



**novia** /

/ A new way to wealth management /

Employer's guide  
Group SIPP scheme



## The new way to manage your group pension scheme

Welcome to the Novia Group Self Invested Personal Pension. This document will provide you with key information about how our Group SIPP scheme works and explains how it can add real benefit to you and your employees. We understand the relationship employers have with professional financial advisers and our Group SIPP is designed to help your team get the most from that relationship. We look forward to working with you to provide real long term benefits for your employees.

Novia provide a wealth management service to advisers and their clients. We believe professional advice is essential in finding the best solution when managing financial affairs. Novia provide the systems and service that enable investment advice to be implemented.

We make available over 1000 different investments in categories such as direct equities, Collective Investments, Unit Trusts, Investment Trusts, Exchange Traded Funds, Alternative Investments, and structured products for advisers to construct the right portfolio for individual employees. And within our Group SIPP your scheme adviser has the flexibility to make pre-selected portfolios available for individual employees, or group of employees.

Most importantly Novia believes that an individual should be involved in their investments if they wish. We can provide each individual with secure online access to view valuations and performance on their investments 24/7, and we send out statements twice a year.

Your scheme adviser will also have access to online tools, including profiling the employee's investment attitude to risk, helping to develop bespoke portfolio options.

Novia provides client and adviser support through our dedicated Client Services Team to help answer questions and quickly resolve administrative issues.

Headquartered in Bath, we have Sales and Client Service teams to help advisers and their clients nationally.

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## / Why have a Novia Group SIPP?

Within any organisation there will be a range of attitudes to investing for retirement - for some it will not be first and foremost on their mind and for others it will be seen as an important benefit. A Novia Group SIPP provides an employer with the flexibility and administrative ease to manage a range of requirements:

- a pension offering that can be tailored to each employee or group of employees
- an individual SIPP for each employee, providing the flexibility to customise employer and employee contributions
- investment solutions that can be tailored to individual needs by the scheme adviser
- administrative ease – clear, straightforward administrative processes.
- Using Novia's wealth management service, investment advice can also be tailored to the individual concerned.

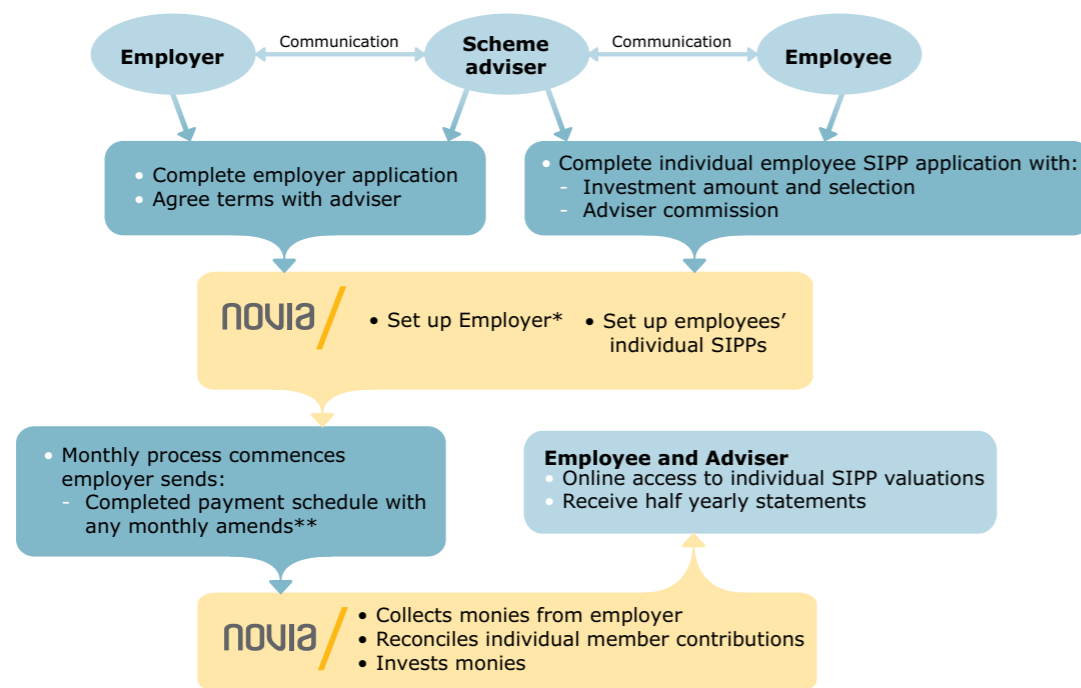
Once you have agreed high level requirements with your chosen scheme adviser, each individual within the Group SIPP scheme will then complete an application form for an individual SIPP. Employer and individual contributions are set up at this stage although they can be adjusted at any time.

Employees can choose when they wish to take their pension and this may or may not be when they retire. Benefits can be taken from age 50 (55 from 2010) depending upon personal circumstances and prevailing pension regulations, and may include:

- a tax free lump sum of up to 25% of the value of their pension (known as a pension commencement lump sum or PCLS)
- a variable annual income (known as an unsecured pension or USP)
- the purchase of an annuity which can provide a fixed income for life

From the age of 75 scheme members must take an income (known as alternative secured pension or ASP) or purchase an annuity to generate a fixed income.

Once monies have been paid into a SIPP, usually they cannot be taken out until age 50 (55 from 2010). Scheme members can initiate a full transfer of their funds from Novia to another registered pension scheme provider at any time – although if a partial transfer this is subject to a minimum of £2000 remaining with Novia.



\*The employer must be set up on the Novia service prior to employees' individual SIPPs  
\*\*Payment schedule to be issued to Novia 10 business days before monies are received

## / Ease of Administration

Opening a Group SIPP scheme with Novia is simple - there's one employer application to complete and one monthly payment schedule detailing all employee contributions. Your scheme adviser will take your employees through the process of setting up their individual SIPPs within the group scheme.

### Employer Contributions

Setting up contributions is straightforward – you select from two options when you would like to make employer contributions into the scheme. Novia receives your Payment Schedule listing all the contributions you're making for your employees 10 business days before the payment is scheduled to be taken.

If you're running a contributory scheme your employees will contribute from their gross salary (known as salary sacrifice). This means they do not pay income tax on the proportion of their salary invested.

The Pension Regulator's Code of Practice recommends that as an employer, you are obliged to:

- pay employees' contributions to the scheme within 19 days from the end of the month in which they were deducted from pay; and
- pay your own contributions in line with the schedule of contributions.

*If you fail to pay contributions as described above, and the failure is likely to be materially significant, the Pensions Regulator will expect to receive a report from the trustees or scheme managers.*

*If overdue contributions have still not been paid 60 days after the due date, trustees or managers will need to inform scheme members.*

### Transfer in from other pension schemes

Novia accepts transfers from any registered pension scheme, but does not accept any new benefits from the state second pension.

## / Investment Choices

One of the real benefits of using the Novia Group SIPP scheme is the range and flexibility of investment choice available to your employees.

Through Novia individuals' investment choices can be tailored to their personal circumstances, life stage and attitude to investment risk.

Novia offers access to:

- 'Traditional' authorised unit trusts and Collective Investments
- Exchange Traded Funds – low cost tracker funds that can provide exposure to an investment sector or category
- Investment Trusts
- Equities
- 'Non-traditional' unauthorised funds such as hedge funds and structured products.

We also know choice can be bewildering for some individuals and your scheme adviser may prefer to set up 'balanced' options giving individuals a limited range of investment portfolio structures to choose from.

Either way, Novia can provide the administrative flexibility to handle each SIPP individually and allow investments to be switched around as personal and market circumstances change.



## / Charges

There are no employer charges for setting up a Group SIPP scheme for your employees.

Scheme charges for individual SIPPs break down into four categories; Novia charges, investment manager charges, stockbroking charges (if purchasing equities or Exchange Traded Funds) and adviser charges.

### Novia charges

- Initial charge – is charged on all money sent or transferred to the Service for investment – usually 0.75%.
- Annual charge - this will depend on the amount of money each individual has in their SIPP – between 0.15 – 0.5%.

### Pension income charges

- Upon crystallising their pension an individual can begin to take an annual income. This is charged at £75 per annum no matter what level of income they may draw from their pension.

### Investment Manager charges

- Initial and Annual Management Charges – these are applied by the companies managing the investments and will vary depending on the nature of the investment. Novia may negotiate rebates on some of the charges they apply and will pass these on in full to an individual.

### Stockbroking charges

- The Novia Group SIPP will give individuals the opportunity to hold a range of stock market traded investments as part of their portfolio. Where individuals choose to open a stockbroking account a quarterly charge and a dealing charge for each transaction completed will apply.
- Should individuals choose to buy Exchange Traded Funds (low cost tracker funds) using Novia's 'aggregation' service – there will also be a quarterly charge and a dealing charge for each transaction.

### Adviser charges

- Charges agreed will be deducted as required at an individual level for each SIPP holder.

Full details on charges will be available through your adviser.

## / Q&As

**Q/** Do all staff have to invest through an adviser?

**A/** Yes – an FSA authorised scheme adviser you appoint will manage the individual applications into the scheme.

**Q/** What if staff want to invest through their own adviser?

**A/** If you agree, Novia will accept Group SIPP applications through advisers other than the group scheme adviser. Charges may differ to those offered through the scheme adviser.

**Q/** Can staff apply for a joint Group SIPP?

**A/** No, a Self Invested Personal Pension cannot be held in a joint scheme.

**Q/** Can staff have other pensions running as well as a Group SIPP?

**A/** Yes, but there are overall limits to the personal contributions they can make across their pension products. They will need to speak to the scheme adviser about this.

**Q/** What if they want to transfer in from another pension?

**A/** They can transfer in from another pension into the Group SIPP scheme. They will need to speak to the scheme adviser about the charges that apply.

**Q/** What if staff leave your employment?

**A/** You will not need to continue making contributions and the employee's money will still be held within the scheme. They may request to transfer the money to another pension scheme provider or take benefits accordingly.

**Q/** What if staff wish to leave the scheme?

**A/** Staff can leave the scheme any time. Within the first 30 days (plus 5 days postal grace) the individual will need to return their Novia 'Wish to enforce your notice of cancellation' form. Once this has been received, Novia will refund payments back to you as the employer. Any monies owed to the employee are paid back in their salary payment.

If their cancellation request falls outside of 30 days, their contributions will remain within the scheme.

## / Glossary

**Self Invested Personal Pension** – a personal pension with operational rules and limits set by Her Majesty's Revenue & Customs (HMRC).

**Group SIPP scheme** – a pension scheme set up for more than one individual and subject to HMRC rules. Suitable as either a main company pension scheme or additional pension benefit.

**Scheme adviser** – the adviser responsible for providing advice to individual employees.

**Scheme members** – individual employees who have a SIPP under the umbrella of a Group SIPP scheme.

**Salary sacrifice** – a percentage that will be deducted from the scheme member's salary (before tax) and is paid as their contribution to the scheme.

**Annuity** – an annuity is an income paid to an individual until death. At certain stages (eg from age 50, or age 55 in 2010) you can choose to purchase an annuity ie with your accumulated capital buy a secured income for life (which will be calculated based on your life expectancy).

**Benefit Crystallisation** – happens when a scheme member takes some of the benefit from their pension. For example, they may crystallise 50% of their pension fund at age 65 and take some of that as a pension commencement lump sum (PCLS) and use the rest to provide a regular income. With the remaining 50% they may choose to 'crystallise' again any time before their 75th birthday.

## / Next Steps

The Novia Group SIPP and the Novia wealth management service are only available through FSA authorised investment advisers.

Your adviser will have access to full details of Novia's service and the steps you will need to take to set up a Group SIPP scheme with us.

Should you need to, please contact us directly at:

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