



Waterhouse

How to complete the TD Waterhouse Self-Invested Personal Pension (SIPP) application guide

Please ensure you complete the checklist on the application form to ensure that you have enclosed all the necessary requirements before you return the form to: Capita SIP Services, 141 Castle Street, Salisbury, SP1 3BR.

Contribution Notes

Contribution on, or after, your 75th birthday

We will accept any Contribution which we receive from you or any third party (including your employer, if applicable) on, or after your 75th birthday.

Any such Contribution must be paid gross and will be treated as a new designation of funds into your alternatively secured pension (ASP).

Personal, third party and employer contribution before your 75th birthday

In respect of your personal Contribution and any Contribution paid by a third party on your behalf (except your employer, if applicable), your situation will fall into one of the following three categories:

Category 1: Full UK basic rate income tax relief for any member or third party (excluding employer) contributions

This applies if:

- a) You are aged under 75 and
- b) You are a *Relevant UK Individual* in this tax year and
- c) The total gross Contribution by me, or on my behalf, in the tax year to all registered pension schemes will not exceed the highest of 100% of your relevant UK earnings and £3,600 (**gross**).

All your Member Contributions (or any paid on your behalf by a third party except an employer) in a tax year are entitled to UK basic rate income tax relief at source.

In this situation, you (or any third party except an employer) should deduct an amount equal to the UK basic rate of income tax relief from the contribution.

For example:

- i) The UK basic rate of income tax in the tax year in which you make a Member Contribution is 22% and
- ii) You earn at least £10,000 in the tax year and
- iii) You wish a total **gross** Contribution of £10,000 to be invested into your plan:

You would pay £7,800.00 (i.e. £10,000 - £2,200) i.e. $(100\% - 22\%) \times £10,000$ and we would request the additional £2,200 of UK basic rate income tax relief from HM Revenue & Customs.

You would insert £7,800 in the 'Your single Contribution' section of the form and tick the 'Yes' box to indicate that all of the Contribution is entitled to UK basic rate income tax relief.

If you have paid higher rate income tax in the tax year, you would be able to claim higher (marginal) rate UK income tax directly from HM Revenue & Customs via your self-assessment tax return.

Category 2: Partial UK basic rate income tax relief for any member or third party (excluding employer) contribution

This applies if:

- a) You are aged under 75 and
- b) You are a *Relevant UK Individual* in this tax year and
- c) The total **gross** Contribution paid by you, or on your behalf, to all registered pension schemes in the tax year will exceed the highest of 100% of your earnings and £3,600 (**gross**).

In this situation, you (or any third party except an employer) should deduct an amount equal to the basic rate of UK income tax relief from the element of the Contribution up to the highest of 100% of your earnings in the tax year and £3,600 **gross**.

However, you (or any third party except an employer) must pay the excess element of the Contribution gross, i.e. without deducting any UK basic rate income tax relief. You will not be entitled to any UK income tax relief in respect of the excess element.

For example, if:

- i) The UK basic rate of income tax in the tax year in which you make a personal Contribution is 22% and
- ii) You earned £9,000 in the tax year and
- iii) You wish a total **gross** Contribution of £10,000 to be invested into your plan:

Your contribution would be split into two elements:

- i) You would pay £7,020 (£9,000 - £1,980), i.e. $(100\% - 22\%) \times £9,000$ and we would request the additional £1,980 of basic rate tax relief from HMRC
- ii) In addition you would pay £1,000 (£10,000 - £9,000) **gross**.

Therefore, you would pay a total amount of £8,020.

Contribution Notes continued

You would complete the 'Your single Contribution' section as follows:

Your single Contribution

Is all of this contribution entitled to UK basic rate income tax relief? Yes No

With Tax Relief

Without Tax Relief

If you have paid higher rate income tax in the tax year, you would be able to claim higher (marginal) rate UK income tax directly from HM Revenue & Customs via your self-assessment tax return.

Category 3: No UK basic rate income tax relief for any member or third party (excluding employer) contribution

This applies if:

Either:

- a) You are not a *Relevant UK Individual* in the tax year or
- b) You are aged 75 or over on the date the contribution is received.

In this situation, you must pay the whole of your contribution **gross**, i.e. without deducting any UK basic rate income tax relief.

For example, if you wish a total **gross** Contribution of £10,000 to be invested into your plan, you would pay £10,000.

You would not be able to claim any UK income tax relief.

You would insert '£10,000' in the 'Your single Contribution' section of the form and tick the 'No' box to indicate that the Contribution **is not** entitled to UK basic rate income tax relief.

Please see the flow chart on page 4 for a graphical representation of this information.

Employer Contributions

Any Employer Contribution must be paid **gross** (i.e. without deducting any UK basic rate income tax relief). The employer **must** claim any UK corporation tax relief or income tax relief entitlement, as appropriate, directly from HM Revenue & Customs.

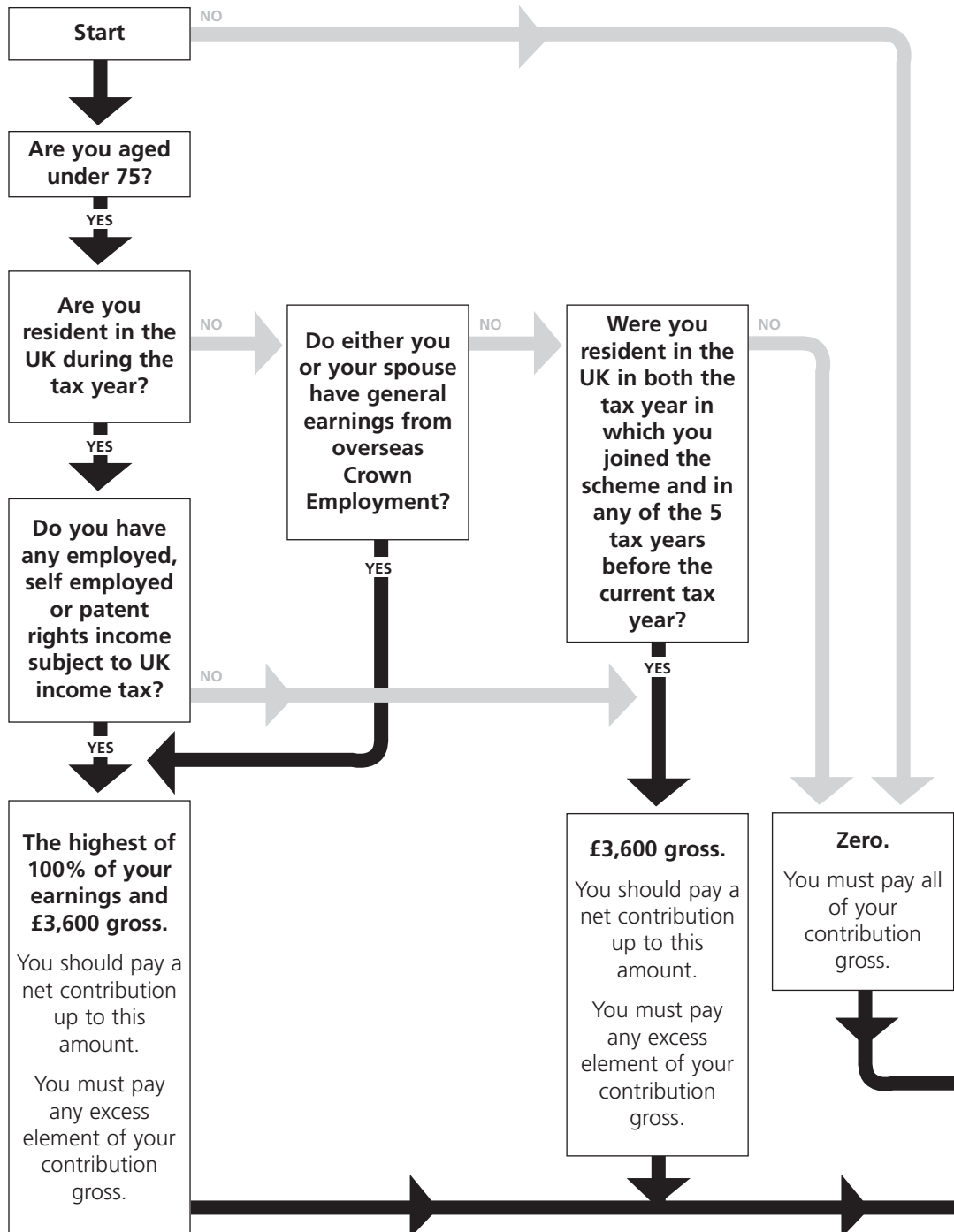
Re-Application Of Tax-Free Pension Commencement Lump Sum

I understand that if:

- 1) I have received a cumulative amount of tax-free pension commencement lump sum (PCLS), which in the previous twelve (12) months exceeded £15,000 and
- 2) I have used this, or will use this, either directly or indirectly (i.e. by another person or organisation on my behalf) to deliberately obtain further UK income tax relief by 're-cycling', i.e.:
 - a) Using the PCLS to increase the Contribution into any Registered Pension Scheme(s) to a level more than twenty (20) per cent above that which would have been paid without the PCLS; and
 - b) Allowing the cumulative amount of the additional Contribution to exceed twenty (20) per cent of the cumulative PCLS the Contribution.

This will create an income tax charge of up to fifty-five (55) percent, based on the amount of PCLS in question that is deemed to be an unauthorised payment.

Member eligibility for UK basic rate income tax relief at source in the current tax year



Your minimum contribution which is entitled to UK basic rate income tax relief at source

The highest of 100% of your earnings and £3,600 gross.

You should pay a net contribution up to this amount.

You must pay any excess element of your contribution gross.

£3,600 gross.

You should pay a net contribution up to this amount.

You must pay any excess element of your contribution gross.

Zero.

You must pay all of your contribution gross.

Documentary evidence

To satisfy money laundering prevention requirements and pensions regulations, we need to verify certain information by obtaining documentary evidence. The requirements are set out below.

Copies of documents should be submitted whenever possible (except for a Birth Certificate where only an original is acceptable) and be certified by one of the following: lawyer, banker, accountant, authorised financial advisor, stockbroker, investment manager, teacher, doctor, minister of religion or postmaster/sub-postmaster who is both qualified/registered and permanently resident in the UK. **The certifier should write on the copy 'original seen', and where your document includes a photograph they should also include the words 'and the photograph is a good likeness'. They must state their name, profession and contact details and also sign and date the copy.**

Please use this checklist to ensure you include all the necessary documents below which you are submitting with this application and then keep this for your records.

You will need to submit at least one document from those shown in each section. These are our preferred forms of evidence. If you cannot provide one of these please visit the Capita SIP Services website - www.capitasipservices.co.uk for a list of alternative documents or call Capita SIP Services on 01722 437707 to discuss alternative forms of evidence.

1. Evidence of age

(Please supply one of the following)

Applicant

Current signed passport (can be used for section 2 as well)

(copy must be black and white)

Birth certificate

(original only)

If your name differs from that shown on your birth certificate, please also submit appropriate evidence of the change

Marriage/civil partnership certificate

Deed poll

Other (Please Specify)

2. Evidence of personal identity

(Please supply one of the following)

Applicant

Contribution paid by a third party

(see note)

Current signed passport (copy must be black and white)

Current full UK driving licence (is not valid if used in section 3)

HMRC tax notification (not P45 or P60)

Other (Please Specify)

3. Evidence of address

(Please supply one of the following)

Applicant

Contribution paid by a third party

(see note)

Utility bill (e.g. a gas bill addressed to you and dated within the last four months. A mobile telephone bill is not acceptable.)

Current local authority tax bill

Bank or Building Society statement showing transactions within the last four months

Current full UK driving licence (not valid if used in section 2)

Other (Please Specify)

4. Evidence of employers/business identity

(Please supply one of the following)

Employer

1. Business brochure (if a business brochure is not produced then business letterhead paper or a business card may be submitted instead)

2. Latest report and accounts (preferably audited)*

3. Inland Revenue tax return or invoice (or an equivalent form from an official source)

*These must give details of the business name and address, telephone number, nature of business, website address and registration number.

Note

Where contributions are to be paid by someone other than the applicant or the applicant's employer/business (see section 4 for evidence required for employer's/business identity), we require the payer to supply evidence of identity and address (in addition to the requirements for the applicant, if applicable).

➔ Definitions

Alternatively Secured Pension (ASP)

This option is only available when you reach your 75th birthday.

You can withdraw some income from your Plan whilst leaving the rest of the fund invested. The maximum income is 70% of the amount which you could have obtained if you had used your pension fund at age 75 to purchase a *lifetime pension annuity* payable for the rest of your life. The maximum income from the ASP must be reviewed annually. The minimum income is nil.

It is not possible to take any tax-free *pension commencement lump sum* amount from your pension scheme on, or after, your 75th birthday.

Annual Allowance

If you are aged under 75 and you are a *Relevant UK Individual*, this is the maximum aggregate **gross** tax relievable contribution which you and any third party (plus your employer, if applicable) can pay in total into all of your registered pension schemes in relation to a tax year without you incurring an annual allowance charge.

HM Revenue & Customs has set the annual allowances for the following tax years:

Tax Year	Annual Allowance (£)
2006/07	215,000
2007/08	225,000
2008/09	235,000
2009/10	245,000
2010/11	255,000

Annual Allowance Charge

If you are aged under 75 and you are a *Relevant UK Individual*, a charge is applied if the total **gross** tax relievable contribution which you and any third party (plus your employer, if applicable) pay into all your registered pension schemes in a tax year exceeds the *annual allowance* for that tax year unless:

- a) You draw all your benefits from your *arrangement(s)* in the tax year; or
- b) You die during the tax year.

The annual allowance charge is currently 40% of the excess contribution. You would pay this via your self-assessment tax return.

Block Transfer

This is a simultaneous transfer of all your pension benefits and all the pension benefits of at least one other person from the same registered pension scheme as a single transaction. In addition, you must have been a member of our receiving scheme for less than one year.

This would allow you to maintain certain benefits which you were originally entitled to receive at 5 April 2006 under a Registered Pension Scheme, such as a higher than normal tax-free *pension commencement lump sum (PCLS)* entitlement or the right to begin to receive your *PCLS* entitlement and/or pension benefits earlier than normal.

Enhanced Protection (EP)

If you have accrued pension benefits before 6 April 2006, all of those benefits which were within HMRC limits on 5 April 2006 can be protected from the *lifetime allowance charge* regardless of any subsequent fund growth.

You would need to apply to HMRC for this type of protection before 5 April 2009 and you would also have to meet certain other conditions. One of these is that no further 'relevant benefit accrual' can occur after 5 April 2006. In relation to the type of scheme which we offer, this means that no further tax relievable personal, third party or employer Contribution can be paid into your plan after 5 April 2006.

Gross Contribution

This is the total payment which is invested into a Registered Pension Scheme when a Contribution is made.

For your Contributions or for any third party Contributions (except your employer, if applicable), this includes any **net** Contribution and the associated UK basic rate income tax relief.

Lifetime Allowance Charge

This is a UK income tax charge which will arise if you take benefits in excess of your personal lifetime allowance.

The tax rate is 55% if the excess amount is taken as a lump sum or 25% if the excess amount is taken in the form of a pension.

Lifetime Pension Annuity

This will pay you regular instalments of retirement income arising from a Registered Pension Scheme for the rest of your life.

It is also possible for you to choose to reduce your regular instalments of retirement income in order to provide income for a surviving spouse/civil partner (or other dependant, if applicable) following your death.

Net Contribution

If you are aged under 75 and you are a *Relevant UK Individual* in a tax year, you, or a third party (excluding your employer, if applicable) should deduct the UK basic rate income tax associated with your intended **gross** contribution from some, or all, of your registered pension scheme payment to make a **net** contribution.

If the total **gross** Contribution to all of your Registered Pension Schemes from all sources in a tax year does not exceed the higher of 100% of your earnings and £3,600 **gross**, you should deduct UK basic rate income tax from **all** of your Contribution.

If the total **gross** contribution to all of your Registered Pension Schemes from all sources in a tax year exceeds the highest of 100% of your earnings and £3,600 **gross**, you should deduct UK basic rate income tax from the element of your contribution up to that level. The element of the contribution above that level should be paid **gross**.

Pension Commencement Lump Sum (PCLS)

This is a payment from a Registered Pension Scheme to an individual which is free from all personal taxes in the UK. It can be paid at any allowable time under pensions regulations (usually between the normal minimum pension age (50 from 06/04/2006 to 05/04/2010 and 55 thereafter) and the day before your 75th birthday) and usually amounts to 25% of the particular pension fund concerned at the time of the payment. The remainder of the fund must be used to provide either a *lifetime pension annuity* or an *unsecured pension (USP)*.

If certain conditions applied before 06/04/2006, it is possible to receive a PCLS payment before the normal minimum pension age and/or to receive more than 25% of the fund.

If you have already received your maximum possible tax-free PCLS when you started to receive benefits from other sections of your pension fund and/or from any other pension fund(s), it will not be possible for you to receive any further tax-free lump sum payment.

Standard Lifetime Allowance (SLA)

If you are a *Relevant UK Individual*, this is the maximum cumulative value which you can receive from all of your Registered Pension Schemes (unless you either hold enhanced protection or qualify for a different personal lifetime allowance) without incurring a *lifetime allowance charge*.

You can draw your pension benefits over a number of tax years and any benefits which you have taken in previous tax years are taken into account in relation to the SLA in force when you begin to receive further pension benefits.

The SLA will vary each tax year. HM Revenue & Customs has set the standard lifetime allowances for the following tax years:

Tax Year	Standard Lifetime Allowance (£)
2006/07	1,500,000
2007/08	1,600,000
2008/09	1,650,000
2009/10	1,750,000
2010/11	1,800,000

Unsecured Pension (USP)

This option is only available before your 75th birthday.

You can draw a *tax-free pension commencement lump sum* amount from your pension fund and also withdraw some further income from the fund whilst leaving the rest of your money invested.

The maximum income is 120% of the amount which you could have obtained if you had used your pension fund to purchase a *lifetime pension annuity* payable for the rest of your life. The maximum income from the USP must be reviewed every five years. The minimum income is nil.

When you reach age 75, you must either purchase a *lifetime pension annuity* or convert your pension fund to provide an *alternatively secured pension*.

The TD Waterhouse SIPP is brought to you in conjunction with Capita SIP Services. Please note that the TD Waterhouse SIPP is offered on an execution only basis and no advice can be given by TD Waterhouse or Capita SIP Services. If you have any doubts about whether the TD Waterhouse SIPP is suitable for your circumstances then you should contact an independent financial advisor. TD Waterhouse Investor Services (Europe) Limited (a subsidiary of the Toronto-Dominion Bank). Authorised and regulated by the Financial Services Authority (FSA registered number 141282), member of the London Stock Exchange and the PLUS market. Incorporated in England and Wales under registration number 2101863. Registered office: Exchange Court, Duncombe Street, Leeds LS1 4AX. VAT Registration number 397103051. www.tdwaterhouse.co.uk

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