

Nutmeg.

a J.P.Morgan company

Key features of the Nutmeg Personal Pension

Information Pack

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group

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The Financial Conduct Authority is a financial services regulator. It requires us, Embark Services Limited, to give you this important information to help you to decide whether the Nutmeg personal 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 should be aware that stakeholder pensions are generally available and might meet your needs as well as the Nutmeg personal pension.

Introduction

The Nutmeg personal pension helps you save and invest a sum of money to pay you an income when you reach your chosen pension age. It allows you to invest in one of a number of investment portfolios, designed to match different risk profiles, which are managed by Nutmeg. Each portfolio has a different target investment return and corresponding level of risk. Here we explain the key features of the Nutmeg personal pension and answer some of the most common questions.

Aims of the Nutmeg personal pension

The Nutmeg personal pension is designed to:

- Help you save for your retirement in a tax-efficient way.
- Provide you with a income, or a tax-free lump sum and a reduced income, when you reach your chosen pension age.
- Give you the option of either drawing an income directly from your pension or purchasing an annuity from an insurance company to provide a guaranteed income for the rest of your life.
- Provide your beneficiaries with a lump sum or a pension income following your death.

Your commitment

- You will need to make a minimum contribution or transfer value to the Nutmeg personal pension of £500.
- You are responsible for deciding which Nutmeg investment portfolio to invest your money in.

- Once you have started to save into your pension, you will normally have to wait until the age of 55 before you can draw any money from it (this will rise to 57 from April 2028).
- You should keep Nutmeg up to date with changes in your personal circumstances such as address, and your marital and employment status. Nutmeg will contact you on an annual basis to check the details held on record for you are accurate, but you should keep your profile up to date at all times.
- You should advise Nutmeg if you are no longer entitled to tax relief on the contributions you make to your pension.

Risks

- **Any final value is not guaranteed**

The level of any lump sum or income that will be paid to you when you draw money from your pension is not guaranteed, but will depend on the value of your pension.
- **You could receive less than you contribute**

If you reduce or stop contributing to your pension, or if the investments held perform worse than expected, the amount of the lump sum or income you will receive from the pension will be reduced. It could be less than you have contributed and could be lower than illustrated when you first set up your Nutmeg personal pension.
- **Annuity rates are not guaranteed**

If you use all or part of your pension to purchase an annuity, the amount of income you receive will depend on the annuity rate offered to you by the annuity provider you choose at the time you purchase the annuity. Annuity rates may be lower in future.
- **Drawing from your pension at a higher rate may reduce income or leave less for your beneficiaries when you die**

Your pension can be used to provide benefits at retirement or when you die. Drawing a higher level of benefits from your pension will reduce this income and its value and how much your beneficiaries may receive when you die.

- **Different pensions may offer different benefits**

By transferring savings from other pension schemes into your Nutmeg personal pension, you will have to give up certain benefits offered by those schemes. These benefits may not be matched by the benefits you are able to receive from your Nutmeg personal pension.

- **Tax charges apply if you exceed your annual allowance**

There is a limit set by the government on the amount you can save into your pension in a single tax year and receive tax relief.

The government limits the tax advantaged contribution amount you can save into a pension in a single tax year. This limit is called the annual allowance. Whether you exceed the annual limit is based on all contributions made to your Nutmeg personal pension together with any other pension contribution you, your employer, or a third party make on your behalf.

You may have to pay tax if you exceed either of these limits.

- **The tax treatment of pensions may change**

The tax treatment of your pension is set by HM Revenue & Customs (HMRC) and may change over time.

- **Fees on your pension may change**

Your Nutmeg personal pension may be subject to fees, as set out in the Terms and Conditions on the Nutmeg website. These fees may change in the future. Nutmeg will notify you of any changes to fees that apply to your Nutmeg personal pension.

How your pension is managed

Your Nutmeg personal pension is invested and managed by Nutmeg. The operator and administrator is Embark Services Limited and the trustee is Embark Trustees Limited. All contact you receive will be through Nutmeg who can answer any questions you may have.

Questions and Answers

What is the Nutmeg personal pension?

The Nutmeg personal pension helps you save for your retirement in a tax-efficient way. It is intended to pay you a pension income when you retire, and you can also usually opt to take a tax-free lump sum of up to 25% from your Nutmeg personal pension in return for a reduced income.

You decide which Nutmeg investment portfolio your pension is invested in. The amount of the benefits you receive will depend on the value of your pension when you retire, which in turn depends on both how much you put in and how the investments perform.

Who can contribute to my pension?

You and your employer and a third party can make contributions to your Nutmeg personal pension.

What is the tax treatment of my pension?

Personal pensions have tax advantages to encourage individuals to save for their retirement:

- **When you contribute**
Contributions you make to your pension are normally eligible for basic rate income tax relief. This means that for every £80 you contribute to your pension the government, through its HMRC department, will pay in an additional £20. Higher or additional rate taxpayers can claim back further income tax relief using a Self Assessment tax return form. No tax relief is available on pension contributions paid by those at or over the age of 75.
- **While your pension is invested**
The investments in your pension will grow free of income tax and can be sold without incurring capital gains tax (CGT).

- **When you retire**

When you retire, you can generally take up to 25% of your pension value as a tax-free lump sum and use the rest to provide an income. The income paid from your pension is subject to income tax. The amount of tax you pay on your income during retirement will depend on the amount of your income together with your other taxable income. Neither Nutmeg nor Embark Services Limited provide tax advice. It is important to understand the tax implications of pensions and everyone's circumstances are unique so if you are ever unsure we strongly suggest you seek advice from an independent financial adviser.

If my pension income is taxed when I retire, why is a pension a good deal?

You can usually take up to 25% of your pension pot tax-free. Depending on your tax rate during your working life and in retirement, you may also end up paying a lower rate of income tax on pension withdrawals than you get in tax relief when paying into your pension. For example, you could pay income tax at the higher rate of 40% while working, but only the basic rate of 20% when retired and living on a smaller income. Plus, investments held in your pension benefit from exemptions from income tax and capital gains tax, so overall a pension scheme is a really tax-efficient way of saving for your retirement.

Are there limits on the amount I can save into my pension?

Yes. You can only get income tax relief on personal contributions up to a certain amount, and there is also an annual limit on how much you can save into all your pensions.

Tax relief on personal contributions

You can claim income tax relief on personal contributions (i.e. contributions you pay, rather than those paid into your pension by your employer) up to the value of your net relevant earnings during the relevant tax year. If you don't have any net relevant earnings, you can still get tax relief on contributions up to £3,600 each year.

Contributions paid directly into your pension by your employer are paid without income tax being deducted, so they aren't eligible for further income tax relief.

If during the tax year you earn

Under £3600

You get tax relief on contributions up to £3,600.

The limit takes into account basic rate (20%) income tax relief applied by HMRC, so you can pay in up to £2,880, and HMRC will add £720 giving you a total contribution of £3,600.

Over £3600

You can get tax relief on contributions up to the value of your earnings. So if you earn £30,000 in a given tax year, for example, you can contribute up to £30,000 in that year.

This £30,000 takes into account basic rate (20%) income tax relief applied by HMRC, so you can pay in up to £24,000 yourself, and HMRC will add £6,000 giving you a total contribution of £30,000.

Annual allowance

The government applies a tax charge, called the annual allowance tax charge, if the 'total contributions' to your pension savings for a given tax year exceed your annual allowance. Your 'total contributions' includes all your personal contributions, any income tax relief from the government and contributions paid by your employer. In the current tax year the annual allowance is £60,000. This amount is dependent on the level of your earnings and decreases should your earnings exceed a specified amount. If you are unsure of your annual allowance we recommend you seek professional advice.

Once you start taking income benefits from your pension savings, you will normally be subject to what's called the Money Purchase Annual Allowance restricting the level of your contributions to "money purchase" pensions, including your Nutmeg personal pension.

The charge for exceeding the annual allowance is set at your marginal rate of income tax, as if the excess amount were added to your other earnings.

Before you first access your pension savings, you can normally carry forward any unused allowance from up to three previous tax years, in order to increase your available allowance. Carry forward is available as long as you were a member of a UK registered pension scheme at some point during each tax year.

I am not resident in the UK.

Can I join the Nutmeg personal pension?

You must be a UK resident for tax purposes to apply for the Nutmeg personal pension.

I have savings in other pension schemes. Can I transfer these to my Nutmeg personal pension?

You can transfer money from most personal pensions, including SIPPs, and workplace pension schemes into your Nutmeg personal pension, so long as you haven't started to take income from them. You cannot transfer defined benefit schemes, also known as final salary schemes. Transfers to the Nutmeg personal pension are made as cash and then reinvested once the money arrives.

Transferring from some pension schemes may mean losing benefits, or incurring high exit fees on leaving your current provider. There is no guarantee that the benefits you will eventually receive from your Nutmeg personal pension will be higher than your current scheme, and they may be significantly lower. For this reason it is important you understand any changes in guarantees or benefits and fees your current provider may charge before transferring existing pensions to the Nutmeg personal pension.

When can I start to take benefits from my Nutmeg personal pension?

You can start to take benefits from your Nutmeg personal pension from the normal minimum pension age of 55.

However, you do not have to start taking any benefits when you reach 55, nor do you have to stop working to start taking benefits from your pension.

When you open your pension you will be asked to confirm your intended retirement age, but you are not held to this and can change this later if you wish. Nutmeg will use your intended retirement age so they can contact you as you approach it to explain the options you have.

Under some circumstances you may be able to take benefits from your plan before the age of 55. These include:

- If you become incapable of carrying on your occupation because of ill health.
- If you are diagnosed with a terminal illness that means you have a life expectancy of less than a year. In this case you can choose to take your pension benefits as a lump sum.

If you are transferring a pension

In some cases, under an existing pension scheme you may be entitled to:

- a pension age before 55
- a lump sum of more than 25% of your benefits

If either apply we will not be able to accept your transfer as these important benefits will be lost.

What benefits can I take from my pension?

You can take both a tax-free lump sum and an income from your pension.

A tax-free lump sum

You can usually take up to 25% of the value of your pension as a tax-free lump sum, called a pension commencement lump sum.

Income from your pension

You can use the full value of your pension, or the remainder if you take a tax-free lump sum, to either:

- provide you with a income – called a drawdown pension, or incapable of carrying on your occupation because of ill health.
- purchase an annuity from an insurance company to provide you with a guaranteed income for the rest of your life

With a drawdown pension your money stays invested, and you make withdrawals from it when you need to. There is no minimum, or maximum amount you have to withdraw.

You pay income tax on the amount you withdraw, based on the amount of your income together with your other taxable income.

Instead of receiving a drawdown, you can use the remainder of your pension to purchase an annuity from an insurance company. While annuities vary, they generally provide you with a guaranteed income for the rest of your life. The amount of income payable to you will depend on the annuity rate offered by your chosen provider.

How will my pension be invested?

You will be able to choose from a range of investment portfolios, each aligned to a risk level. You choose your investment portfolio when you first set up your pension but can change this at any time.

In addition to offering portfolios matched to your risk preference, Nutmeg provides a choice of four investment styles. Our “Fully managed” and “Socially responsible investment” portfolio styles are actively managed by our investment team, meaning they regularly adjust asset allocation according to the team’s views about relative market prospects – while respecting the long-term target risk level. Our newest investment style, ‘Smart Alpha portfolios powered by J.P. Morgan Asset Management’, is also actively managed and offers access to security selections made by the J.P. Morgan Asset Management team. Our “fixed allocation” portfolios operate without investment team intervention, though they are automatically rebalanced to correct deviations from the long-term target allocation.

When you make contributions or transfers to your pension the money will be invested automatically in your chosen portfolio. You can see the performance of your portfolio and the value of your pension at any time by signing in to your account and viewing your dashboard.

How well your investments perform before and during retirement will determine how much money you are able to draw from your pension. It is important that your choice of investment portfolio, and the contributions that you make, reflect your present and future financial needs.

What happens if I die before age 75?

If you die before age 75, the value of your pension can be paid to your beneficiaries. The payments can take the form of a lump sum or income. The benefits will normally be tax-free, as long as they are paid (or, in the case of the payment of pension income, designated for that purpose) within 2 years of your death.

What happens if I die after age 75?

If you die after age 75 the value of your pension can still be passed to your beneficiaries, but will be subject to income tax.

How will my State Pension benefits be affected?

If you reach state pension age on or after 6 April 2016 the savings you make into your Nutmeg personal pension will not affect your state pension.

If you reached state pension age before 6 April 2016 the benefits in your Nutmeg personal pension may have been considered in deciding your entitlement to Pension Credit.

What rate of interest will I receive on any cash held in my pension?

Each Nutmeg personal pension has its own designated bank account with Bank of Scotland controlled by Embark Services Limited. All contributions paid in (including transfers and tax relief) are then sent automatically within 24 hours to the Nutmeg personal pension chosen sub-custodian, for investment. Any interest arising on money that passes through the account during this time is directed to a registered charity selected by Embark Services Limited.

Charges

Nutmeg pays Embark Services Limited a fee to operate the Nutmeg personal pension. You don't pay Embark Services Limited any additional fee in relation to the administration of your pension.

The Nutmeg fee for fully managed, SRI and Smart Alpha portfolios is 0.75% including VAT where applicable on the first £100,000 you've invested, and 0.35% including VAT where applicable for the portion beyond £100,000. So, if your pension was valued at £250,000 you would be paying 0.75% per year on £100,000 and 0.35% per year on £150,000.

The Nutmeg fee for fixed allocation portfolios is 0.45% including VAT where applicable on the first £100,000 you've invested, and 0.25% including VAT where applicable for the portion beyond £100,000. So, if your pension was valued at £250,000 you would be paying 0.45% per year on £100,000 and 0.25% per year on £150,000.

How much you pay also takes into account any other pots of the same investment style you have in a general investment account or stocks and shares ISA across your Nutmeg account.

There are other costs and charges associated with investing, specifically the underlying investment fund costs and the effect of market spread. To view our most up to date cost and charges information please visit www.nutmeg.com/costs-and-charges.

If you change your mind

Cancelling your application

In setting up the pension you agree to waive your rights to cancel your pension application. This enables your money to be invested sooner once it arrives, maximising the long-term growth of your pension and minimising time out of the market.

While there is no cancellation you can change your mind and choose to transfer your pension to another provider at any time. The transfer value will reflect any changes in value during the period it was invested.

You have a right to change your mind within:

30 days

- Of a transfer request completing
- Of a drawdown request completing

Cancelling a pension transfer

You may change your mind within 30 days from the date a pension transfer is requested. If you exercise your right to withdraw from a pension transfer we will attempt to repay the transfer, although the transferring scheme may refuse to accept the payment. In these cases you will have to transfer the money to an alternative registered pension scheme.

Cancelling your drawdown pension

You may change your mind within 30 days from the date we complete a request to designate your pension for the payment of a drawdown pension. If you cancel your request for a drawdown pension you will be required to repay any lump sum and income already paid to you.

How to exercise your right to cancel

You can exercise your right to cancel by contacting Nutmeg, quoting your name and pension account reference.

You must state whether you wish to cancel a specific pension transfer, or a drawdown request.

To notify Nutmeg you can send a secure email to: **support@nutmeg.com**, telephone **020 3598 1515** or write to the following address:

Nutmeg
25 Bank Street, Canary Wharf
London E14 5JP

Further information

Financial Services Compensation Scheme (FSCS)

The FSCS is a scheme established by the UK government to provide compensation to customers if an FCA regulated financial services company is declared in default, and is unable to meet its financial obligations.

As a member of the Nutmeg personal pension, you may be entitled to claim compensation if Embark Services Limited or Nutmeg are declared in default and are unable to meet our financial obligations.

You can find further information about the eligibility conditions and compensation limits that apply to the FSCS at: www.fscs.org.uk

Making a complaint

If you are not satisfied with any aspect of your pension and wish to make a complaint, you can contact Nutmeg. To do so, please contact Nutmeg via email to support@nutmeg.com, telephone **020 3598 1515** or write to the following address:

Nutmeg
25 Bank Street, Canary Wharf
London E14 5JP

If the complaint relates to the service provided by Embark Services Limited's service, Nutmeg will refer the complaint accordingly to Embark Services Limited and we will respond to you directly.

Making a complaint will not affect your legal rights. If you are not satisfied with our response and your complaint relates to the administration of your pension plan, you may refer your complaint to The Pensions Advisory Service (TPAS). TPAS are an independent non-profit organisation who can help you resolve a pension complaint or dispute. Their contact details are:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB
0845 601 2923

You may also refer your complaint to the Financial Ombudsman Service (FOS), which is an independent dispute resolution service. Their contact details are:

Financial Ombudsman Service Exchange Tower
London E14 9SR
0800 0234 567

You may also be able to refer your complaint to The Pensions Ombudsman (TPO), if it relates to how your pension plan is run. Their contact details are:

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

General

The Nutmeg personal pension is governed by the laws of England and Wales. All parties shall submit to the exclusive jurisdiction of the courts of England and Wales. All communications between you, Nutmeg and Embark Services Limited will be in English. Full details of the features of the Nutmeg personal pension can be found in the Terms and Conditions on the Nutmeg website.

The information contained in this document is based on our understanding of current law and HMRC practice, which is subject to change. Document updated 26/02/24.



Risk warning

As with all investing, your capital is at risk. The value of your portfolio with Nutmeg can go down as well as up and you may get back less than you invest. You can normally only access your pension from age 55 (57 from 2028). Tax treatment depends on your individual circumstances and may change. Before you transfer, check you won't lose any guarantees or benefits and that you know what charges you may incur. Please note that during any transfer, your investments will be out of the market. If you are unsure if a pension is right for you, please seek financial advice.

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Nutmeg is an online investment management service, providing diversified investments, ISAs and pensions in the UK.

To learn more go to nutmeg.com

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