

BROCHURE

Take control of your pension

Please note that the L&C Open Pension is not appropriate for everybody and it is essential that you obtain financial advice before entering into one. Your own adviser should always be your first point of call for advice about the Open Pension.

Should you however require any further information about the provider London & Colonial please call us on:

UK: 0870 7566696
Gibraltar: +350 46600 or visit our website: www.londoncolonial.com



LONDON &
COLONIAL

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2012



SIPP

The L&C Open Pension

Your Open Pension enjoys the usual benefits of a registered pension scheme and provides a platform for flexible retirement benefits

- You can contribute what you want when you want
- You can transfer funds from other registered pension schemes
- You can control and make your own investment decisions

The Open Pension is designed to take full advantage of the favourable tax treatment available to registered pension schemes in the UK.

- Tax relief on your personal contributions at your highest marginal rate*
- Tax relief on employer contributions as an expense**
- No UK tax on any income or capital growth from investments (except dividend income on UK securities which is taxed at 10%)
- Normally up to 25% of your fund or 25% of the Lifetime Allowance (whichever is lower) is available as a pension commencement lump sum (tax free cash)

The Open Pension is particularly attractive if you wish to choose and control the underlying investments of your pension fund as well as withdraw income as and when you need it.

* Only available up to the higher of £3,600 p.a. or 100% of your earnings (ignoring any Annual Allowance tax charge). Your financial adviser can explain to you the Annual Allowance (£50,000 from 6/4/2011) for contributions and the tax relief available.

** Employer contributions will be eligible to be treated as a business expense for Corporation Tax purposes subject to meeting the "wholly and exclusively for the purposes of trade" test.

Scheme Details

The scheme is established under irrevocable trust by a Trust Deed & Scheme Rules

It is registered in the UK under the provisions of the UK Finance Act 2004. The Provider is London & Colonial Assurance PLC, regulated and authorised by the Gibraltar Financial Services Commission

The Scheme Trustee and the Scheme Administrator is London & Colonial Services Limited ("London & Colonial"), regulated by the UK Financial Services Authority

Who can have an Open Pension?

If you wish to make contributions in a particular tax year to your Open Pension you must either:

- have relevant UK earnings chargeable to income tax for that year, or
- be resident in the UK at some time during that year, or
- be resident in the UK both at some time during the five tax years immediately before that year and be resident when you originally became a member of the pension scheme, or
- have for the tax year general earnings from overseas Crown employment subject to UK tax.

Anyone with pension benefits already accrued in a registered pension scheme can transfer those benefits to the Open Pension irrespective of their country of residence.

How much can I contribute?

If you are eligible to contribute, your Open Pension imposes no restriction on the frequency or level of your payments. However, contributions in excess of the lower of your earnings and the Annual Allowance may bear adverse tax consequences. Please refer to the footnotes on page 1.

Personal contributions are paid net of basic rate tax regardless of whether you are a basic, higher rate or even a non-taxpayer. We will reclaim the basic rate tax from HM Revenue & Customs on your behalf.

If you are a higher or additional rate taxpayer, the further relief must be claimed through your self-assessment tax return. Non-taxpayers receive a credit for basic rate tax into their funds despite their tax status.

Employer contributions will be eligible to be treated as a business expense for Corporation Tax purposes subject to meeting the "wholly and exclusively for the purposes of trade" test.

Does the Open Pension accept transfers?

Yes. You can transfer previously accumulated pension entitlements built up in other UK registered pension schemes into your Open Pension including another pension that is already paying income to you.

Your Open Pension can also accept transfers from contracted out registered pension schemes.

If you are considering transferring previous pension entitlement to your Open Pension it is important that you get independent financial advice to decide whether this would be in your best interests.

Control your investments

You can choose how your fund is invested from a wide range of possible investment classes as allowed under the relevant legislation.

What investments are allowed?

Permitted investments include

- Cash
- Shares quoted on the London Stock Exchange
- Shares quoted on recognised overseas Stock Exchanges
- Unit Trusts, Open Ended Investment Companies (OEICs) and Investment Trusts
- Insurance company managed and unitised funds
- UK and overseas commercial property (and associated borrowing if required) See separate property notes for more details
- Second hand endowment policies (TEPs)
- Investment in unquoted shares may be possible in some circumstances.
- Loans to unconnected parties

London & Colonial reserves the right to refuse any investment request if we consider that it would not comply with any relevant regulation or if it would be likely to carry unacceptable risks for the Scheme Trustee as owner or require unduly complex administration. Under current law investments that are held within the Open Pension are exempt from UK taxes on income and capital gains except dividend income on UK securities which is subject to a non-reclaimable tax credit of 10%.

What investments are not allowed?

- Loans cannot be made to you or anyone connected with you
- Residential property or personal chattels capable of private use, such as paintings.

Can I control the investments?

Yes. If you elect to make your own investment decisions, you can make investment transactions simply by sending us a written instruction or, subject to a security process, dealing instructions may be given by telephone.

Alternatively you may appoint your own Investment Manager subject to their agreement to certain conditions with us.

What are the retirement options?

The current regulations allow retirement benefits to be taken at any time after your 55th birthday. The level of benefits provided relates to the value of your fund that has accumulated and your age at the time your benefits start.

When you start to receive a benefit this is called a benefit crystallisation event. When this occurs the value of the benefits taken are compared with your Lifetime Allowance.

The Standard Lifetime Allowance is an amount set in legislation, currently £1.8 million (reducing to £1.5 million on 6 April 2012).

If the value of your fund (together with other pension benefits you might have elsewhere) is in excess of the Standard Lifetime Allowance at the date your benefits are taken then such excess will be subject to a Lifetime Allowance tax charge.

Benefits with a value in excess of this amount may bear adverse tax consequences.

You are entitled to a tax free lump sum (known as Pension Commencement Lump Sum or PCLS) each time you crystallise part of your fund. This is normally up to 25% of the value of the part of the fund crystallised.

Lifetime Annuity

If you choose to purchase a lifetime annuity the accrued fund from your Open Pension will be passed to London & Colonial Assurance Plc or any other insurance company of your choice within the EU who will provide you with an income for the rest of your life.

All liability of the Scheme Trustee is discharged on payment of the fund to an insurance company. There is no requirement for you to cease work to purchase an annuity.

Capped Drawdown

This is an income paid directly from your Open Pension. You can continue to invest your fund as you choose.

The minimum and maximum income levels are calculated when you first opt for Capped Drawdown and reviewed every 3 years thereafter (annually after you reach age 75).

You can choose a level of income between these two levels. The minimum level is zero and the maximum level is 100% of an amount calculated by reference to the size of your fund and the appropriate factor as shown in tables published by HMRC.

Flexible Drawdown

This option allows you to draw unlimited amounts out of your fund subject to the income being taxed at your marginal rate. In order to take advantage of this option you must be able to certify that you have met the Minimum Income Requirement – see opposite.

The Minimum Income Requirement

Three conditions must be met:

1. You must have a minimum relevant income of at least £20,000
2. No contributions have been made in the current tax year
3. You are not a member of a defined benefit or cash balance scheme

For further explanation or information please speak to your financial adviser.

Phased retirement

Phased retirement allows you to take benefits in stages, enabling you to match income requirements exactly to your personal circumstances. Each time you take a stage payment of your benefits a part of your fund is “crystallised” and held separately.

The uncrystallised part of your fund is still able to receive contributions (provided you are under age 75 at the time) and transfer payments from other Registered Pension Schemes.

What about PAYE?

All income is subject to Income Tax under the UK PAYE arrangements. If you choose to receive capped or flexible drawdown from your Open Pension we will pay it directly to your chosen bank account. Income Tax will be deducted from all payments in accordance with UK PAYE arrangements.

In the absence of a P45 we are required to deduct tax on an emergency code Month 1 basis until we receive authority from HMRC to apply deductions in accordance with a tax code.

What happens if I die before taking benefits?

If any part of your fund is uncrystallised the value of that part less a Lifetime Allowance tax charge (if any) will be available to provide cash and pension benefits. Any cash payment would normally be free from Inheritance Tax (IHT).

The Scheme Trustee will use its discretion to decide who should receive the cash payment bearing in mind any nomination that you had made previously.

If you are over 75 at the time of this payment then the lump sum cash payment will be subject to a 55% tax charge.

What happens if I die while taking Capped or Flexible Drawdown?

Once any part of your fund has been designated to provide Drawdown (even if you are not taking any income) the value of that fund may be paid out on your death as a lump sum less a tax charge of 55% or be used to provide a dependant's pension/income or a combination of the two.

If you do not have any dependants then the fund, without an associated tax charge, can be paid to a nominated charity.

What are the responsibilities of the Scheme Trustee?

The Scheme Trustee's prime duty is to look after the best interests of the beneficiaries. London & Colonial as Scheme Trustee will ensure that all investment transactions comply with the relevant regulations and the Open Pension's Trust Deed and Rules.

We will ensure that each asset is correctly registered and complies with current HMRC rules and regulations and also that the liability of the Member and the Scheme Trustee is limited to the assets of the fund.

We will also ensure that any appointed Investment Manager is appropriately authorised.

Any custodian arrangement will be subject to approval by London & Colonial as Scheme Trustee to ensure that it complies with the Trust Deed, current HMRC rules and all other appropriate regulations.

What duties does the Scheme Administrator perform?

London & Colonial as Administrator will keep up to date records of all scheme investments, income and expenditure.

We will ensure that the fund complies in all respects with HMRC requirements and provide technical advice regarding the acceptability of individual investment transactions.

We will keep records of all contributions and transfer payments received and provide technical support regarding the different retirement options available as may be required from time to time.

Once investments have been made London & Colonial will obtain regular asset valuations.

On an annual basis (or at other intervals as appropriate or as agreed) your fund will be valued and a statement produced that will detail the transactions that have taken place.

Risk Factors

The value of your Open Pension depends on the amount of the contributions paid in plus any transfer payments received and on the success of the underlying investments.

The value of your investments and your income payments can go down as well as up.

We give no guarantees and have no responsibility for any investment decisions or for the performance of the investments that are made. (These decisions are either your responsibility or the responsibility of your investment manager).

We cannot guarantee the future tax treatment of your investments or your income.

Note: The information in this guide is based on our understanding of current legislation which may change in the future.

How to contact us

Contact details for the Scheme Administrator are as follows:

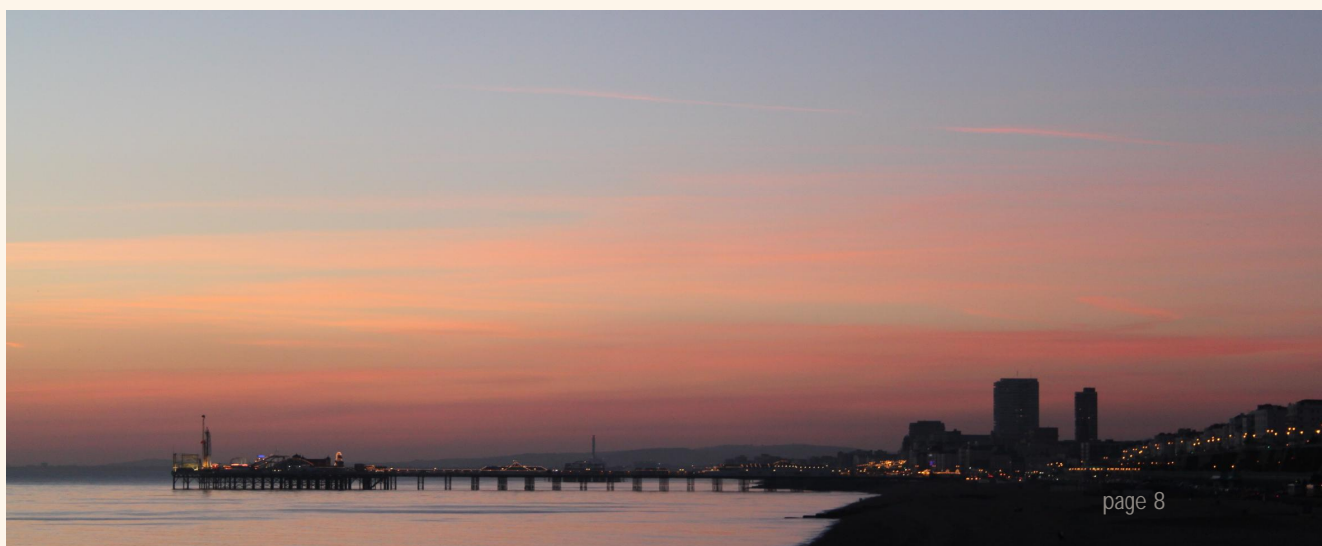
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