



SIPP Member –
Frequently Asked Questions



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Your application

Can I apply for a SIPP?

You can apply to become a member of our SIPP if you are:

- resident in the UK, or
- resident overseas but would like to transfer benefits from an existing UK-registered pension into a SIPP.

How do I apply for a SIPP with Momentum?

Our SIPPs are available through independent financial advisers and we offer a range of products, depending on your requirements.

You can apply to become a member of our SIPP using our short application form.

To fund your SIPP you can make a one-off or regular contribution, or you can transfer from another recognised pension scheme.

Before you proceed, please take time to understand the risks and features of a Momentum Pensions SIPP. If you are unsure whether a SIPP is the right pension choice for you, you should speak to an independent financial adviser.

Can I have more than one type of pension?

Yes; you can be a member of as many registered pension schemes as you like. However you can't contribute more than the annual allowance across all your pension schemes if you want to avoid tax penalties.

Our products

What products does Momentum offer?

Momentum Pensions is an international company offering a variety of pension products to suit a range of situations.

SIPP - Self-Invested Personal Pensions

These give you the freedom to save and invest your money in whichever assets you want – such as shares and investment trusts. In this way, SIPPs make you the manager of your own pension fund.

At Momentum, we offer a wide range of SIPP schemes tailored for both UK and international residents, giving you even more control and choice over your pension. These range from simple managed investment schemes to more sophisticated options which allow for investment in certain types of property and up to large, complex investment classes.

SSAS - Small Self Administered Scheme

This is an occupational pension scheme set up under trust with fewer than 12 members. It's ideal for employers, company directors or business owners. SSAS provides not only a wide range of investment options but also the opportunity to invest a portion of the pension fund into the employer's business.

QROPS - Qualifying Recognised Overseas Pension Scheme

As an expatriate or UK resident with an intention to move overseas, you can transfer the value of your UK pension to a QROPS scheme that is non-UK but recognised by HMRC. We offer a choice of QROPS schemes from Malta, Gibraltar and the Isle of Man to suit your personal circumstances and your underlying investment.

Please speak to an independent financial adviser to discuss your personal circumstances.

Is a stakeholder pension the same as a SIPP?

No; however, there are similarities. SIPPs and stakeholder pensions are both types of personal pension.

A stakeholder pension is a simple plan with charges capped by the government which means that there are fewer investment options available within the allowed price.

A SIPP is more flexible providing you with greater control over how you can invest.

Contributions

How much can I contribute to my SIPP?

If you are a UK resident (and under age 75), you can personally contribute up to the amount you earn (subject to not exceeding the annual allowance) and receive tax relief on those contributions.

Contributions to all of your UK registered pension schemes must be taken into consideration, not just those paid to your SIPP.

e.g. if you earn £25,000, you can contribute £25,000 gross to your pension schemes. The payment you make will be £20,000, and HMRC will add basic-rate tax relief of £5,000 (currently 20%).

Higher rate taxpayers can also claim back the additional tax they have paid through their tax return.

The annual allowance is currently £40,000 and if you earn over £150,000 your personal annual allowance is tapered down from £40,000. Please speak to your adviser for more information about this.

Please note that legislation may change how much you can pay into a pension scheme.

Are there any minimum contribution levels I have to pay?

No; but if you decide to contribute, in order to keep your costs low, our range of SIPPs have a minimum contribution level of £1,000 gross (i.e. you would pay £800 and the SIPP would get an additional £200 in tax relief).

Can I contribute to my SIPP and other pension schemes?

You can decide where to contribute and how much, subject to not exceeding your earnings and the annual allowance in any one tax year.

Can my employer contribute to my SIPP?

Our Momentum Advanced SIPP permits employer contributions, please speak to your adviser if you are considering this option.

What is “pension carry forward”?

The maximum you can contribute to all pension schemes in any tax year is the annual allowance of £40,000.

Carry forward gives you the ability, subject to meeting certain criteria to contribute more if you have any unused allowance in the last three tax years.

To use carry forward, you must have:

- Been a member of a pension scheme in each tax year from which you would like to carry forward, even if you did not make any contributions.
- Used up your full annual allowance in the current tax year.
- Contributed less than the annual allowance applying in each of the last three tax years.
- Earnings in the tax year of payment of at least the amount you want to contribute.
- Please note that legislation may change how much you can pay into a pension scheme.

When is tax-relief added to my contributions?

We request basic-rate tax relief from HMRC monthly for any personal contributions you make.

Depending on the date in the month we receive your contribution we will apply basic-rate tax relief to your SIPP between 5 and 11 weeks after receipt of your contribution.

If you are a higher or top-rate tax payer you can claim additional relief directly from HMRC. We are not able to do this for you - most people claim this via their tax return.

Please remember that tax rules and allowances can change in the future.

What is a “pension input period”?

This is a period of time that is used to calculate how much has been contributed to a registered pension scheme to determine whether there is a breach of HMRC’s annual allowance limit.

Pension input periods run in line with the tax year.

Transfers

Can I transfer an existing pension scheme into my SIPP?

Yes; you can transfer most types of recognised pension schemes into a Momentum SIPP.

If you are planning to transfer assets, please check that your existing investments can be held by the SIPP to which you wish to transfer first.

If you are transferring in cash you need to consider that, while the transfer is in progress, you will not be invested.

Other types of pension schemes, such as occupational schemes, may have benefits with guarantees attached to them. You should seek advice to ensure that moving them to a SIPP is the correct decision for you.

Can I transfer an occupational pension into a SIPP?

Yes; our SIPP accepts free-standing additional voluntary contributions (FSAVCs), most paid up money-purchase occupational schemes, executive pension plans and other occupational schemes.

If you plan to transfer a final salary pension scheme valued at more than £30,000, you must seek independent advice from a suitably qualified financial adviser.

Taking advice on any types of transfer to ensure the transfer is right for you is recommended.

How long does it take to complete a transfer from another provider to you?

We aim to complete transfers as quickly as possible.

We use a system called Origo Options to streamline the transfer process for cash only transfers. Normally cash transfers complete within two weeks from the date of the initial request.

For any transfer including assets, the time taken to transfer your investments from another provider to us can vary due a number of factors, including the type of assets being transferred, and the transferring provider's turnaround times.

Some types of investment can take longer to transfer than others, so please speak to your financial adviser before committing to a transfer.

Can I transfer my SIPP to another pension provider?

Yes, your SIPP can be transferred to another UK registered pension scheme or qualifying recognised overseas pension scheme (QROPS).

If you have already started taking benefits from your SIPP, all of that part of the SIPP must be transferred to the new pension scheme. If you have parts of your SIPP that have not had any benefits taken from them, you can choose how much of that part of your SIPP to transfer.

If you want to transfer your pension fund in cash, you will have to sell all of your investments first.

We can also transfer your investments. Transfers to a QROPS need to be checked against the lifetime allowance prior to transfer in case a charge will be applied.

Investments

With a SIPP, what can I invest in?

Momentum Core SIPP provides access to a selection of investment providers, who offer a range of equities, funds and stock to invest in.

If you want a wider investment choice the Momentum Advanced SIPP may be more suitable for you, since it offers access to the widest range of investments (subject to meeting our criteria).

If you want to invest in UK commercial property, the Momentum Property SIPP is likely to be suitable for you.

Can I control my investments?

Our SIPPs allow you complete flexibility to choose how you invest within the limits of the available investment range under the SIPP you choose.

Can I invest in property through my SIPP?

Yes; the Momentum Property SIPP can hold commercial property.

Please note that a SIPP cannot invest directly in residential property or any property outside of the UK.

Can I hold cash in my SIPP?

You can leave your SIPP funds in cash if you choose. In the Momentum Core SIPP this will normally be held by your chosen investment provider.

All cash will be held in a pooled account under the SIPP.

Benefits

Can I take cash from my SIPP?

No, a SIPP is a pension scheme designed to provide an income for your retirement. Once you have paid contributions into a SIPP you cannot access them until you reach age 55, when your fund can be used to provide an income, or take a lump sum.

How can I get more assistance about my choices at retirement?

We are always happy to try and help but cannot provide any financial advice.

Free guidance on your pension options at retirement is also available from the Government backed Pension Wise service. This service is available online, over the phone from The Pensions Advisory Service and face to face from the Citizens Advice Bureau. You can find out more at www.pensionwise.gov.uk

Can you explain what 'drawdown' means?

Drawdown is effectively the income you take from your SIPP while leaving the fund invested.

With flexi-access drawdown you are able to take as much income from your SIPP fund as you wish. You can choose to take regular payments, or you can take one-off payments if you prefer.

If you drawdown large amounts this might result in you paying more tax. If you are reliant on the income from your fund to support you, you should also consider taking a level of income that is sustainable for your lifetime.

If you had started receiving an income before 6 April 2015 you may be in 'capped drawdown'. If you are, you could contribute more into your SIPP than if you have flexibly accessed your fund.

You should consider whether the amount you can pay into your SIPP is important before deciding to convert to flexi-access drawdown to take income without any limits.

How do I request income drawdown?

If you want to start income drawdown, you must complete our Retirement Options Form and tell us how much of your SIPP you would like to use to provide an income, and what amount of income you would like to have paid to you.

It may be more tax efficient to only commit part of your SIPP into drawdown at any one time. If you are not sure how much of your SIPP to use, you should speak to a financial adviser.

Do I have to commit all my SIPP fund into drawdown in one go?

No, you can choose to use some, or all, of your fund for drawdown. Taking only part of your fund is known as partial drawdown and may be more tax efficient. Each time you do this you can usually take up to 25% tax-free cash from it. Income taken from the rest will be subject to Income Tax at your marginal rate.

Each time you want to take drawdown you need to complete our Retirement Options Form.

Your financial adviser will be able to help you decide what is best for you and your circumstances.

Can I contribute to my SIPP after starting drawdown?

Yes, you can make further pension contributions if you are under age 75 and are UK resident.

Once you have flexibly accessed your pension benefits you are only be able to contribute up to £10,000 in total each year to all money purchase pensions you have, including your SIPP. Additionally, it is not possible to make use of any unused contribution allowance from previous tax years (carry forward) to increase this amount.

If you were in drawdown prior to 6 April 2015 you may be able to contribute up to £40,000 subject to not exceeding your earnings.

Please speak to your financial adviser prior to making any contribution to avoid potential tax penalties.

How do I get flexi-access drawdown if I have capped drawdown?

If you are currently taking benefits from your SIPP using capped drawdown (available before 6 April 2015) and want flexi-access drawdown, please contact us and we will provide the relevant paperwork.

Choosing flexi-access could affect the amount you can contribute, so please speak to your financial adviser in the first instance.

What does 'taking benefits' mean?

Taking benefits means committing some or all of your fund into drawdown and taking an income from your SIPP. This is commonly referred to as crystallising your fund. You can do this at any time following your 55th birthday, and you can choose how you take those benefits – as a lump sum and/or as an income. You can take money from your SIPP through a variety of options, including drawdown, a series of smaller lumps sums or an annuity.

You can receive up to 25% of your pension as a tax-free lump sum, and as you take the remaining income from your fund you will be taxed at your marginal rate. Please note tax rules can change in the future.

More information can be obtained from your financial adviser or by contacting Pension Wise.

How do I begin taking benefits from my SIPP?

You need to complete our Retirement Options Form and return it to us.

If you have asked for a lump sum payment, once we have received your form we will calculate your lump sum payment and pay it to you.

If you have requested an income we will contact you to confirm when this has been set up. Any regular income payments will be sent on a fixed date which we will advise when benefits are set up.

How will my drawdown income be taxed?

Income payments from your SIPP are subject to PAYE Income Tax. If you make a large withdrawal this could take you into a higher tax bracket.

The first time that you take an income from your SIPP we will apply to HMRC for a tax code to make sure that we are making the correct deductions. If you have a P45 please forward us parts 2 and 3 of the original document. Until we receive HMRC confirmation, or your P45 we are required by law to tax any income paid using an emergency code.

How much income am I entitled to?

Pension freedom rules mean there are now no minimum or maximum limits on the amount of income you can take. Please remember that if you make a large withdrawal this could result in you paying a large amount of tax. You can also choose just to take your 25% tax-free cash and no income if you wish.

If you are in capped drawdown there is a limit on the amount of annual income you can take. This limit was initially based on the value of your SIPP and your age on the day the cap was calculated.

How do I request an income payment from my SIPP?

To request an income payment from your SIPP, please contact your adviser with whom we will make arrangements.

What is the lifetime allowance?

The Government has set a limit on the amount that you can have from all pension schemes you hold, which is currently £1m. Every time you take benefits from a pension scheme, you 'crystallise' that portion, and this portion uses up a percentage of your lifetime allowance.

If you reach age 75 without securing an income via an annuity you will have your benefits tested against the lifetime allowance. If at that time you have saved more than the £1m limit, you will be subject to a lifetime allowance charge on any excess. Please remember that tax limits could change in the future.

If the excess is paid as a lump sum, HMRC will deduct 55% as a tax charge, while 25% will be deducted if you use those excess funds to provide income. If you have any form of lifetime allowance protection you may be limited in your exposure to the lifetime allowance charge.

What are annuities?

A lifetime annuity is a type of insurance contract that you can buy to guarantee that you will receive an income until the day you die from the annuity provider.

You would pay your SIPP fund - in whole or in part - to an insurance company and they will pay you an income for the rest of your life. You choose whether the level of payment will stay the same, rise with inflation, or drop at a later point in time, when you choose the contract. If you wish, you can also have an annuity that will pay your spouse an income after you die.

The amount you will receive from an annuity depends on your age, how big your fund is and also your state of health in some cases. Once you buy an annuity, you will no longer have any say over how your fund is invested, but you have the security of knowing that your fund will not expire before you do.

What is an uncrystallised funds pension lump sum (UFPLS)?

An uncrystallised funds pension lump sum (UFPLS) is a payment that can be made from any part of your SIPP that you have not previously committed to drawdown (commonly referred to as uncrystallised).

Each lump sum has a 25% tax-free portion, with the remaining 75% subject to income tax. Please note that we may need to tax these payments using an emergency code until we receive a tax code from HMRC and this may result in you paying a large amount of tax.

You can take single or ad-hoc UFPLS payments of up to 100% of the fund, or a series of regular UFPLS payments. Any funds you

do not withdraw will remain invested within your SIPP.

There is no limit on the amount you can take but if you are reliant on the income from your SIPP to support you, you should consider taking a level that is sustainable for your lifetime.

Once you take an UFPLS from your SIPP, the amount you can contribute each year to your SIPP (and any other money purchase pension scheme) is reduced to £10,000 per annum. This is known as the money purchase annual allowance (MPAA).

What is flexi-access drawdown (FAD)?

If you have chosen to take a tax-free or pension commencement lump sum from your SIPP, the remaining funds you have accessed will be used to provide you with an income.

If you do not choose to purchase an annuity to provide an income, these funds will be moved into flexi-access drawdown. With flexi-access drawdown there is no minimum or maximum limit on the income you can take from the drawdown portion.

If you are reliant on the income from your SIPP to support you, you should consider taking a level that is sustainable for your lifetime.

The income payments will be subject to income tax at your marginal rate.

Please note that we may need to tax these payments using the emergency code until we receive a tax code from HMRC which may mean that you pay more tax than you were expecting.

Any funds you choose not to take as income will remain invested in your drawdown portion within the SIPP. These are commonly referred to as crystallised funds.

Once you take an income payment from your crystallised flexi-access drawdown portion, the amount you can contribute each year to your SIPP (and any other money purchase pension schemes) is reduced to £10,000 per annum. This is known as the money purchase annual allowance (MPAA).

What charges will I pay for taking my pension?

The charges for taking your pension are set out in our fees schedule which is available on request or via your financial adviser.

What happens to my SIPP fund when I die?

When you die, your SIPP fund will be distributed to your beneficiaries. This can be as a lump sum or as an ongoing income. You need to complete a nomination form to say who you wish payments to go to and these are paid at the discretion of Momentum Pensions Limited as the Scheme Administrator of your SIPP.

SIPP death benefits are usually paid without any inheritance tax being due, although this cannot be guaranteed.

If you die before age 75, there will generally be no income tax paid by your beneficiaries. If you die after age 75, any benefits paid will usually be subject to tax at the recipient's marginal rate.

Momentum Pensions Limited is authorised and regulated by the Financial Conduct Authority.

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