

The Avalon Freedom Self Invested Personal Pension

KEY FEATURES

Avalon Freedom SIPP

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The Financial Conduct Authority is a financial services regulator. It requires us, Avalon, to give you this important information to help you to decide whether our Freedom SIPP 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 should be aware that stakeholder pensions are generally available and may meet your financial needs as well as the Freedom SIPP.

Freedom of choice

With the Freedom Self Invested Personal Pension (SIPP) you are free to invest your pension money the way you want to.

Through the Freedom SIPP you can invest in eligible unit trusts, OEICs, investment trusts, equities from recognised stock exchanges, gilts, warrants and Exchange Traded Funds.

With most SIPPs you are restricted to the SIPP manager's own funds or a specific range of fund links, but with the Freedom SIPP you can invest in most of the best performing funds in the market.

Please note though that we do not accept investments into so called 'esoteric' or non-mainstream funds. This is because the security of your investments is vitally important to us and some of these funds are not as tightly regulated as we would like.

Value too

Avalon has negotiated substantial discounts, typically 4.5% to 5.0% (and in some cases the entire initial charge) with many of the leading fund managers. These discounts mean that the initial cost of the investment and any future switches between funds is kept to a minimum. Unlike many of our competitors, Avalon doesn't make an administrative charge for switches, giving you even better value.

For full details of our charges please refer to our website literature zone at www.avaloninvestment.com.

A summary of the benefits

- The choice of any of the leading investment companies in the UK.
- The ability to tailor fund portfolios by sector, by manager, by strategy or by a combination of any factors you choose.
- Substantial discounts negotiated with fund management groups making it possible to buy their units and switch between fund managers at low cost.
- The sheer convenience of one statement to read and one point of contact, no matter how many investment companies you choose.

Quite simply, the Avalon Freedom SIPP could be the only pension you will ever need.

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This Key Features document shows you the main points about the Avalon Freedom Self Invested Personal Pension. This includes an illustration of the pension income you may receive in the future. Please read these carefully and keep it with your Freedom SIPP documents.

Avalon's Freedom range of products are only available through independent financial advisers. Your financial adviser will be able to give you any help or financial advice.

Its Aims

To build up a sum of money, in a tax efficient way, which will give you a pension income at your chosen pension age.

To give you the opportunity:

- To build up a pension fund in a tax efficient way.
- To provide flexible arrangement which can be tailored to suit changes in your lifestyle.
- To have total investment flexibility by providing you with an 'open choice' pension investment vehicle giving you access to the whole market for regulated unit trusts, OEICs, ETFs and equities.
- Allow you to decide how you take benefits.

Your Commitment

To build up a fund at your chosen pension age one or more of the following will happen:

- You, your employer, or both of you, make regular contributions to your Avalon Freedom SIPP.
- You, your employer, or both of you, make lump sum contributions to your Avalon Freedom SIPP.
- You make a transfer payment from another UK registered pension scheme.
- You must provide us with any information we require when setting up the SIPP, paying benefits or claiming tax relief.
- All payments must satisfy our minimum criteria.

- Normally you must let the pension fund grow until you reach at least age 55 before taking your benefits.
- Paying any charges in relation to your SIPP as specified on our website at www.avaloninvestment.com
- A regular review of your investments and contribution levels with your financial adviser.

Risk Factors

The value of your SIPP and the pension income from it at your chosen pension age cannot be guaranteed as it will depend on contributions made and investment performance before and after you start taking pension benefits. You may not get back what you put in.

Your pension benefits and future transfer values may be lower than shown in the enclosed illustration. This could happen for reasons such as:

- Contributions to your SIPP stop, reduce or there is a contribution break
- Investment performance is lower than illustrated.
- You start taking your pension income earlier than your chosen pension age.
- Tax rules change.
- Charges are higher than shown in the illustration.
- If you change your mind and want to cancel within the cancellation period you might get back less than you paid in.
- If you transfer benefits from another pension scheme you might give up valuable pension rights or guarantees that we cannot match.
- If the value of your SIPP is low the effect of charges could reduce the value over time if investment growth does not cover the charges.
- SIPP bank account interest is variable and might reduce in the future.
- Foreign investments may be effected by changes in the rate of currency exchange.

- It may take time to sell certain investments.
- High levels of income withdrawal are unlikely to be sustainable for long periods.

Please note you could suffer a tax liability if contributions are funded from a pension commencement lump sum received from a registered pension scheme.

Monies received will go into different types of assets, such as stocks and shares or bonds and some carry specific risks.

Further details of the investment objectives are available from your financial adviser.

Contributions

Personal payments that qualify for tax relief can be paid into your SIPP. This means you can normally pay up to £3,600 a year into your SIPP regardless of your employment status, as long as you are a relevant UK individual.

If you have UK earnings chargeable to income tax you can pay up to 100% of these earnings.

If you are employed, your employer can also contribute to your pension fund.

If you have a registered pension scheme with another company, you can transfer its value into your pension fund. You may benefit from better investment performance but we cannot guarantee this.

If your total payments to all registered pension schemes exceed an amount known as the Annual Allowance you will be liable for an income tax charge on the excess set at your marginal rate. For 2016/17 the limit has been fixed at £40,000. The charge will be dealt with through your self assessment return.

You can build up a total pension fund from all registered pension schemes up to the standard Lifetime Allowance. For 2016/17 the Lifetime Allowance is set at £1 million. See the section on Lifetime Allowance below.

You are free to contribute as much as you like whenever you want to, subject to

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HMRC limits. We allow you to start, stop or restart contributions whenever you want to, without penalty.

We will accept transfers from the majority of pension schemes, into the Freedom SIPP.

Note : You should also be aware of the content of the Key Features or Key Investor Information Document that may be issued by the product provider of any underlying investment.

How do I get tax relief?

- We will claim any basic rate tax relief you are entitled to from HMRC. This normally takes up to 11 weeks to be received.

If you are a higher rate tax payer you can normally claim additional tax relief via your tax return.

Where is my tax relief invested?

- Any tax relief we receive will be invested in accordance with your investment instructions.
- If we are not able to invest the tax relief, or it is impractical to do so, it will be held as cash.

How are my investments taxed?

- Growth in the value of your SIPP is free from UK Capital Gains Tax and UK Income Tax. Tax on UK dividends cannot be reclaimed.

Laws and tax rules may change in the future without notice. The information here is based on our current understanding of the tax rules. This information takes no account of your personal circumstances which may have an impact on tax treatment.

Please remember the value of your investments and any income from them can go down as well as up and you may get back less than the amount you originally invested. Your capital may be at risk.

How does the standard Lifetime Allowance work?

The Government has set the standard Lifetime Allowance at £1 million for 2016/17.

From 2018/19 the standard Lifetime Allowance will be increased each year in line with inflation.

Each time new benefits commence (crystallise) a portion of your Lifetime Allowance is used up

Once you have used up your Lifetime Allowance, any benefits paid above the allowance will be subject to the Lifetime Allowance charge. If excess funds are used to provide a taxable pension, the Lifetime Allowance charge is 25% of the fund above the Lifetime Allowance. Alternatively, if excess funds are paid as a lump sum, called a Lifetime Allowance Excess Lump Sum, the Lifetime Allowance Charge is 55%. We will deduct this tax charge from your fund and pay it to HMRC before paying your benefits.

You may have applied (or may be able to apply) to HMRC for protection against a Lifetime Allowance charge. As a condition of retaining your protection you may be required to stop paying contributions to your registered pension schemes.

Where will my money be invested?

You will have a choice; you can make the investment decisions yourself or you can choose your own investment manager.

You, or your investment manager, can choose how your SIPP should be invested between broadly:

- Quoted shares, including investment trusts
- Gilts and debentures
- Unit trusts and OEICs
- Commercial property
- Deposit accounts

Subject to our policy on permitted investments.

What is a Key Investor Information Document?

A Key Investor Information Document, or KIID, gives you details of the objective, the risk and reward profile, special risk factors and charges associated with a fund you are thinking of investing in.

From July 2012 a KIID must be provided by the financial adviser to anyone who invests in a collective fund, such as an OEIC or unit trust, prior to investment.

Fund managers must produce a KIID for all collective investment schemes. These are available from the Avalon website: www.avaloninvestment.com.

The charges shown in a KIID are specific to the fund you are investing in, and do not include Avalon's charges or any remuneration you have agreed with your financial adviser.

Full details of charges for specific Avalon investments are available on request.

The content and format of a KIID is prescribed by the European investment regulator.

You should read each KIID for your fund selections prior to investment with us.

Can I be sure how much pension I will get?

No - the size of your pension will depend on the size of your SIPP fund when you reach retirement; this depends upon how much you have put into your SIPP and how long it has had to grow. It also depends upon the investment growth achieved. What you might get is set out in the illustration provided to you.

Retirement Options

You can normally take benefits from your SIPP as:

- a pension commencement lump sum.
- an uncrystallised funds pension lump sum.
- a drawdown pension.
- an annuity from a third party.

You must normally wait until you have reached age 55 before taking benefits from your SIPP.

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Drawdown

This allows you to take income directly from your pension fund without the need to purchase a lifetime annuity. In turn, this allows your pension fund to remain invested in the assets of your choice whilst taking an income.

There is no upper age limit on how long you may stay in drawdown but the tax treatment of death benefits will change when you reach age 75.

Drawdown pension can cease at any time and the residual fund can be used to purchase a lifetime annuity using the open market option.

You can access as much of your pension savings as you wish using the following three methods (or a combination).

Please note that when you start to take benefits from your fund you are 'crystallising' your fund.

Flexi Access Drawdown (FAD)

When you start to take benefits from your accumulated pension pot, Flexi Access Drawdown will enable you to:

- Take a pension commencement lump sum of up to 25% of your pot as a lump sum which is currently free of tax, and
- take as much or as little income as you wish from the residual fund, subject to income tax at your prevailing rate.

Its Aims

To provide you with unrestricted access to your pension savings following crystallisation of your pension pot.

To enable your pension pot to remain invested in your chosen funds whilst receiving an income.

Risk Factors

Your pension savings pot could be exhausted if high levels of income are taken in the early years of retirement.

The maximum you may save into a pension if you elect to take an income will be restricted to £10,000 per annum.

All income payments following crystallisation will be subject to income tax. Taking too much, too early, could result in higher levels of income tax being deducted. We strongly recommend seeking advice from a suitably qualified financial adviser or accountant before taking any income withdrawals from the fund.

To get an idea of how much tax you might expect to pay please refer to www.pensionwise.gov.uk/tax.

Uncrystallised Fund Pension Commencement Lump Sum (UFPLS)

UFPLS will enable you to take money direct from your pension pot without having to buy an annuity and 25% of this sum will be free of tax.

Its Aims

To enable you to take multiple withdrawals from your pension pot.

To enable your pension savings to remain invested in your chosen funds whilst receiving benefits from your pension pot.

Risk Factors

Your pension savings pot could be exhausted if high levels of withdrawal are taken in the early years of retirement.

The maximum you may save into a pension if you elect to take an UFPLS will be restricted to £10,000 per annum.

Lifetime Annuity

You may use some or all of your funds to buy an annuity which will be payable at least for the rest of your life. When you buy an annuity you can take a tax free lump sum of up to 25% of your pension pot at the same time.

Please note that Avalon does not provide annuities. If you require an annuity we recommend you speak with your financial adviser.

Additional support

Free and impartial guidance is available from Pension Wise, a service set up by the Government. It is available to anyone aged 50 or over with a defined contribution

pension.

This service can be accessed online at www.pensionwise.gov.uk, over the telephone from The Pensions Advisory Service, or face-to-face at your local Citizens Advice Bureau. Note though that Pension Wise provides guidance only. The scheme is not intended to be a substitute for full, regulated, financial advice

What happens if I die?

If you die before age 75, payments to your nominated beneficiaries are tax-free whether paid as a lump sum or a pension income.

After age 75, payments to your nominated beneficiaries are subject to income tax at the recipient's marginal rate.

The lifetime allowance still applies so if benefits haven't been tested against the Lifetime Allowance (LTA) then any excess subject to the LTA will be subject to a tax charge of 55%.

What happens if I am ill?

Waiver of Contribution benefit, which enables regular contributions to continue to be paid if you are ill, is not available with the Avalon Freedom SIPP.

If you are unable to maintain contributions, the implications are outlined above in 'Risk Factors'.

What are the charges?

Avalon's charges are explained in the separate schedule of fees and charges.

Can I change my investments?

Yes you can switch your investment selections whenever you like subject to receipt by Avalon of suitable investment instructions. Avalon does not make a charge for the first 20 sale and purchase transactions in a year.

Can I obtain up-to-date valuations?

You can log into your Freedom SIPP account via our secure website to obtain a current value, at any time. Alternatively you can obtain a valuation by phoning us on 01666 333400.

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How much will the advice cost?

We will pay your adviser for advice given on the Avalon Freedom SIPP in accordance with the terms they will agree with you prior to application.

Other Information

Your right to change your mind

You may change your mind about having an Avalon Freedom SIPP. When your first SIPP transfer or contribution is received you will receive a cancellation notice if you have not signed the Waiver Declaration. This will give you the right to cancel during the next 30 days.

If you would like your SIPP to be invested in assets during this period, you may waive your right to cancel during the initial 30 day period. To waive your right to cancel you must expressly request this by ticking the waiver box at the foot of the Application Declaration and signing the Declaration to this effect.

If you do make this request then you will lose your right to cancel your SIPP.

If you exercise your right to cancel your SIPP you will receive a full refund of all your regular or single contributions.

Cancellation rights may also apply to any additional contributions or transfers.

Please note that it may not be possible to return the funds received from a transfer in to the original pension arrangement should you cancel the transfer within the cancellation period. In this instance you will need to arrange for another pension arrangement to accept the transfer.

If you opt to enter into drawdown pension you will also receive a separate cancellation notice for this. This gives you the right to cancel the chosen option during the next 30 days. You will need to return any pension commencement lump sum and income paid to you.

Banking & Administration

When you apply for your Avalon Freedom SIPP any cash held on long term deposit will be placed into a client money bank account held with HSBC or Cater Allen.

Interest will be earned at the prevailing business rates on all cash deposits as declared by HSBC/Cater Allen from time to time.

How to complain

- If you need to complain, please contact:

The Compliance Manager
Embark Investment Services Limited
The Old Chapel, 47 Long Street
Tetbury
Gloucestershire
GL8 8AA

Email:
enquiries@avaloninvestment.com
Tel: 01666 333400

- If you are not satisfied with the response you receive you can take your complaint to the Pensions Ombudsman if it is regarding the administration of your pension:

11 Belgrave Road
London SW1V 1RB
Tel No: 0845 601 2923

- Financial Ombudsman Service, for all other complaints:

Exchange Tower
London
E14 9SR
Tel No: 0845 080 1800

This Key Features document is issued by Avalon.

Avalon is a trading name of Embark Investment Services Limited, a company incorporated in England (company number 09955930).

Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (register number 737356).

Registered office: Tyman House,
42 Regent Road, Leicester, United Kingdom, LE1 6YJ.

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TERMS AND CONDITIONS

Terms and Conditions

- This Key Features document gives a summary of Avalon's Freedom SIPP. It doesn't include all the definitions, exclusions, terms and conditions.
- A copy of the full terms and conditions is available on request.
- We reserve the right to change some of the terms and conditions. We will inform you to explain what has been changed if this affects your plan.

Law

- The law and courts of England will apply in legal disputes.

Compensation

- We are regulated by the Financial Conduct Authority. If we become financially insolvent and are unable to meet our obligations to you compensation may be available under the Government's Financial Services Compensation Scheme (FSCS). FSCS protection may also be available for the cash and investments held in your SIPP in the event of the default of the bank or investment provider concerned.

Email: enquiries@avaloninvestment.com **Web:** www.avaloninvestment.com **Tel:** 01666 333400

The Avalon Freedom SIPP is a self invested personal pension provided and administered by Embark Investment Services Limited. Embark Investment Services Limited has appointed Avalon SIPP Trustees Limited as trustee.

Avalon is a trading name of Embark Investment Services Limited, a company incorporated in England (company number 09955930). Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (register number 737356). Registered office: Tyman House, 42 Regent Road, Leicester, United Kingdom, LE1 6YJ.