



Self Invested Personal Pension Key Features

Its aims

- To help you invest for your future by taking advantage of the tax privileges available.
- To allow you to make your own investment decisions, with help from your adviser.
- To provide you with an income for life (and that of your spouse and dependants if appropriate) which can start from your minimum pension age.
- To give you the option of taking a tax free pension commencement lump sum in exchange for lower pension income.
- To give you the flexibility to take your pension plan benefits in stages and to draw income from your fund or purchase an annuity.

Your Commitment

- To be prepared to pay in enough to provide the benefits you want.
- To review your fund regularly with your adviser to ensure that it is on target.
- To adjust the amount you pay in to keep the fund on track to meet your financial needs.
- To accept that in normal circumstances you cannot take any money out of the plan until you reach age 50 (55 from 6 April 2010).
- To generally regard your pension plan as a long term investment.
- To advise Church House of relevant changes in your circumstances.
- To provide Church House with all relevant information to enable us to administer your plan in accordance with the Terms and Conditions.

Church House Investments Ltd. 3 Goldcroft, Yeovil, Somerset BA21 4DQ
Tel: 01935 382620 Fax: 01935 382629 www.church-house.co.uk

Registered in England • Number 3475556

The group's banking activities are conducted by Church House Trust Plc. Investment management is conducted by Church House Investments Ltd. Both are authorised and regulated by the Financial Services Authority. The registered offices are 3 Goldcroft Yeovil Somerset BA21 4DQ

Risk factors

The growth of your pension fund will largely depend on the performance of your chosen investments. Information regarding past performance of an investment should not be taken as a guide to future investment performance.

The value of your investments is not guaranteed and could go down as well as up.

If investment growth is less than expected you may need to pay in more to provide the benefits you have planned for.

The wide and varied range of investments and markets you can choose to invest in means that they may have different risks attached to them. If unsure you should seek professional advice on selecting investments.

Some investments such as property may take longer to sell than others and you may not be able to realise your investment when you choose to.

The value of any property investment may be based on a valuer's estimate rather than actual market price.

As well as investment growth, your plan benefits will depend on how much you have paid in, how much is deducted for charges, the rate used for converting your fund into an income and taxation.

Your planned benefits may not be achieved if you have to reduce or stop payments to the plan.

Church House charges or those of other intermediaries involved in running your plan, i.e. your investment adviser, may increase in the future.

Where charges are deducted from the fund, this will impact on the overall value of your fund.

The rate used to convert your fund into an income is liable to change.

If the total value of your pension arrangements exceeds the permitted lifetime allowance at the time you start drawing benefits there may be a tax charge.

If you applied, or intend to apply, for enhanced protection and a contribution is made to this plan it will invalidate the enhanced protection which may lead to a tax charge.

The tax situation relating to what you pay in, investment growth and receipt of benefits could change to your disadvantage.

Inheritance Tax may apply on death depending on individual circumstances.

What is a personal pension?

It is a type of tax privileged retirement savings plan designed to build up a fund to provide you with an income, from as early as age 50 (55 from 6 April 2010), for the rest of your life.

The Church House SIPP Scheme is a registered pension scheme as defined by HM Revenue & Customs (This means that through operating within registered pension scheme tax allowances members of the scheme get the following tax advantages:

- you get basic rate tax relief on your own contributions automatically added to your plan (but this does not apply to transfer values paid from previous pension schemes).
- you may claim additional income tax relief on your contributions from your tax office, if you are a higher rate tax payer.
- you will not be taxed on contributions paid by your employer to your plan.
- your investment can accumulate largely free of income and capital gains tax.
- up to your 75th birthday you can normally take up to 25% of your fund as a tax free pension commencement lump sum when you draw benefits.
- your fund on death before drawing benefits can normally be paid free of taxes to your beneficiaries.

Please note that income paid from the plan will be assessable for income tax under the PAYE system..

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How does it work?

Before applying for a plan you should ensure that a self invested personal pension is appropriate for you. We strongly recommend that you appoint an adviser to provide you with specific advice on the suitability of the plan and in operating it. For example, advice on contributions, taking benefits and tax implications.

If you wish to transfer the value of any other pension into this plan, you should consult with your adviser on whether such a transfer would be right for you.

You may make regular contributions, as well as one-off contributions.

Contributions can be of any size and made at any time, but tax relief will depend upon keeping within HMRC registered pension scheme tax allowances.

You will receive tax relief on each payment you make into the plan in a year up to:

- £3,600 gross if you are a 'relevant UK individual' (even if you have no earnings) or
- 100% of your qualifying UK earnings,

whichever is greater.

In general terms, you are a 'relevant UK individual' if you are a UK resident or your earnings are subject to UK income tax.

There is an annual allowance that applies to all contributions that you or any third party (including an employer) makes. This is £225,000 in the tax year 2007 /2008.

You will have to pay 40% tax, via your self-assessment tax return, on any amount of contribution above this allowance.

Your contribution within tax allowances will be treated as having been paid net of basic rate tax. This means that Church House will automatically collect the basic rate tax relief from HMRC for investment in your plan.

Any employer's contributions are treated as gross contributions. This means that no tax relief is due to you or your plan on these contributions. However your employer may be entitled to claim tax relief.

Contributions, plus relevant tax relief and any transfer values will be paid into Church House Pension Trustee bank account and then invested in accordance with your instructions.

All monies (with the exception of payment of certain charges and fees) must remain within the plan until you are eligible to draw benefits, transfer the value of your plan to another registered pension scheme or your earlier death.

Church House will deduct its charges from the plan. The charges are contained within the terms and conditions and fee schedule.

You will normally be eligible to draw benefits from age 50 (55 from 6 April 2010) unless you retire earlier due to ill health.

Although you will have options over when and how you take benefits, on reaching age 75 and in absence of any other instructions any remaining funds will automatically be designated as a form of income drawdown known as alternatively secured pension.

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What is a self invested personal pension?

A self invested personal pension is one where you control the investment strategy within an extensive range of investments allowable within the terms and conditions of this plan.

There are three main types of investment strategy you could follow.

- You may appoint a financial adviser, who has appropriate authorisation to provide investment advice, to make investment decisions on your behalf.
- You may appoint an investment manager to advise you on appropriate investments. They will not carry out transactions unless they have your approval to do so.
- You may appoint an investment manager to manage the investments of the plan on a discretionary basis. This means that transactions, as considered appropriate by the investment manager, will be carried out by them without requiring your specific approval. You will establish as part of the appointment process, general investment aims and objectives for them to follow.

You may appoint one or more investment managers/advisers or change your investment manager/adviser at any time. Any investment manager/adviser you do appoint must be regulated by the Financial Services Authority.

Any investment management/adviser fees should be agreed between you and your appointed investment manager(s)/adviser(s). Agreed fees may be paid for by deduction from the fund.

Church House only act as investment manager to the plan where a full discretionary agreement is entered in to, otherwise Church House does not accept any liability for the performance or choice of any investment manager.

Is this a stakeholder pension plan?

No. Stakeholder plans are a specific form of pension plan that must meet government minimum requirements.

If you are unsure whether a self invested personal pension or some other widely available retirement savings product, such as stakeholder pension plans, best caters for your needs, we recommend that you seek advice.

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What will I receive when I decide to take my benefits?

You don't have to retire, i.e. stop working, to start taking benefits from your pension plan. You can start to take advantage of your pension benefits from age 50, although this minimum age will increase to age 55 from 6 April 2010.

Your benefits will depend on the size of your fund and the rate used for converting your fund into income.

The size of your fund will depend on the amount paid in, how long it has been invested, how well the investments perform and the effect of charges. The value of your fund may go down as well as up.

Before age 75 you do not have to use your entire fund in one go to provide benefits. It can be taken in stages.

When you use some or all your fund to provide benefits before your 75th birthday, 25% of that fund may normally be paid as a tax free pension commencement lump sum.

With the remainder of that fund you may then choose to buy an annuity, enter into an income drawdown arrangement or you could do a combination of both, to provide you with an income. Income will be assessable for tax as earned income.

With annuity purchase you use the fund to buy an annuity from any authorised provider of pension annuities. By shopping around you might get a higher annuity or an annuity that better suits your needs.

Income drawdown allows you to leave the fund invested and take income from the fund. You do not have to draw an income from the fund but HMRC set a maximum income that can be taken each year. Up until your 75th birthday income drawdown may be referred to as Unsecured Pension (USP). The USP maximum income limit is broadly equivalent to 120% of the income you could have received from an annuity.

On reaching your 75th birthday, and in the absence of any other prior instruction from you, any remaining pension fund will automatically become a form of income drawdown known as Alternatively Secured Pension (ASP).

Any remaining entitlement to tax-free pension commencement lump sum will be lost. The maximum ASP income limit is broadly equivalent to 90% of the income you could have received from an annuity and you are required to take a minimum of 65%.

You are able to buy an annuity at any time.

Please refer to our Income Drawdown - USP Key Features document and terms and conditions for further details.

We recommend that you consult an adviser about the annuity and income drawdown options as appropriate.

Is there a maximum amount of pension fund I can have?

When you take benefits from your plan there is a "lifetime allowance" that applies to the total value of all pension schemes that you are currently or have been a member of, even if you have not contributed to them yourself.

The lifetime allowance is £1.6 million for the 2007 /08 tax year and will increase in stages to £1.8 million for the 2010/11 tax year. Thereafter the limit will be increased at the Government's discretion.

In certain circumstances you may be entitled to an enhancement to the lifetime allowance, you should seek financial advice to see if this applies to you.

If the total value of your pension arrangements exceeds the permitted lifetime allowance at the time you start drawing benefits there may be tax penalties.

Tax penalties may also apply where lump sum death benefits exceed the lifetime allowance.

If you believe your pension rights are likely to exceed the lifetime allowance you should seek professional financial advice.

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What happens to the plan if I die before taking benefits?

The full value of your fund will be used to provide benefits to your beneficiaries. This will normally be in the form of cash.

The Trustees of the Scheme have discretion to choose the beneficiaries and will take account of your circumstances and any beneficiaries nominated by you. Church House strongly recommend that you nominate beneficiaries in the application form.

What happens to the plan if I die after taking benefits?

If you have bought an annuity with your fund there is nothing more to be paid from your plan. However, depending on the type of annuity you have bought, (for example you can buy an annuity that pays out income for your lifetime only or one which continues to be paid for the lifetime of your spouse or financial dependants) income may continue to be paid.

If you have chosen to take income drawdown, the remaining fund within the income drawdown facility may be used to provide benefits.

Before age 75, i.e. in USP, the fund can be paid as cash less tax of 35% or used to provide an income for your spouse and/or financial dependants.

From age 75 onwards, i.e. in ASP, if you have a spouse and/or financial dependants the fund must be used to provide them with income. Otherwise it may be transferred to pension plans of other nominated members of the scheme (subject to a tax charge) or paid to nominated charities.

Can I take my money out early?

You can take benefits as early as age 50 (55 from 6 April 2010), but such benefits might be lower than expected, perhaps significantly so.

You may transfer your fund to another pension scheme at any time; however a personal pension cannot be encashed.

What happens if I stop paying contributions?

The fund built up will remain invested, but your benefits may be lower than expected, perhaps significantly so.

Is Church House covered by a compensation scheme?

Where the provider of a financial product held by your Plan is unable to meet their obligations to your Plan and the product is covered by the FSCS then your Plan may be entitled to compensation. Where compensation is available Church House will make a claim on your behalf. The level of compensation available varies depending on the type of product held.

You should refer to the FSCS for details and further information:

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What if the provider of an investment held by my SIPP cannot meet its obligations?

Where the provider of a financial product held by your Plan is unable to meet their obligations to your Plan and the product is covered by the FSCS then your Plan may be entitled to compensation. Where compensation is available Church House will make a claim on your behalf. The level of compensation available varies depending on the type of product held.

You should refer to the FSCS for details and further information:

Financial Services Compensation Scheme

7th floor, Lloyds Chambers,

1 Portsoken Street,

London

E1 8BN

Tel: 020 7892 7300 www.fscs.org.uk

Tax

Pension fund investments are normally free of income tax and capital gains tax. Since July 1997 pension funds have been unable to recover tax deducted at source on dividends from UK equities.

This reduces the overall investment potential of funds which invest in UK equities.

Income payments are treated as earned income and taxed under the PAYE system.

Death benefits may be subject to inheritance tax depending on individual circumstances.

Please remember tax rules may change in the future.

Transfer values

Any transfer value payments into your plan must be received by Church House directly from the transferring pension arrangement.

Contract provisions

This Key Features document:

- gives you a summary of the features of the Church House Self Invested Pension Scheme and the basis upon which it is operated; and
- does not form part of the terms and conditions that constitute the legal relationship between Church House and members of the scheme (the Terms and Conditions).

Copies of the Terms and Conditions are available upon request from Church House via the contact details shown below.

Law

In respect of members of the scheme (and generally), Church House contracts subject to the laws of England and any resulting legal disputes will be subject to the exclusive jurisdiction of the English courts.

To be clear, this document is not intended to contain any legally binding provisions (i.e. it is not a contract) and should not be construed as such.

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Language

The language in which Church House conducts its business (including contractual arrangements), is English.

Scheme Profile

Church House Pension Trustees Ltd acts as Trustee and Church House Investments Ltd acts as Operator of the scheme and is authorised and regulated by the Financial Services Authority (FSA). Church House Investments Ltd is wholly owned by Church House Trust Plc a Bank authorised and regulated by the FSA .

How to complain

Should you wish to register a complaint in relation to your plan, then such complaints should be made in writing to:

Judith Palmer
Group Compliance Officer
Church House
3 Goldcroft
Yeovil
Somerset
BA21 4DQ

A copy of the Church House complaints procedure is available on request by writing to the above address.

If your complaint is not resolved to your satisfaction, you can refer the complaint to:

Financial Ombudsman Service (FOS)
South Quay Plaza
183 Marsh Wall
London E14 9SR
Tel: 020 7964 1000

If your complaint concerns the running of your plan, it may be referred to:

Pensions Advisory Service (PAS)
11 Belgrave Road
London SW1V 1RB
Tel: 0845 601 2923

Cancellation rights

Once your application to join the scheme has been accepted, you will have a 30 day cancellation period within which to change your mind.

Cancellation rights in respect of the scheme are set out in the Terms and Conditions but are summarised below.

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Once Church House accepts your application it will issue you with a cancellation notice. Should you notify Church House within the cancellation period of your decision to cancel, Church House will (after deducting any charges payable to third parties) refund/return the remaining value of any contributions/transfer values received.

Please note that while there is no charge for cancellation, any refunds of assets purchased during the cancellation period will be subject to any fluctuation in the value of such investments. As a result, the value of the refund may be higher or lower than the amount originally invested.

If you do not wish to cancel, you should simply ignore the cancellation notice.

After the cancellation period, you can normally only get access to your pension benefits from age 50 (55 from 6 April 2010).

Where you are transferring from an existing SIPP and you choose to cancel you should be aware that it may not be possible to return the assets of the scheme to the ceding manager, in these circumstances Church House will require you to nominate an authorised SIPP scheme to receive the transfer.

Call recording

Telephone calls to Church House may be recorded for training and fact verification purposes

How to contact us

Church House Pension Trustees Ltd is unable to provide advice. For advice related matters please contact your pension or investment adviser.

If you need more help or information about the Church House SIPP or if you have any factual or administrative questions, you can contact:

Church House
2a Flemming Court
Castleford

Yorks

WF10 5HW

Tel: 01977 555664

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