keyfacts®

Key Features Document

Contents

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, FundsNetwork™, to give you this important information to help you decide whether the FundsNetwork Pension 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.

You must read this document along with other essential documents which include the FundsNetwork Pension Terms and Conditions, Personalised illustration and Key Investor Information Document(s) or Fund Specific Information that apply to your fund(s).

About FundsNetwork

Welcome to FundsNetwork, the online investment services platform from Fidelity International, administering £71.45 billion in assets (31 December 2016).

Using our services, you can access over 2,900 clean share class funds from more than 100 leading fund managers. We offer a selection of accounts to make investments through, including our Investment Fund Account, our ISAs (including Junior ISA), pension and international bond.

We offer accounts which allow you to invest in funds and other assets but we do not provide advice, and, therefore, we are not required to assess the suitability or appropriateness for you of:

- the investments that you choose, that we may hold for you; or
- the other services we provide to you through FundsNetwork

This means that you do not benefit from the protection of the FCA's rules on assessing suitability. If you are in any doubt about the suitability or appropriateness of any particular investment or service, we recommend that you speak with an adviser.

About this document

This document contains the key features for our FundsNetwork Pension. This includes the aims, your commitment, the general risks, the charges, tax considerations and how your investments are administered.

The information we provide is correct as at April 2017, but we are always developing our services so it will change in future.

To check for the latest information please visit **fidelity.co.uk/importantinfo**

Other documents to read

You must read this document along with the others outlined below. Together, they give you all the information you need to make an informed decision about your investment. Find out how to get these documents at **fidelity.co.uk/importantinfo** or ask your adviser for copies.

The FundsNetwork Pension Terms and Conditions

This is the legal agreement between you and us. It comes into force when we accept your application to invest through FundsNetwork, and sets out the legal basis for our relationship, including your rights and responsibilities.

Key Investor Information Document (KIID)

This provides key information about a fund, including the fund's objectives, risks and charges. You may pay different charges for your funds through us that are shown in the KIID. Most funds have a KIID, but if they don't, they will have a Fund Specific Information document instead.

Fund Specific Information (FSI)

This provides key information about a fund, including the fund's objectives, risks and charges. Not all funds have Fund Specific Information.

You can find out how to obtain KIIDs, Fund Specific Information and The FundsNetwork Pension Terms and Conditions at **fidelity.co.uk/importantinfo**

If you do not have access to the internet you can call or write to us using the contact details provided in the 'Contact us' section.

FundsNetwork™

Communicating with you

All of our documents and communications will be in English.

We will only communicate with you by letter or over the phone, although if you register for online services at **fidelity.co.uk** you can opt to receive secure messages, transaction confirmations and annual statements online if you prefer. For details of how to contact us, see page 6.

Aims

Our aim is to provide you with a tax-efficient way to invest for your retirement. When investing in the FundsNetwork Pension you will be able to:

- Invest your pension savings in a wide range of funds available on our platform
- Move other eligible pensions you hold elsewhere into the FundsNetwork Pension, allowing you to manage your pensions in one place
- Have control over your pension contributions and the funds you invest in
- Choose how and when you take your benefits
- Provide benefits for your dependants and beneficiaries on your death.

Your commitment

When you invest in a FundsNetwork Pension we will ask you to:

- Make payments to your pension account, within the limits set by HM Revenue & Customs (HMRC) and within our account limits
- Tell us if you stop being entitled to receive tax relief on your payments, or if there is a change to your personal details
- Tell us if you are or become subject to the Money Purchase Annual Allowance.
- Wait until you are at least age 55 before taking your benefits
- Pay any charges that fall due in a timely manner
- Regularly review your account to check it is meeting your needs both now and for the future.

Risks to consider

Any investment carries risk – some risks are applicable to all investments and some are specific to an individual fund.

Specific risk information for a fund can be found in its Key Investor Information Document (KIID) or Fund Specific Information (FSI) which must be read alongside this document before you make your investment decision.

We have shown the risks applicable to the FundsNetwork Pension as follows.

Value of your investment: The value of your FundsNetwork Pension account and/or the value of individual investments held within the pension account can go down as well as up. Your pension account may be less than projected if you reduce or stop contributing to your plan. You may not get back the amount you have invested. You should regularly review your pension to make sure it will meet your future needs.

Investments are long term: Once you have opened a FundsNetwork Pension you will not usually have access to your monies until the age of 55, and even then, only part of it can be withdrawn as a tax-free cash lump sum. Investing within a pension should be regarded as a long term commitment and is not suitable for money which may be needed in the short term. If you decide to draw benefits from your FundsNetwork Pension earlier than your initially intended retirement date, the value of the account and the level of income may be less than projected. You should always have a sufficient cash reserve outside of your pension.

What you might get back: What you receive when you come to take your pension isn't guaranteed. It depends on how your investments perform and the charges.

Eligibility and tax relief: Eligibility to invest in the FundsNetwork Pension and the value of tax savings will depend on personal circumstances. Levels of tax and tax relief could change in the future.

Inflation: Inflation could reduce the real value of your investments in future. If your investment grows by less than the rate of inflation it will have less buying power in the future. Equally, money left as cash will also reduce in value due to the effects of inflation.

Currency risk: The sterling value of overseas assets may rise and fall as a result of changes in the exchange rate. Overseas assets are also affected by the economic and political situation in other countries.

Market risk: Economic, political and other external events can mean that a whole asset class (for example all shares, or all bonds), or even the whole market, can fall in value at the same time.

Credit risk of an investment security or FundsNetwork Pension cash account: External factors may cause an issuer or other financial institution to default on its financial obligations. Please refer to the 'Compensation' section.

Liquidity: Fund managers sometimes find it difficult to buy and sell certain assets (for example commercial property, investments in emerging markets and corporate bonds). When this happens they may limit new investment into their funds, or you may experience delays if you are trying to sell units or shares in affected funds. This is known as 'liquidity risk'.

Withdrawals from your pension: The funds within your pension plan may be insufficient to provide you with an income for all of your retirement years if the following are different to what is expected:

- Life expectancy
- The amount withdrawn
- Investment performance
- Charges incurred.

Higher tax charges: Withdrawing monies from your FundsNetwork Pension could give rise to income tax, charged at your highest marginal rate. This means that any withdrawals you make from your pension could increase the rate of tax at which your pension withdrawals and any other earned income are taxed.

Annuity rates: The annuity rates could be lower when you retire. Annuity rates can change substantially over short periods of time, both up and down. They could be lower when you buy an annuity than they are now.

Risks for specific funds

Some funds have risks that are specific to their investment objectives and the way they are managed such as currency risks and credit risks. These risks are outlined in the KIID or FSI. For more detailed information, please ask the fund manager for a copy of the Fund Prospectus.

Investment Trusts and Exchange Traded Products (ETPs) which include, Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs), are a more complicated type of investment with some unique characteristics and risks. The details of these are contained in the Prospectus which can be provided by the fund manager.You can find out more in the 'Supplementary Information about Exchange Traded Products and Investment Trusts' document at **fidelity.co.uk/importantinfo**

Answering your questions

General

What is the FundsNetwork Pension?

It is a Self-Invested Personal Pension (SIPP), a type of personal pension which seeks to offer a greater choice of investments and more control over your pension account than traditional personal pensions. It also allows greater flexibility and choice when you're ready to take benefits.

Is this a Stakeholder pension?

This plan is not a Stakeholder pension. Our minimum contribution is higher and, depending on what funds you choose, charges can be higher than the government Stakeholder standards. Stakeholder pension schemes are generally available and might meet your needs as well as this pension. This plan is also not a qualifying scheme for auto enrolment purposes.

Who can open an account?

You will be eligible to apply for the FundsNetwork Pension if you are:

- Under the age of 75 unless you wish to transfer your other pensions into a FundsNetwork Pension, and
- Resident in the UK for tax purposes or in overseas Crown employment or married to or in a civil partnership with a Crown servant, and
- Not a US person and
- You have received advice from an authorised financial adviser who has the relevant permissions to give advice on pensions and if necessary, pension transfers.

What is the pension cash account?

The cash account provides you with the option to hold a cash investment within your pension. This account is also used to settle all charges and fees that become payable. In addition, if you make any withdrawals, this account is used to pay the withdrawal amount including any tax-free lump sum that may be payable. You will receive interest on your cash balance which is explained further in the 'What funds are available?' section below.

What funds are available?

You can invest with us in a number of different types of fund. An investment in a fund is held together with those of other investors.

Unit Trusts
These are UK funds set up as trusts. The fund is divided into units, and your investment buys units in the trust.

Open Ended Investment Companies (OEICs)
These are UK funds, set up as companies. The fund is divided into shares and your investment buys shares in the company.

Offshore funds
These are funds based outside the UK, and the law and taxation of the country in which they are based applies. When investing in the FundsNetwork Pension you can only buy shares valued in Sterling (£).

The price of units or shares can go up as well as down. Most funds offer either an income or growth option and some offer both an income and an accumulation (growth) share class. You will be able to identify these funds as they will have 'inc' or 'acc' at the end of the fund name.

Investment Trusts
These are closed-ended funds, structured as PLCs (Public Limited Companies) and are traded on a Stock Exchange.

Exchange Traded Products (ETPs): include Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs), mostly aim to replicate the performance of an index or commodity like an index-linked fund, but they trade like a stock on a stock exchange.

Income share class: The income from the fund is credited to your cash account.

Accumulation share class: Any income generated will increase the share price of the fund and the number of shares you hold will remain the same.

For a full list of funds available please speak to your adviser.

You can switch between funds at no additional charge and manage your portfolio in a way that best suits your needs. You can also leave a part of your portfolio as cash which will be placed in a cash account. If any contributions are received without an investment instruction, the money will be held in this account until we receive a valid instruction.

FundsNetwork Pension cash account:
Any cash held within the FundsNetwork Pension will be deposited by the Trustee in an interest-bearing bank account operated by an authorised bank. The bank we have appointed may change from time to time. We will pay interest on cash held, which will be calculated daily and credited to your account on a monthly basis (normally the first week of each month for the preceding month's interest). All interest will be paid gross.

The rate we pay you will be the Bank of England (BoE) base rate minus 1% subject to a minimum of 0.25%.

For example:
If the BoE base rate is 2.5%, the interest you will receive on the cash account will be 1.5%. Alternatively if the BoE base rate is 0.5%, the interest you will receive will be 0.25%.

For details of what we currently receive from the Bank, please call us on **0800 358 4060**.

What price will I get when I buy and sell investments?

All funds are priced daily at a set time (the 'daily pricing point'). You can find more detailed fund price information from the dealing and settlements part of **fidelity.co.uk**

When you buy or sell funds you will normally get the price that applies at the next daily pricing point after we receive your instruction.

Trades in ETPs and Investment Trusts are dealt with differently. We put together (aggregate) customer orders and pass these once a day to a third-party broker who is tasked with securing the best price for you. The price paid by you for ETP purchases and sells will include dealing fees paid to the third-party broker.

Shares in ETPs and Investment Trusts are listed on a stock exchange and their price is affected by supply and demand. The liquidity risk (that's the risk of assets being hard to buy and sell) is carefully managed by the broker. They can request that an ETP product provider issues or redeems shares directly, with the aim of making sure that any index the ETP is designed to mirror is tracked as accurately as possible. If you instruct multiple buys or sells, the latest instruction may queue until the oldest instructions are settled.

Account opening

How can I open an account?

You can open an account by:

- Making a minimum single contribution of £1,000 gross (£800 from you and £200 tax relief from HMRC), or
- Setting up a minimum regular contribution of £200 gross a month (£160 from you and £40 tax relief from HMRC) or £2,400 gross a year (£1920 from you and £480 tax relief from HMRC), or
- Making a minimum cash transfer of £10,000 from other pensions you own, or
- Re-registering a minimum of £50,000 from other pensions you own, or
- A combination of cash transfer and re-registration subject to a minimum of £50,000.

These limits are for the whole FundsNetwork Pension rather than individual contributors.

If you are re-registering investments from another pension into the FundsNetwork Pension, the same funds will need to be available within the FundsNetwork Pension. Your adviser will be able to inform you if this is possible. If the funds you hold are not available they will be sold and transferred as cash.

For payment methods please refer to the 'How do I make my contributions?' section.

The above minimums apply to opening a FundsNetwork Pension with a view to accumulating pension benefits. There are additional limits applicable if you want to exercise any withdrawal options. Please refer to the 'What benefits can I take at retirement?' section on page 5 of this document for more detailed information.

Who can contribute to my pension?

As well as your own personal contributions, your employer may contribute. In addition, a third party, such as your spouse, parents or grandparents may make contributions but these will be considered personal contributions for tax purposes. Third party contributions form part of the pension account holder's annual allowance and not the contributor. Please refer to the 'What identification is required' section in the next column with regard to third party payments.

How much can be paid into the FundsNetwork Pension?

As long as you are a resident in the UK for tax purposes, there is no limit to the contributions that may be paid, but there is an annual limit on the contributions before charges may apply. This limit is known as the annual allowance and is currently set at £40,000 – 'See What are the annual allowances'.

You can claim tax relief on contributions up to 100% of your relevant earnings for a given tax year. However, if you exceed the Annual Allowance, charges may apply.

Relevant UK earnings are described as:

- If you are employed – the income you receive from your employer in a tax year (including any bonuses, commission or benefits in kind that you receive).
- If you are self-employed – the income you receive in a tax year from carrying out your trade, profession or vocation, or from patent rights. This income must be taxable in the UK.

If you are a non-taxpayer, you can claim full basic rate tax relief on your personal contributions, up to £3,600 per tax year, into the FundsNetwork Pension. This means you can make a maximum contribution of £2,880, to which the taxman adds £720. This also applies to Junior Pension accounts where the child receives 20% basic rate tax relief. The annual allowance applies to all registered pension schemes to which you belong.

If you have not fully utilised the annual allowance for the previous 3 tax years, tax regulation allows you to carry forward any unused annual allowance for this period to the current tax year. You must, however, have been in a pension arrangement in the relevant tax year to enable any unused allowance to be carried forward. This could potentially allow you to contribute more than the annual allowance limit without incurring an annual allowance charge. You cannot use carry forward in the event your annual allowance is reduced to the Money Purchase Annual Allowance.

If you flexibly access your retirement savings then your annual allowance may reduce to £4,000. This is known as the Money Purchase Annual Allowance. See 'What are the annual allowances'. You may be liable to a tax charge on contributions above the reduced allowance.

If you are a high earner, you may have a lower allowance due to the tapering of annual allowance changes which came into force on 6th April 2016.

What are the annual allowances?

There are two types of annual allowances set by HMRC. These are:

- Annual Allowance – this is the maximum amount an individual can contribute into all registered pensions they own in a given pension input period (PIP). This currently stands at £40,000 for each PIP. From 2017/18 tax year, this is being reduced for high earners. This change means that the annual allowance will be reduced by £1 for every £2 of earnings over £150,000. The reduction stops at £210,000 so everyone will retain an allowance of at least £10,000. The PIP for the FundsNetwork Pension is defaulted to the tax year, which runs from 6 April to 5 April in the following year. If you exceed the annual allowance within a PIP you could be liable to an annual allowance charge of up to 45% of the excess.

- Money Purchase Annual Allowance (MPAA) – the MPAA is a reduced annual allowance that applies to members of money purchase pension schemes who have accessed their pension benefits flexibly. MPAA currently stands at £4,000 per PIP. HMRC has defined the events that will result in a member's annual allowance changing to the MPAA:
  - Taking a withdrawal from an uncrystallised pension account
  - Taking an income from a flexi-access drawdown account
  - Taking an income amount over the maximum allowed from a capped drawdown account
  - Members who have taken flexible drawdown prior to April 6, 2015
  - Members who have bought flexible annuities after April 6, 2015

  If the MPAA becomes applicable to you, it cannot change back to the normal annual allowance. You must tell us if the MPAA is applicable to you at the time of setting up the FundsNetwork Pension or within 91 days from when the MPAA effective date or you may face a fine of £300.

Lifetime Allowance
This is the maximum amount of pension savings that you can build across all your registered pension schemes in your lifetime without incurring an additional tax charge. The Lifetime Allowance currently stands at £1 million. If the value of your benefits, when you draw them, is more than the lifetime allowance you will have to pay a tax charge on the excess. This may not apply if you have transitional protection.

What identification is required?

In order to comply with statutory regulations, we are required to verify the identity of investors and associated representatives. We may verify your details using an online reference agency or by requesting evidence of identity from you.

In circumstances where verification of identity remains outstanding we will have to reject any further transactions, including further investments or any withdrawals of capital, until the necessary evidence of identity is obtained. Please be aware there will be a delay to your instructions if you do not provide any additional documentation that may be requested.

How do I make my contributions?

All single lump sum contributions can be paid by cheque or bank transfer. If you are paying by cheque we will not be able to carry out any investment instructions until it has cleared. Cheques must be made payable to FundsNetwork and must be sent with a completed application form or cheque payment slip if completed online by your adviser. The account name on the cheque must be the same name as the person or the employer who is making the contribution. Banker's drafts or building society cheques must be endorsed by the bank or building society with its stamp, and your name and address must be on the back of the cheque. We will send you a confirmation of transaction for each investment made.

Regular contributions by yourself, your employer or a third party will be collected by Direct Debit. Once set up, we will advise you when the first contribution will be collected. We require 12 business days to set-up a direct debit instruction. Therefore if an instruction is received within 12 business days of the next collection run, your first contribution will be collected on the following collection date. You will be able to increase, decrease (subject to minimum levels) or stop your Direct Debit at any time. Instructions will be processed within five business days of being received, but may not take effect until after the next collection date for the regular savings plan.

You can also transfer other pensions you own by completing the relevant section on the application form. We will then contact your current provider(s) and complete the transfer(s).

What should I consider before transferring another pension into the FundsNetwork Pension?

You must check to see if you will be giving up any valuable guaranteed or associated benefits by transferring your existing plan to the FundsNetwork Pension. You may also be subject to charges and exit penalties from your previous pension administrator. We may at our discretion, accept transfer from defined benefits (such as final salary schemes), any scheme that contains defined benefit elements such as guaranteed minimum pensions (GMP), or any Additional Voluntary Schemes (AVC) that are linked to defined benefit schemes provided at the point the minimum legal and regulatory requirements are met and subject to any other terms as we may prescribe. If you are unsure about the type of scheme you currently hold and what benefits are available to you, or you're unsure if it is suitable to transfer your existing plans we recommend that you consult your adviser. Please ensure that you read the Transfer Factsheet which explains the considerations to make before opting to transfer an existing pension. This can be found at **fidelity.co.uk/importantinfo**

Charges and expenses

For charges relating to the specific investments you choose, please refer to the KIID or FSI. There are charges and expenses that are applied to your FundsNetwork Pension – these include fund charges and service charges. An explanation of what these are as follows.

What charges will I pay?

This section lists the charges you will pay to FundsNetwork for administering your pension account, for the funds that you choose to invest your contributions in and transactional charges for those funds. These are charges that you will typically pay to either FundsNetwork or the fund manager. More detailed information on the fund charges is available in the Fund Prospectus which you can obtain from the relevant fund manager.

FundsNetwork charges
Service Fee: We charge 0.25% each year on all of the assets you hold within your FundsNetwork Pension, including cash. This charge will be calculated based on the value of your pension account on the 1st of each month to identify the fee amount applicable. It will be deducted from your cash account around the 15th of the following month.

Foreign Exchange Service Charges: A foreign exchange rate will apply to any distributions normally paid out in foreign currency and is required so that we can pay you your distributions, or reinvest them, in Sterling. Counterparties, such as CREST or the fund managers' paying agents, who send us those distributions may include a charge for facilitating that foreign exchange either within or outside the exchange rate they apply. Please contact us for further details on any rates used.

Investor Fee: If you hold a FundsNetwork Pension, an Investor Fee of £45 per year is payable. This is deducted half yearly (£22.50 every six months).

Benefits withdrawal charges: No additional charges are applied for taking pension drawdown through the FundsNetwork Pension. However if a FundsNetwork Pension is set-up with the intention to withdraw a large proportion of the account within the first two years, then FundsNetwork reserves the right to levy an early depletion charge.

Early depletion charge: If your pension account value reduced below £25,000 in the first 2 years due to withdrawals through flexi-access drawdown or uncrystallised withdrawals, we reserve the right to deduct a one off early depletion charge of £300.

All FundsNetwork Pension charges are deducted from the FundsNetwork Pension cash account. If there is not sufficient cash, we will sell units from your nominated fund (where applicable) or the largest-value fund holding within your pension account to raise the required cash to pay these charges.

Fund charges
The initial charge: There is no initial charge on any fund available through the FundsNetwork Pension.

Fund managers use a range of methods to value their funds. Dual-priced funds have a price you buy at (the 'offer price') and a price you sell at (the 'bid price'). The difference between this (known as the 'bid-offer spread') will include the initial charge, if there is one. Therefore the offer price, which you buy at, is normally higher than the bid price. The additional bid-offer spread is the element of the bid-offer spread that exceeds the initial charge. The size of the spread will differ between funds. Please note, a bid-offer spread will apply when switching into or out of a dual priced fund. Certain funds such as property funds can have significant spreads. The size of the bid-offer spread also changes daily as the difference between the buying and selling prices of the underlying assets changes.

The managers of some single-priced funds may make 'dilution adjustments' to the price by moving it up or down at their discretion. The managers of other single-priced funds may charge an extra 'dilution levy' to new investors. In both cases they do this to protect existing investors from the costs of buying and selling assets that the fund is invested in. To find out whether the fund you are investing in is dual-priced or single-priced please visit **fidelity.co.uk/importantinfo**

Ongoing charges: These are shown as a percentage amount of the value of your funds each year. All funds have ongoing charges. These are referred to as the ongoing charge figure (OCF) or total expense ratio (TER), both of which include the annual management charge (AMC) and other expenses for the fund.

Fund Manager's Buy Charge and Fund Manager's Sell charge: Some Fund Managers levy charges for buying into the fund and selling out of the fund to cover specific costs. These charges are taken by the fund manager from investments in the funds typically to protect existing investors from the costs of trading by other investors. Full details of such charges can be found on the KIID or by contacting your adviser.

These charges will be shown as Fund Manager's Buy Charge and Fund Manager's Sell Charge on your account statements and confirmations of transactions as 'Dealing Charges'. Please note:

- If income is re-invested into a fund with a Fund Manager's Buy Charge, the charge will apply on the re-invested income.
- Where a transaction may require the selling of a fund with a Fund Manager's Sell Charge (for example pension drawdown, adviser fees, service fees etc), units of sufficient value to raise both the specified transaction amount and the Fund Manager's Sell Charge will be sold.

ETP and investment Trust dealing fee: 0.1% of the value of a transaction, charged and deducted by the stockbroker, each time we ask them to carry out a transaction on your behalf that involves buying or selling ETPs (including switches and dividend reinvestments).

Other charges: You may pay other charges depending on the type of fund you invest in. For example a performance fee, paid to the fund manager if a fund exceeds pre-set performance targets.

Negotiated fund manager discounts: For some funds we have negotiated a discount to the OCF/TER with the fund manager. Any such discount will be received by us in the form of a rebate and we will credit the rebate back into your pension cash account so that you benefit from it.

Adviser charges

The following charges may apply if you have agreed to pay your adviser for the services they have provided.

Initial Fees: An Initial Fee can be charged for making a lump sum contribution, transfer(s), regular contributions and/or when taking withdrawals. The agreed fee is deducted from your original contribution/transfer value before it is invested in your chosen funds. The Initial Fee can either be a percentage of the contribution/transfer value or a fixed monetary amount. Initial Fees are paid to the adviser in the month following the fee receipt.

Please note that percentage based Initial Fees are paid on both the net contribution and the tax relief received from HMRC. These fees will be deducted when the contributions are received, therefore the fee on the tax relief contribution will be taken at a later date.

Initial Fees payable on pension drawdown set up or additional designations into an existing drawdown account will be calculated on and deducted from the drawdown account after tax-free cash has been paid.

Ongoing Fees: If you have agreed to pay an Ongoing Fee to your adviser, this is paid on a monthly basis. The Ongoing Fee can either be a percentage of your pension account value or a fixed monetary amount.

Specified Fees: You can agree to pay your adviser a one-off Specified Fee as a fixed monetary amount.

All adviser charges are deducted from the cash account. If your cash account doesn't have sufficient money, we will sell units from a nominated fund (when applicable) or the largest-value fund holding within your pension to raise the required cash to pay these fees.

What other benefits may my adviser receive?

Your adviser or intermediary may receive benefits from us such as training, marketing literature, conferences, IT facilities and invitations to business-related events. The monetary amounts we contribute to these types of arrangements will vary depending on factors such as venue costs, the number of advisers attending and the prominence and circulation potential of marketing opportunities and can range from a few hundred pounds to tens of thousands of pounds. You can find out the details for your adviser or intermediary by contacting us.

Some advisers have financial interests in particular fund managers. If that is the case, your adviser will tell you about this.

What other payments and benefits do FundsNetwork receive?

We offer optional services to fund managers that they pay us for. You can get the details by contacting us.

We sometimes receive other benefits such as, invitations to business related events. Please contact us if you would like more details.

What about tax?

There are several areas of tax that you should be aware of as shown in this section. A tax year runs from 6 April in one year to 5 April in the next year. The value of tax relief may change and will depend on your individual circumstances. The information we have given is based on our understanding of current law and HMRC practice at the time this document was published.

Stamp Duty Reserve Tax (SDRT): a charge of 0.5% will apply to all purchases on UK shares, including Investment Trusts.

Tax relief: You will receive basic rate tax relief (currently 20%) on your personal contributions. This means, for example, if you wish to make a £1,000 contribution into your pension, FundsNetwork will claim £250 worth of tax relief directly from the HMRC. As a result the total contribution into your FundsNetwork Pension will be £1,250. (This is called the 'Relief at source' system.) Employer contributions to your pension may be deductible as an allowable expense against corporation tax, but you will not receive personal tax relief on these contributions. The tax relief we reclaim on your behalf will be invested in accordance with the most recent investment instruction provided for your pension account at the time when the monies have been received from HMRC.

Please note that payments from HMRC can take 6 to 8 weeks to arrive from the end of the month in which you make the investment.

If you are a higher or additional rate taxpayer, you must reclaim the rest of the tax relief through your annual Self-Assessment tax return if you complete one, or by contacting HMRC for an adjustment to your Pay as You Earn (PAYE) tax code if you don't.

Tax on investments: The investments held within your FundsNetwork Pension are exempt from any income tax and capital gains tax.

Tax on pension benefits: When you decide to take benefits from your FundsNetwork Pension after the age of 55, you will normally be eligible to take a tax-free lump sum (usually 25%). Any income you take will be taxed as earned income.

Tax on death benefits: If you die before age 75, your beneficiaries do not normally need to pay tax on any benefits they receive from your pension accounts, whether paid out as a lump sum or as income through a beneficiary pension account. However, if any part of the lump sum exceeds your remaining Lifetime Allowance, that part will be taxed at 55%. If you are 75 or older when you die, beneficiaries will pay tax on any benefits at their highest marginal rate of income tax. For information about what death benefits are available, see the 'What happens to my account when I die?' section.

What benefits can I take at retirement?

You may start drawing benefits from your pension from age 55.

You can do this by:

- Purchasing an annuity (which is usually a guaranteed income) in the open market using the pension account you have built up. You will have the option of buying an annuity that will provide income to your spouse or dependants upon your death. The level of income can be fixed, can decrease, can increase at a set rate or can increase in line with inflation, or
- Choosing to take pension drawdown from your FundsNetwork Pension either with all of your pension account or just a part of the account, or
- Take one-off cash withdrawals from your pension account (uncrystallised withdrawals), or;
- Take a combination of these options.

If you are not in good health, or have a history of one or more medically diagnosed disorders, you may benefit from specially designed enhanced annuities that will take this into account and can provide you with a higher income. Enhanced annuities will also take into consideration your lifestyle choices, so if for example, you are or have ever been a smoker, or you are overweight, you may be entitled to an enhanced annuity. Normally, retirement benefits will only be payable before age 55 on grounds of ill health or serious ill health. FundsNetwork does not provide annuities directly but your adviser may be able to research and recommend intermediaries and insurers which specialise in this market and you can choose your preferred option when you retire. You will also have the opportunity to take part of your pension, usually 25%, as a tax-free lump sum.

Withdrawing cash from your retirement may affect your entitlement to means-tested state benefits. You can find out more about the potential impacts at **pensionwise.gov.uk/benefits**

What is pension drawdown?

Pension drawdown is where you can use your pension account to give you a tax-free lump sum and an income stream after the age of 55 without having to buy an annuity. You are able to leave your pension account invested and you also have the flexibility of varying your income levels. Any income will be taxed as earned income, at your highest marginal rate of income tax, under the PAYE system.

What are the eligibility criteria?

In order to be able to take withdrawals through the FundsNetwork Pension where benefits haven't been taken before, you must be able to fulfil the following criteria:

- You must be aged 55 or over
- If taking out pension drawdown for the first time, the pension account value must be at least £75,000
- You must have received advice from an authorised adviser who has recommended that taking pension drawdown and/or uncrystallised withdrawals is suitable for you.

If you are transferring another pension, from which you're already taking pension drawdown, into a FundsNetwork Pension from which pension drawdown hasn't been taken, the total transfer value must be at least £50,000.

What are the different pension drawdown options available through the FundsNetwork Pension?

There are two ways to take pension drawdown.

Flexi-access Drawdown: With this option you can use all or part of your pension account to set-up flexi-access drawdown. You can take up to 25% of the value tax free and any further withdrawals taken will be taxed at your marginal tax rate in accordance with the tax code we receive from the HMRC for you. There is no upper or lower limit to how much income you can take from the flexi-access drawdown account. When you take pension drawdown from your FundsNetwork Pension account for the first time, a new account (pension drawdown account) will be created in order to separate the part(s) of your pension that are in drawdown from any part that is not yet used to provide drawdown. (Note: these accounts will continue to form a part of your overall FundsNetwork Pension.) If you have only taken pension drawdown from part of your pension account, you may move further monies into pension drawdown by requesting us to move additional monies from your pension account into your existing pension drawdown account. Each time you move money into drawdown, your investments including Cash are moved proportionately into your drawdown account.

Capped Drawdown: This option is only available if you had set-up a capped drawdown account prior to 6 April 2015. Under this option there is a limit on the maximum income amount you can take in a given pension year which is between 0% and 150% of the Government Actuary's Department (GAD) rate. The GAD rate is dependent on the UK Gilt yield prevailing at the time of calculation and your age.

You may continue to remain in a capped drawdown account provided you do not exceed this maximum income limit. You may designate additional monies from your pension account to an existing capped drawdown account at which point the maximum income level will be recalculated.

You may take 25% of the designated amount as a tax-free lump sum. Any income will be taxed as earned income under the PAYE system.

If you are under the age of 75 and have taken capped pension drawdown from your pension, your maximum annual income limit will be reviewed every three years (called the default reference period) on or around the anniversary of the date on which the drawdown account was set up.

If you are over 75 and wish to continue taking pension drawdown, the income limit will be reviewed annually.

You may request a review of your maximum annual income limit prior to the expiration of the default reference period. Any such request will be executed entirely at our discretion.

If you have more than one capped drawdown account the review dates will fall on the anniversary specific to each account.

For both flexi-access and capped drawdown accounts, the money that remains in your account will continue to be invested as you requested. It does not change unless you instruct us to change it.

What are the methods of taking pension drawdown?

You can take pension drawdown as ad-hoc withdrawals or as regular income. When you take ad-hoc withdrawals it may contain a tax-free cash element and/or a taxable income payment. Regular income will always be paid out as taxable income. Regular income can be paid out on a monthly, quarterly, half-yearly or yearly basis on the 10th or the 25th of the month in which the income becomes payable.

Drawdown payments are paid out of your SIPP cash account. At the time of making the payment if there is insufficient cash in your SIPP cash account, we will either sell proportionately from your holdings for lump-sum payments or largest fund for income payments, to make up any shortfall. Where a charge is being taken from an Investment Trust or an ETF, we may be required to sell whole Shares, which may result in a potential cash residue which will be held within the SIPP cash account.

Income from pension drawdown is not guaranteed, so you need to manage how much income you take. If you don't, you may have to reduce your income in the future. If you choose to withdraw all of your savings it may have a dramatic effect on your future retirement income levels. You should regularly review your income levels and investments to ensure that you continue to receive the income you require. Your adviser can help you with this.

What is an uncrystallised withdrawal?

Uncrystallised withdrawal is the option to take ad-hoc withdrawals from your pension account without the need to set-up a drawdown account. 25% of the total withdrawal amount will be tax-free and the rest taxable at your marginal income tax rate. This option does not allow you to set-up a regular withdrawal instruction.

Can I continue to contribute to my FundsNetwork Pension after taking drawdown?

Yes, you can continue to contribute even if you have taken withdrawals from your pension account. However, the maximum amount you may contribute will depend on how you have taken withdrawals. Refer to 'What are the annual allowances?' for information.

If you are in full drawdown a new account will be set up to accept new contributions.

If you are in partial drawdown, new contributions will be allocated to the existing account from which benefits have not been taken.

Can I take my entire FundsNetwork Pension account as one single lump sum?

Small pension pots

Funds of £10,000 or less held in a money purchase pension arrangement (including SIPPs) can be paid out as a lump sum payment to individuals aged 55 or over provided certain conditions are met. This payment may be subject to income tax at your highest marginal rate. The amount of tax you will pay depends on your total income for the tax year. A quarter of your pension can still be taken free of taxes. These payments can be made regardless of the value of the individual's total pension savings. However, an individual can only have three such lump sum payments in their lifetime.

What happens to my account when I die?

If you die before the age of 75 your pension account(s) (up to your unused Lifetime Allowance) can be paid out as a tax-free lump sum to beneficiaries nominated by you. Alternatively, the account can be used to provide a tax-free pension for your beneficiaries either in the form of flexi-access drawdown or by purchasing an annuity.

If you die after reaching age 75, the same benefits as above are available subject to such benefits being taxed at the beneficiaries' highest marginal rate of income tax.

Other questions

How can I find out how my FundsNetwork Pension is performing?

We will send you a half-yearly valuation statement to show how your pension account is performing. In addition, you will receive an annual statement, and in accordance with regulations, an illustration for the previous tax year, which will show projected retirement benefits at your chosen retirement date. You can also sign up to our online account management service where you can view an up-to-date valuation of your plan. (This option is not available if you're the registered guardian for a Junior Pension) Alternatively, you can call our customer services team on **0800 358 4060** who will be able to provide you with valuation details over the phone or in writing.

If I have taken out the pension for a minor, what happens when they reach the age of 18?

At 18, the pension account holder will assume full control of managing the pension account. They will also become responsible for ensuring their account is managed in line with the terms and conditions of the pension. If no further contributions are made, there is the possibility that due to the ongoing charges on the investment, the value could fall, unless performance exceeds the amount of the charges.

Can I change my mind?

You have 30 calendar days from the date you receive your account opening confirmation document to cancel your payment. If you make any single lump sum contributions and/or additional transfers into your account you will have up to 30 calendar days from receiving the transfer/contribution confirmation to change your mind.

If you choose to make regular monthly contributions, only the first payment that you make will have cancellation rights. If you decide to increase the level of payment in the future you will not have a right to cancel that payment. However, you can reduce or stop future payments at any time.

Cancelling transfer payments: Before we can return any transfer payment, you must speak to the transferring scheme to get its agreement to accept the money back. If the pension provider will not accept it back, and you still want to cancel, then you must arrange for another pension provider to accept the payment. The transferring scheme may charge you for taking the payment back.

Cancelling pension drawdown or uncrystallised withdrawals: You will have 30 days from the first time you take a withdrawal from your FundsNetwork Pension to cancel your drawdown account or uncrystallised withdrawal. You must return to us in full any lump sum amounts and income payments we have made to you. If you do not exercise your cancellation rights, you will not be able to cancel any subsequent drawdown arrangements.

You must send your cancellation instruction in writing to:

FundsNetwork
Oakhill House, 130 Tonbridge Road,
Hildenborough, Tonbridge,
Kent TN11 9DZ

Can I transfer my plan to another provider?

You can transfer your plan to another registered pension scheme or a qualifying recognised overseas pension scheme. It's important that you check with the administrator of the scheme you want to transfer to that they will accept the transfer.

Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to provide protection to consumers if authorised financial services firms are unable, or likely to be unable, to meet claims against them. It is important to note that different limits apply to different types of investment. In some circumstances, you might not receive any compensation under the FSCS. The availability of compensation depends on:

- The type and structure of the investments you choose within your product
- Which party to the contract is unable to meet its claims, whether Financial Administration Services Limited, or the underlying asset provider, for example, deposit taker, fund manager, etc.
- The country the investments are held in.

Pension Trustee
Your investments are legally held by the pension trustee, FIL SIPP Trustee (UK) Limited, which is a Fidelity group company. Should the trustee become insolvent resulting in a financial loss to you, you may be eligible to claim compensation from the FSCS up to a maximum of £50,000. The pension trustee becoming insolvent will not have any impact on your pension investments and/or any cash holdings within your pensions as they are held separately from any corporate money and assets belonging to FIL SIPP Trustee (UK) Limited. See below for protections available in the event of an investment company with which you have investments or a bank we deposit your cash with were to become insolvent.

Funds
If you choose a UK-domiciled fund, the trustee will normally be eligible to claim compensation under the FSCS on your behalf if the fund manager becomes unable to meet its obligations. The cover is normally 100% of the value of the claim, up to a maximum of £50,000. Cover is not generally available for offshore funds.

Cash deposited into the FundsNetwork Pension cash account
The FundsNetwork Pension cash account is an account held with one or more UK authorised banks carefully selected by FIL SIPP Trustee (UK) Limited. Each bank is covered by the deposit protection section of the FSCS. If one of these banks became insolvent you would be protected up to a maximum of £85,000 for all your money held with that bank, whether held through FundsNetwork or not.

FundsNetwork actively monitors the banks used and (as required by applicable regulations) may place deposits at more than one bank to achieve diversification and reduce risk. The money held for each individual pension holder is deemed to be spread across the Banks in the same proportion as all other pension holders. So for example if 20% of the total monies held by FundsNetwork for the pension are deposited at Bank A, and Bank A were to default, the relevant amount to consider for an FSCS claim for each pension holder would be 20% of their pension cash balance. The remaining 80% held with other Banks would be unaffected.

The details of the bank(s) chosen by us to hold your pension cash account can be obtained by contacting us.

Complaints procedure

If you would like to make a complaint, you can write to us at:

FundsNetwork,
Oakhill House, 130 Tonbridge Road,
Hildenborough, Tonbridge,
Kent TN11 9DZ

Alternatively you can send us a secure email via our online account management service or call us on **0800 358 4060**.

We can give you full details of the procedure we have set up for dealing with complaints. If you are not satisfied with our response, you can refer your complaint to the The Pension Advisory Service or Financial Ombudsman Service (FOS):

Financial Ombudsman Service
Exchange Tower
London E14 9SR
Phone: 0800 023 4567 or 0300 123 9123

Further information can be found at **financial-ombudsman.org.uk**

If your complaint is about a service or product bought online, you can submit the complaint using the Online Dispute Resolution (ODR) platform at **ec.europa.eu/consumers/odr**

Complaints submitted to the platform will be dealt with by approved alternative dispute resolution providers, which in our case would be the Financial Ombudsman Service. The platform will facilitate resolution of the complaint rather than actually resolving them.

If your complaint is about the **administration** of your pension and you are not satisfied with our response then The Pensions Advisory Service (TPAS) can provide you with free help and advice. Its service is provided through a network of local advisers. If it is unable to resolve your complaint you can then refer it to The Pensions Ombudsman which deals with complaints and disputes regarding the administration of pension schemes. They are independent and act as an impartial adjudicator. Both organisations can be contacted at:

11 Belgrave Road
London SW1V 1RB

Website: **www.pensionsadvisoryservice.org.uk**

Email address:
enquiries@pensionsadvisoryservice.org.uk

Telephone number: **0845 601 2923**

Website: **www.pensions-ombudsman.org.uk**

Email address:
enquiries@pensions-ombudsman.org.uk

Telephone number: **0207 630 2200**

Contacting us

If you have any questions, please contact your adviser in the first instance.

Alternatively, if you have registered for online services at fidelity.co.uk, you can use secure online messaging at any time.

If you need to write to us, our address is FundsNetwork, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ. Please include your customer reference number or account number.

You can call us on **0800 358 4060** (9am to 6pm on any business day). Please have your customer reference number to hand as we will check if for identification and security purposes.

This information is correct as at April 2017.