start to take taxable income from your Plan, excluding any tax-free cash, your annual contribution allowance into defined contribution pensions reduces to £10,000. This is known as the Money Purchase Annual Allowance (MPAA). Payments made over this amount will incur a tax charge.

Q. What is the Lifetime Allowance?
A. The limit on the total of all benefits which you can take from all your pension schemes is called the Lifetime Allowance (LTA). For the 2016-17 tax year it is £1 million. If you exceed this level a charge may be applied against the excess, unless you have registered for pension protection. You must provide us with the Protection Certificate if this is the case.

The value of the pension savings you have taken over your lifetime will be measured against the LTA on the following occasions:

Every time you take money before the age of 75, when for example:

- you take a tax-free cash lump sum
- you buy a lifetime annuity
- you start income drawdown
- there is a lump sum payment from funds in the event of your death.

At the age of 75, any pension that you have not started to take benefits from, and any growth in drawdown funds started after 6 April 2006, is also measured against the LTA.

If your pension benefits exceed your LTA during one of these events, a tax charge could be applied to the excess.

If you think the Money Purchase Annual Allowance or Lifetime Allowance may affect you, you can get more information from the HMRC website at www.hmrc.gov.uk. Tax rules do require careful consideration and you should contact a suitably qualified tax professional if you require advice.

INVESTMENT

Q. Where are my savings invested?
A. Your pension savings are invested in the LF Cash Fund. We regularly monitor and review this investment fund on your behalf to ensure it continues to meet its investment objective. Please refer to the Guide to Investment Risk and the LF Cash Fund for more details about this fund.

Q. How long can I remain invested?
A. The Cash Fund Drawdown Plan is designed for customers who wish to remain invested for a short period of time. You should not invest in this Plan if you intend to remain invested in the medium to long term as:

Your pension savings will not benefit from any potential future investment growth. This means that over time your pension savings will not be protected against inflation.

As your pension savings are invested in a fund they will be impacted by fund manager charges. As a result the value of your savings may decrease over time, even if you do not take out any cash withdrawals.

You will receive an annual statement which details the value of your remaining pension savings and the taxable cash withdrawals you have made. We strongly suggest that you use this opportunity to review whether this Plan still meets your needs.

DEATH

Q. Can I pass on my pension savings after I die?
A. Yes you can. Your pension savings can now be passed on through family generations. When you set up your Plan you will be asked to nominate a beneficiary or beneficiaries who will normally receive your savings when you die. However, this is at the discretion of the scheme administrator. You can nominate more than one beneficiary and you can change your beneficiaries at any time.

Beneficiaries can use your pension savings in a variety of ways, and some are tax-free.

	Death before age 75	Death after age 75
Take a lump sum payment	Tax-free	Subject to tax at the recipient's marginal rate of income tax
Carry on with income drawdown	Tax-free	Taxed as income
Take out an annuity	Tax-free	Taxed as income

On your death there is normally no Inheritance Tax payable on the value of your Plan unless it forms part of your estate.

Q. Who can be a beneficiary and what is the definition of a dependant?
A. Beneficiaries can be a dependant, nominee, successor or a charity if there are no dependants.

A dependant is:

- Your husband, wife or civil partner (or other person to whom you are legally married) at the date of your death.
- Any child of yours (including adopted child) who is under 23 at the date of your death.
- Any person who is dependent on you because of disability.
- Any person who is financially dependent on you at the date of your death.
- Any person whose financial relationship with you at your date of death is one of mutual dependence. This can include an unmarried partner of the same or opposite sex who relied on your income to maintain a standard of living that depended on your joint income.

CHARGES

Q. How much does the Plan cost?

	Charge
Total Expense Ratio (TER)	0.35% This represents all of the fund-related expenses which are deducted from the fund and reflected in the daily price. It includes the Annual Management Charge (AMC) and the additional costs of operating the fund. It is calculated on an annual basis.
Annual Management Charge (AMC)	0.1%
Plan set-up fee	£200 non-refundable (VAT is not applicable). This includes the cost for the first transfer into your Drawdown Plan.
Initial fund charge	No charge.
Additional transfer in fee	£90 (VAT is not applicable).
Cash withdrawal fee	£45 (VAT is not applicable).
Exit fee	No charge.

NEXT STEPS

Q. What happens next?
A. Once your application has been processed and we have received your transferred pension savings, you will be issued with a Welcome Pack, which will include your Plan schedule.

If for any reason, we are unable to invest your pension savings, due to an incomplete application for example, the money will be held in a Client Money Account for up to 10 working days. If after this time we are still unable to invest your pension savings, the money will be returned to your previous pension provider, or an alternative provider as identified by you. No interest is payable on monies held in the Client Money Account.

Q. Can I change my mind?
A. You have the right to cancel your Plan within 30 days of receipt of your Welcome Pack. If you wish to cancel the Plan, please write to us to confirm your cancellation at:

LFS
PO Box 1043
Cheltenham
GL50 9JB

If you decide to cancel, we will return any transfer payments received to your previous provider. If the value of your Plan has fallen, you may not get back the amount which was transferred to us.

The set up fee is non-refundable. Any transfer in fees will not be refunded if we have started to process the transfer.

You must return any tax-free cash and cash withdrawals made. We will return the value of any funds invested, minus any adviser charges paid, to the transferring scheme. Your existing pension scheme is not obliged to take back the transfer payment and you may need to choose another registered pension scheme to transfer your pensions savings to.

If you are unable to return any tax-free cash and any cash withdrawals we will not be able to treat your request as a cancellation. You will need to choose another registered pension scheme to transfer your pensions savings to.

If you do not exercise your right to cancel within the 30 day period, the contract will become binding. We will not return any money except in the form of a benefit payable in accordance with the Plan Terms and Conditions.

Please remember that we are not authorised to give financial advice. If you need advice regarding your retirement benefits or the investment held within your Plan, please contact a financial adviser.

Q. Can I transfer my Plan to another provider?

A. Yes, you can transfer all or part of your Plan to another drawdown provider or use the value to purchase an annuity from an annuity provider. If you transfer part of your savings, you need to keep a minimum of £1,000 in your Plan to keep it open. **Plans under this value may be closed.**

We recommend you seek financial advice before deciding whether to transfer your Plan or buy an annuity.

Q. Can I cash-in my Plan?

A. Yes, you can take the full value as a taxable cash withdrawal. We recommend you seek financial advice before deciding to cash-in your Plan fully as the cash withdrawal may significantly increase the amount of tax you pay in that tax year.

LINK Asset Services

Other information

HOW TO CONTACT US

If you would like information regarding the Plan, you can contact us at:

LFS
PO Box 1043
Cheltenham
GL50 9JB

Telephone: 0345 055 0606 or +44 1242 214 297 if phoning from abroad (Monday to Friday 9am-5pm)

We may record and monitor calls to help us to improve our services.

Email: PPPadmin@capita.co.uk
Website: pensions.linkfundsolutions.co.uk

If you are unsure if this Plan is right for you or you require advice you should contact a regulated financial adviser as we are unable to provide financial advice.

HOW TO MAKE A COMPLAINT

If you are dissatisfied with any aspect of your relationship with LFS, we will ensure that your complaint is dealt with quickly and efficiently. Please contact our Service Centre on 0345 055 0606. We will endeavour to answer your complaint immediately, or alternatively we will investigate your complaint and provide you with a comprehensive written response. We have a leaflet that summarises our complaints handling procedure. A copy of this can be found on our website at pensions.linkfundsolutions.co.uk or alternatively you can contact us and we will be happy to provide you with this.

If you are dissatisfied with the outcome of the investigation and the complaint relates to the sale and marketing of the Plan then you may refer to:

The Financial Ombudsman Service
Exchange Tower
London E14 9SR

Telephone: 0800 023 4 567 or 0300 123 9 123
Fax: 020 7964 1001
Website: www.financial-ombudsman.org.uk
Email: complaint.info@financialombudsman.org.uk

If you are dissatisfied with the outcome of our investigations and the complaint relates to how the LF Personal Pension Trust is run you have the right to contact:

Pensions Ombudsman Service
11 Belgrave Road
London SW1V 1RB

Telephone: 020 7630 2200
Website: www.pensions-ombudsman.org.uk
Email: enquiries@pensionsombudsman. org.uk.

FCA REGISTRATION

Link Fund Solutions Limited (LFS) is authorised and regulated by the Financial Conduct Authority and appears on the Financial Conduct Authority register. Our registration number is 119197.

GOVERNING LAW

The Plan is governed by and construed in accordance with the laws of England and Wales.

CLIENT CLASSIFICATION

The Financial Conduct Authority requires us to classify our customers to ensure they get the appropriate level of protection under the rules.

You have been classified as a retail client which means that you will benefit from the highest level of regulatory protection available for complaints and compensation and will receive information in a straightforward way.

SUITABILITY OF PRODUCT

For investments of £50,000 and over you must have received advice from an FCA authorised financial adviser when you bought this product. This means that you benefit from the protection provided by the Financial Conduct Authority's rules advisers must follow when giving financial advice.

COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation arrangements is available from:

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London EC3A 7QU

Telephone: 0800 678 1100 or 020 7741 4100
Website: www.fscs.org.uk
Email: enquiries@fscs.org.uk

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pensions.linkfundsolutions.co.uk

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