

## Portfolio Management Service

The Financial Conduct Authority is the independent financial services regulator. It asks us, Hargreaves Lansdown Asset Management Limited (referred to in this document as 'Hargreaves Lansdown', 'HLAM' or 'we'), to give you this important information to help you to decide if the Portfolio Management Service SIPP (Self-Invested Personal Pension) is right for you. Please read this document carefully so that you understand what you are buying and keep it safe for future reference. You will also need to read your recommendation report, supplied to you by your Hargreaves Lansdown Financial Adviser, before you apply. To keep this document short we have not outlined every feature so please also read the terms and conditions for the Portfolio Management Service before investing.

The PMS SIPP is governed by a Trust Deed & Rules. A copy is online at [www.hl.co.uk/sipp\\_apply](http://www.hl.co.uk/sipp_apply). Further information on pension schemes is on Her Majesty's Revenue & Customs' (HMRC) website.

A stakeholder pension may be lower cost and meet your needs as well. Please refer to your Financial Planning Report or contact your Financial Adviser for information.

### Its aims

- To offer you a tax-efficient way of saving for retirement.
- To give you the opportunity to invest in a portfolio where the investment decisions are made on your behalf by Hargreaves Lansdown's professional managers.
- To increase the value of your investment over the long term.
- To achieve the best possible returns for a given level of risk purchase.

### Your commitment

- Invest a sum or sums of money as agreed with your Financial Adviser.
- Provide any information we need when starting the SIPP, paying benefits or claiming tax relief.
- Consider the Portfolio Management Service as a medium to long term investment within your pension (i.e. to be held for five years or more), although there is no minimum or fixed investment term.
- Money invested must stay in a pension, usually until at least age 55 (57 from 2028), and be used to provide retirement benefits.

### Risk Factors

- Your retirement income is not guaranteed.
- The portfolios are invested in the stock market. The value of your investment and the income from it can go down as well as up so you may get back less than you invest. Past performance is not a guide to future returns.
- Inflation will reduce the real value and therefore what you could buy with your pension in future.
- If you transfer from another pension the benefits may not be comparable.
- The rules, value of tax benefits and government pension policy could change.

## Your questions answered

### What is the Portfolio Management Service?

The Portfolio Management Service is designed for investors who wish to invest in a portfolio managed by investment professionals. It is a discretionary managed service, meaning all investment decisions are made by the portfolio managers without reference to you.

The Portfolio Management Service allows you to invest for retirement within the tax shelter of a SIPP. The managed portfolios invest predominantly in unit trusts, OEICs and cash.

### How do I invest?

The Portfolio Management Service is available exclusively through Hargreaves Lansdown Advisory Services. To invest you must first receive advice from a Financial Adviser on your eligibility and the suitability of the Portfolio Management Service SIPP. To make a new investment please contact a Financial Adviser via the Advisory Helpdesk on **0117 317 1690**.

If your Financial Adviser recommends the Portfolio Management Service they will provide you with the appropriate application forms to make your investment. Investments can be made by making a contribution by cheque, direct debit, bank transfer, debit card payment, transferring existing pension funds as cash or moving cash from an HL non-SIPP account.

Transfers must be from a registered pension scheme. We cannot usually accept transfers from overseas pensions.

### How much can I invest in a PMS SIPP?

You will agree an investment amount with your Financial Adviser. The minimum investment is £500.

Each tax year you can receive tax relief on gross personal contributions of up to £3,600 or 100% of your relevant UK earnings if higher. Personal contributions include those made by others on your behalf but not employer contributions. Relevant UK earnings are normally your total taxable earnings from UK employment and self-employment, e.g. salary, bonuses and profit from self-employment, but not investment income. Contact your

accountant if in doubt. You must be under age 75 to get personal tax relief on pension contributions.

Your total pension contributions each tax year, including employer contributions, are also limited by the annual allowance. This is £60,000 for most people in the 2023/24 tax year. Any contributions that exceed the annual allowance may incur a tax charge and cannot be refunded on the sole grounds they are above the annual allowance. A lower annual allowance may apply to those who have taken pension benefits or those with a high income.

Transferring a pension does not affect the amount you can contribute to a SIPP for this tax year. The amount you can transfer is not limited. You do not need to be under age 75 to transfer a pension.

There is a 'lifetime allowance' which was formerly the total you could accumulate in your pensions without paying a lifetime allowance tax charge, however the lifetime allowance tax charge was removed from 6 April 2023. Currently it provides an upper limit to the maximum tax-free amount an individual can typically take across all their pensions.

The standard lifetime allowance is currently £1,073,100 for most people but is set to be removed from 6 April 2024.

#### **Do you offer monthly investing plans?**

You can invest monthly using a direct debit. Your Financial Adviser can recommend an appropriate plan. The minimum monthly investment is £250 gross.

There is no need to make a new direct debit application each tax year. We will simply roll over your direct debit into the new tax year unless we receive a telephone or written, via letter or Secure Message, instruction asking us not to.

#### **How do I stop or change my direct debit?**

If you would like to increase your direct debit this must be arranged through a Financial Adviser. We also suggest you take advice before decreasing or stopping your direct debit. Please contact a Financial Adviser via the Advisory Helpdesk on **0117 317 1690**. To proceed with an amendment to your direct debit please ensure we receive your instruction, via telephone or written via letter or Secure Message, by the 21st day of the month for a direct debit to cease or change in the following month.

#### **Can my employer make payments to my SIPP?**

Your employer can make single or regular contributions to your SIPP. Your Financial Adviser can facilitate appropriate employer contributions. The minimum single

contribution is £500 gross. The minimum regular contribution is £250 gross a month.

#### **How do I get tax relief?**

We claim basic rate tax relief from HMRC for you. HMRC sends tax relief in 6 to 11 weeks. Currently, for each £80 net you contribute, tax relief of £20 is added making a total of £100 gross.

If you pay tax at a higher rate you can claim more tax relief via your tax return or local tax office.

#### **Where is my tax relief invested?**

The tax relief will be invested in the managed portfolio.

#### **What charges will I pay?**

Please refer to the PMS Tariff of Main Charges in the PMS Terms and Conditions booklet, and your fee agreement with your Financial Adviser.

In addition, the investments held within the managed portfolios will have their own charges. Typically the portfolios invest in funds, which have ongoing charges. Your Financial Adviser will confirm the total expense of the portfolio before you invest.

#### **Will I receive interest on the cash held in the portfolio?**

Yes. For our current interest rates please call the Helpdesk on 0117 900 9000 or visit our website [www.hl.co.uk/charges-and-interest-rates](http://www.hl.co.uk/charges-and-interest-rates).

#### **Where is the cash held?**

Cash in your SIPP is held by Hargreaves Lansdown Pensions Trustees Limited ('HLPT') on trust in accordance with the Trust Deed and Rules. It is segregated from HLPT's own funds and those of HLAM.

Over the next 12 months, HLPT expects to receive interest of between 0.5% p.a. below and 0.5% p.a. over the prevailing base rate on the cash balances in SIPP trustee bank accounts. In accordance with the PMS terms and conditions, HLPT pays to HLAM an amount equal to the difference between the interest HLPT receives on the cash balance in your SIPP and the current rates of SIPP interest to cover the cost of managing your cash.

Our policy for choosing banks is continually reviewed and the primary consideration is always security. Cash held within the PMS SIPP is currently spread across a number of banks.

#### **Can I change the investments I hold within my PMS SIPP?**

No, this is a discretionary service which means the investment manager is responsible for changing any investments

held in the portfolio. If your circumstances or investment needs change it is possible for a Financial Adviser to arrange for you to switch to a different portfolio. If you have any concerns about the suitability of the portfolio please contact a Financial Adviser via the Advisory Helpdesk on **0117 317 1690**.

#### **How will I know how my pension is performing?**

We will send you a valuation every three months. You can also log in to your account via our secure website/mobile app and follow your investments 24 hours a day, seven days a week. Each year, if you haven't moved any funds into drawdown, you will receive a Statutory Money Purchase Illustration (SMPI) showing the current value of your fund and a retirement income projection.

#### **What tax will I pay?**

Within a SIPP there is no capital gains tax to pay on any gains and no income tax to pay on any interest. Interest on cash is paid gross. There is no UK tax on dividend income.

#### **When can I take retirement benefits?**

You can usually take benefits from your SIPP at any time from age 55 (57 from 2028). If you do not select a retirement age when you apply, this will be set as 65, or 75 if you have reached 65. You can change this.

You may be able to take retirement benefits early if:

- You have medical evidence you cannot carry on your occupation.
- You have a protected early retirement age.

If you have a life expectancy of less than 12 months and have not taken benefits, you may be able to take all your SIPP as a lump sum.

#### **What are my options when I choose to retire/take benefits?**

Your options are:

- Convert your SIPP into income by buying the annuity which best suits you from an insurance company.
- Draw an income directly from your fund through drawdown.
- Take a tax-free lump sum (normally up to 25% of the value of your fund) in return for a smaller income.
- Withdraw lump sums from your pre-retirement SIPP whenever you wish. 25% of each payment will normally be tax free and the rest taxed as income. Some people who have HMRC pension protection or an enhanced lifetime

allowance may not be able to use this option, please call us for details.

- Take the whole fund as a lump sum if the total value does not exceed £10,000. This can be done up to three times from personal pensions. 25% of the fund is paid tax free and the balance subject to income tax.
- If your fund is not already in drawdown you can ask us in writing to designate up to £10,000 to a new arrangement, which can then be taken as a lump sum, even if the value of the whole pension exceeds £30,000.

Assuming there are no outstanding requirements, we can usually set up your pension benefits within 10 working days after the date we receive your application, or once all pension transfers are complete.

Income from the SIPP or an annuity is subject to Pay As You Earn (PAYE) income tax.

There is a PMS SIPP Drawdown facility. You will be required to take advice from a Financial Adviser on the suitability of this option. We also suggest you take advice before taking lump sums from your SIPP.

#### **How much will my pension be?**

It depends on several factors, including some or all of: the final value of your fund, interest rates at the time, your age, health, life expectancy and the income type you choose.

#### **Can I transfer my plan?**

You can transfer your plan to another registered pension scheme or Qualifying Recognised Overseas Pension Scheme that will accept it, subject to any applicable tax charge.

#### **What happens if I die before I retire/ take benefits?**

If you die before 75 the total fund can normally be paid as a tax-free lump sum.

If you die after 75 the total fund can be

paid as a lump sum taxed at the individual's marginal tax rate (or at 45% if not an individual).

Your SIPP funds can be used to provide an income for your dependants or other nominated beneficiaries. If you die before age 75 this income will usually be tax free. If you die after age 75 it will be taxed as their income.

Beneficiaries who are not resident in the UK or EEA will normally only be able to receive the fund as a lump sum will only be able to receive the fund as a lump sum.

You should complete an expression of wish form to indicate who you would like to receive the death benefits. This is not legally binding but alerts us to your wishes.

SIPP benefits paid after your death are usually free of inheritance tax.

On death before 75 any funds in your SIPP which are not in drawdown will be measured against the lifetime allowance. Any funds in excess of the lifetime allowance that are taken as a lump sum will be subject to income tax at the beneficiary's marginal rate.

#### **Can I cancel my investment?**

You can cancel the SIPP within the first 30 days by writing to us. We will return your funds to you.

Where you have transferred pensions to the SIPP you can cancel each transfer separately in writing up to 30 days after you are told we have received the funds. We will return your funds to the transferring scheme. If the transferring scheme does not accept these back, you may request a transfer to another provider.

If the investments have fallen in value you will not get back the full amount invested or transferred.

#### **If I am not happy with the service I have received how do I complain?**

Please send us a secure message via your

online account, or call or write to us using the details below. We have a clear policy to ensure that we deal with complaints promptly and fairly. If you are not happy with our response you can also complain to the Financial Ombudsman Service.

#### **HOW TO CONTACT US**

**By phone** – You can call our Pensions Helpdesk on **0117 980 9926** (calls may be recorded and monitored)

**By post** – You can write to us at:  
**Hargreaves Lansdown**  
**One College Square South**  
**Anchor Road**  
**Bristol, BS1 5HL**

**Online** – You can visit our website **www.hl.co.uk**

#### **COMPENSATION ARRANGEMENTS**

Hargreaves Lansdown contributes to the Financial Services Compensation Scheme (FSCS). Further details can be found in the PMS terms and conditions and/or the FSCS website at **www.fscs.org.uk**.

#### **OTHER INFORMATION**

Scheme particulars, quarterly reports, Key (Investor) Information Documents, annual reports and accounts or other information for the underlying investments held in the portfolios can be obtained directly from Hargreaves Lansdown by contacting our Pensions Helpdesk on **0117 980 9926**, or making a written request via letter or Secure Message.

These Key Features are governed by English law and we shall communicate with you in English.

Hargreaves Lansdown Asset Management Limited is authorised and regulated by the Financial Conduct Authority. Your Hargreaves Lansdown Financial Adviser works for Hargreaves Lansdown Advisory Services Limited, which is authorised and regulated by the Financial Conduct Authority.