Momentum

Momentum SSAS

Risk Warning Questionnaire

Scheme Name:

Member Name:

SSAS No:

Accessing your pensions savings

Before accessing your pension savings you are encouraged to obtain guidance from the Government service Pensions Wise (www.pensionwise.gov.uk) or regulated financial advice before you make a decision.

Following the pension freedom rule changes in April 2015 we now need to ask you some questions where your answers will guide us to further information we may need to provide you with. In certain circumstances you should be aware of different options that may be more suitable for you and answering these questions will let us know if this further information would be helpful to you.

If you have discussed your options with a regulated financial adviser and these questions have already been discussed, you may not need to complete this questionnaire.

Please could you answer the following questions and return the form to us.

Have you taken any pensions guidance from the Pensions Wise Service (www.pensionwise.gov.uk) or received any regulated advice about accessing your pension savings?

Yes If you have received regulated advice, please let us have the details of your financial adviser and return this form to us. You may not need to complete this questionnaire.

Financial Adviser: ___________________________

Company: ___________________________________

FCA Number: ________________________________

No Please complete the questionnaire

Unsure Please complete the questionnaire

Accessing your pension saving is an important, sometimes irreversible decision, and Pension Wise and regulated advice can help you understand the options you have.

There is a glossary of terms that are used on the final page of the questionnaire, which you may find helpful.

Questionnaire

Question	*Notes*	Answer
Are there any aspects of your health or lifestyle that could potentially shorten your life expectancy?	*If you have poor health or a lifestyle that could reduce life expectancy (i.e. heavy smoker) then you may be eligible for a better value annuity, for example an enhanced annuity. On the other hand, by accessing pension savings could mean that benefits may not pass as tax efficiently to your dependants and/or beneficiaries.*	**Yes** **No** **Unsure**
Do you understand that there are no guarantees attaching to the amount of income or lump sums paid via flexi-access drawdown, capped-drawdown and/or uncrystallised funds pension lump sum?	*There are different ways of accessing your pension benefits. You are considering accessing your pension benefits via flexi-access drawdown, lump sum or committing further funds to capped-drawdown where funds are taken directly from your pension savings. Unlike some other ways of accessing your pension, such as buying an annuity with some or all of your pension pot, there are no guarantees attaching to taking benefits via drawdown and/or lump sum. This is because the amount of benefit paid to you, whether a lump sum and/or an income, is determined by the value of your pension pot at the time.*	**Yes** **No** **Unsure**
Are you reliant on the funds within this pension pot to provide an income through your later years/retirement and, where applicable, for your dependants/beneficiaries after your death?	*In the past a pension fund has been viewed as a savings plan aimed at providing an income in the later years of one's life (i.e. anytime after age 55), either until death or beyond through benefits for dependants and/or beneficiaries.* *Accessing some or all of a pension fund using flexi-access drawdown, capped drawdown or lump sums can jeopardise the ability to fund income in later life and beyond for dependants/beneficiaries. This is because the funds are exhausted quicker, or all in one go, meaning there is little or no money left in the pension pot to either access and/or commit to an annuity should a guaranteed income be required.*	**Yes** **No** **Unsure**
Are you comfortable in your understanding of the effect that the investment of your pension savings has on your future income from these savings?	*When electing to take pension savings by flexi-access drawdown, capped-drawdown or taking some (but not all) funds as a lump sum, the remaining pension savings will remain invested until it is decided to draw these remaining funds as an income/lump sum. The investments remaining within the pension may fall as well as rise and this could decrease future income that is able to be taken from the pension savings. Moreover certain investments may be difficult to value and/or sell when access is required, leading to potential costs and/or delays in payment of benefits.*	**Yes** **No** **Unsure**

Are you comfortable that you fully understand the income tax implications of taking your benefits, whether by flexi-access drawdown, capped-drawdown or lump sum?	*Typically when accessing pension pots, benefits can be paid as a combination of a tax-free lump sum and income. The tax-free lump sum usually represents 25% of the funds accessed with any income from the remaining 75% of the portion subject to income tax.* *The income from the remaining 75% of the fund can either be taken in stages (drawdown) or in one go. The income taken from your pension pot is added to any other income you receive and this determines what, if any, rate of tax you pay. It follows therefore that the more income you take, particularly if taken in one payment from your pension rather than in stages, the higher your income will be and therefore a potentially higher rate of tax paid, especially if you cross into a higher tax band.*	**Yes** **No** **Unsure**
Are you comfortable that you fully understand the tax implications of taking your benefits, whether by flexi-access drawdown, capped-drawdown or lump sum, insofar they relate to investments and inheritance tax?	*One of the attractions of a pension fund is that generally investments grow free of tax. For example interest paid on a bank account within a pension pot would not be subject to tax whereas interest paid on an individually held bank account would quite possibly attract tax. Consequently it follows that one of the impacts of moving funds out of a pension is that if funds are reinvested in investments held personally, the tax treatment of those investments may not be as favourable as if the funds were left invested in the pension pot. Therefore a consideration of accessing pension funds, with a view to possibly reinvesting the funds personally is possibly higher tax charges than if the funds were left in the pension pot.* *The other potential impact is that whilst funds are held in a pension pot they are outside of a person's estate for inheritance tax purposes whereas once paid to the individual from the pension pot, they could fall within the person's estate.*	**Yes** **No** **Unsure**
Are you comfortable that you have considered the impact of charges or fees by investing any benefits you take from your pension elsewhere?	*Where benefits are paid from a pension pot the investments held within the pension generally have to be converted into cash to allow the benefits to be paid. This sometimes results in charges or fees being incurred.* *If the intention is to reinvest some or all of the benefits into other investments then this too may incur charges. For example, if shares were sold within the pension in order to pay the benefits and then repurchased in the person's name once the benefits had been paid, there would be two sets of charges incurred - the selling costs within the pension and the buying costs incurred by the person. Similarly if you invest in other savings plans, these may well have charges attaching.* *Consequently the impact of charges and fees needs to be considered when taking benefits.*	**Yes** **No** **Unsure**

Are you comfortable in your understanding that creditors may have a call on any money taken from your pensions savings?	*Funds held within a pension pot offer some protection against a person's creditors. This is because generally the funds within a pension scheme are ring-fenced (as they are held by trustees) meaning creditors cannot access these funds directly. Consequently if a person has a debt which they cannot pay, whilst creditors may be able to force the sale of assets held personally to repay the debt, the pension pot is not generally an asset the creditor can access.* *If funds within a pension pot are accessed via flexi-access drawdown or taken as a lump sum then these funds become held personally and therefore could be available to creditors in the event of an unpaid debt.*	**Yes** **No** **Unsure**
Are you or is there the possibility of you being declared bankrupt or are you currently an undischarged bankrupt?	*Where an individual is declared bankrupt or is an undischarged bankrupt by accessing pension benefits a trustee in bankruptcy can apply to the court for an income payments order under the terms of the Insolvency Act 1986.*	**Yes** **No** **Unsure**
Are you aware that accessing pensions savings via drawdown or lump sums could impact on any means-tested benefits you receive and the implications this will have on your personal circumstances?	*Increasingly state benefits are becoming means-tested. Often means-testing is based on a person's individual wealth and/or income rather than necessarily what funds are held in their pension pot. By accessing pensions savings through drawdown or lump sums could increase a person's wealth and/or income that could impact on any means-tested benefits received. This could even apply where the pensions savings accessed are passed on to others. Further information can be found in the Department of Work & Pensions (DWP) factsheet https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417473/pension-flexibilities-dwp-benefits.pdf*	**Yes** **No** **Unsure**
Are you aware that investment scams exist, often targeting pensions savings, and that care should be taken when investing any funds taken from your pensions pot?	*The incidents of investment scams have increased over recent years. Such scams can be far ranging and by way of example have included schemes such as overseas forestry, farmland or property investments. Often pension savings have been targeted for these investments although pension providers now have tightened their controls to prevent such investments occurring. As a consequence there is a fear that those involved in pension scams may instead seek to entice people to access their pensions savings with a view to persuading them to invest in unsafe investments.* *The FCA have produced various warnings on this matter within the 'Consumers/Scams' section of their website.*	**Yes** **No** **Unsure**

Are you aware that flexibly accessing your pension savings to provide income will reduce your annual allowance to £4,000?	*The total contributions that can be made to all pension schemes are restricted by the annual allowance. This is currently £40,000 for the 2017/18 tax year. Once pension savings have been flexibly accessed via flexi-access drawdown (and income paid) and/or uncrystallised funds pension lump sum the annual allowance is automatically reduced to £4,000.*	**Yes** **No** **Unsure**
Are you satisfied that you have adequately researched and understood the options available to you in accessing your pensions savings and that you are making an informed choice in the method you have selected?	*One of the impacts of the new rules allowing greater pensions flexibility that came into effect in April 2015 was greater choice in the range of products available to access pensions savings. This adds potentially more complexity when deciding how to access pension savings - choices are increased and all have pros and cons, including taxation and cost. Consequently it is advisable to research all available options and ideally take advice from a suitably qualified and authorised adviser.*	**Yes** **No** **Unsure**

Member Signature ____

Date _______________________

Glossary of terms used

Annuity *- a regular income for life (or in some cases a set period) that is purchased from an annuity provider using your pension savings. We do not provide annuities.*

Capped-drawdown *- this is where you have already accessed your pension, whether by a lump sum and/or income under the rules which applied prior to 6th April 2015 which meant that the level of income you could receive is 'capped' at a maximum level. In many cases this type of drawdown can continue after the 6th April and one of the potential advantages of this is that staying in this method of drawdown is that the Money Purchase Annual Allowance may not apply (depends on your overall circumstances though). It is possible to convert capped-drawdown to flexi-access drawdown.*

Drawdown *- this is a generic term describing where income is taken from pension savings. The income can be taken on a regular or ad-hoc basis.*

Flexi-access drawdown *- this is the name that applies to drawdown commenced after 6th April 2015. Whilst you do not have to take an income under flexi-access drawdown, as soon as you do, one of the consequences is that the Money Purchase Annual Allowance applies in respect of any contributions you make. When you access your pensions savings in this way you can choose to take all or part of your pension savings.*

Lump sum *- see Uncrystallised Funds Pension Lump Sum and Small pots. Within this questionnaire the term 'lump sum' is used to cover both these methods of accessing your pension savings.*

Money Purchase pension *- this is a pension arrangement where the amount of the benefits you receive, whether through a lump sum and/or income, is determined by the value of your pension savings.*

Money Purchase Annual Allowance *- this applies as soon as you receive any income via Flexi-access drawdown or Uncrystallised Funds Pension Lump Sum. It has the effect of restricting the amount of money you can contribute to a Money Purchase pension to £4,000 rather than £40,000 under the Annual Allowance.*

New rules *- this is a generic term used that refers to the additional flexibility that applies to accessing your pension savings from 6th April 2015. In this questionnaire this applies to where you are considering:*
- *adding further funds to your existing capped-drawdown arrangement;*
- *accessing your pension savings via Uncrystallised Funds Pension Lump Sum;*
- *accessing you pension savings using the small pots rules;*
- *accessing your pension savings via Flexi-access drawdown.*

Pension pot *- this is the sum of money that you have built up within your pension arrangement. This term is used interchangeably with 'Pension savings'.*

Pension savings *- this is the sum of money that you have built up within your pension arrangement. This term is used interchangeably with 'Pension pot'.*

Small pots *- this is the term that refers to accessing your pensions savings where your total pension savings form all sources is below a total of £30,000. Specific HMRC rules apply to accessing pension savings in this way.*

Tax-free lump sum *– this is the part of the uncrystallised fund that can be taken free of tax and can be up to 25% of the fund.*

Uncrystallised Funds Pension Lump Sum *- this is where you can access all or part of your pension savings that you have not accessed previously. Within this questionnaire we have referred to this method of accessing your pension savings as 'lump sum'. In this scenario the amount of pensions savings accessed is paid as a combination of a tax free lump sum (25% of the amount accessed) and the rest (75% of the amount accessed) is paid as income which is subject to income tax.*