ABACUS
MONEY MANAGEMENT LTD

Mr P Stevens
38 Roundwood Park
Harpenden
Hertfordshire
AL5 3AF

14th December 2017

Dear Patrick

Report regarding your pension arrangements

This report confirms the reasons for my recommendations. It will act as a valuable reference in the future and should be kept with the Client Agreement that was provided to you and your other financial documents. The recommendations made are based on the personal and financial information gathered and general "fact-finding" process which was confirmed on the 8th November 2017. A copy of this is available upon request.

I will record your aims and objectives and give a general overview of what I consider to be your needs. I will include a statement should your priorities differ from what I feel to be appropriate. I will explain my specific recommendations together with how and why I arrived at the recommendations. Finally, I summarise my specific recommendations and conclude with the action required to implement those recommendations.
Please note that:

- **This report is focussed on advice surrounding the transfer of your existing defined benefit pension arrangements within the Fidelity [Commerzbank AG Pension & L A Scheme] and no other matters are addressed.**
- Abacus Money Management is authorised to give advice in this area of financial services as we have an **Independent** Financial Adviser who holds the correct pension transfer specialist licence required by the FCA to conduct a transfer of benefits from a Defined Benefit Pension Scheme.
- As an **Independent** adviser, I will act on your behalf as your agent and am able to provide unbiased unrestricted advice on retail investment products based on a comprehensive and fair analysis of the market.
- The report is designed to give you sufficient information to make an informed decision about the proposed investment and avoids jargon as much as possible
- Details and explanation of the recommended product, its fees, charges and cancellation rights are given in the report as well as in the accompanying documentation regarding the recommended product. Please read this documentation as an integral part of this report
- You should ensure that you have understood the issues and any risks involved with the recommendation and inform me if this is not the case
- You should check the accuracy of the background information as the advice is based on this data
- If you feel that the advice is based on any misunderstanding, you should notify me of any revisions which may be needed as soon as possible
- The recommendations contained in this report are based on my understanding of the current law and tax situation.

Please contact me immediately if you have any questions or concerns regarding the information in this letter or the attached report.

Yours sincerely

Noel J Greaves DIP PFS ASWW
Independent Financial Adviser

Pension Review & Switch
Recommendation Report

Prepared for:

Mr Patrick Stevens

By:

Noel Greaves
Independent Financial Adviser

14th December 2017

Abacus Money Management Ltd
6-8 Kenn Road
Clevedon
Somerset
BS21 6EL

Tel: 01684 851222
Fax: 01684 854445
Email: noelgreaves@abacusmml.co.uk

Abacus Money Management Ltd is Authorised and Regulated by the Financial Conduct Authority; FCA 610239.

Our Service

Mr Stevens, you have engaged my services having been introduced to me by your existing and trusted adviser Van Greaves, to review your personal financial circumstances. In particular, to make recommendations on transferring your Fidelity Commerzbank AG Pension & L A Scheme into your current employer's SSAS. You have instructed me to specifically limit my advice to pension planning and I have acted accordingly. I have therefore, obtained the necessary information from you and Van Greaves to advise on this particular area. You should be aware that my recommendation may have differed if I had undertaken a full review of your financial circumstances. Details of my costs and services have been disclosed to you by your adviser; Van Greaves and provided again later in this report as well as via my usual regulatory disclosure documents, which were provided to you. To be clear, the advice in this report has been given by Abacus Money Management, and is based on the information provided to us by Van Greaves, with your consent.

Aims and Objectives

Mr Stevens, as an experienced investment manager working for Mast Capital you are a member of their SSAS and would have transferred your Fidelity pension arrangements into the SSAS without taking financial advice if you were able to do so. What triggered our meeting was the FCA's requirement that you obtain specialist pension transfer advice in order to permit you to transfer these pensions.

You have two Fidelity Commerzbank AG Pension schemes which you would like to transfer into your current employer's SSAS where you intend to invest these yourself and are not seeking investment advice post transfer. You prefer the concept of having a pooled investment with other members of the SSAS and the level of control you can personally have over the management of your total pension pot which is a key driver for you. You place a greater benefit on self-managing your pension and overseeing its investment and performance between now and retirement than you do the secure and safeguarded benefits that your current Fidelity pensions offer you without risk of depleting your pension.

This being said it is the regulators guidance that I make you aware of the risks of doing what you are considering and advise you of the best course of action. I ask that you do not simply glance at the risks of your actions and the benefits of the scheme, rather ensure that you are properly informed as to the risks associated with your intended direction. Your pension scheme offers safeguarded benefits that would be given up upon transfer.

Existing Pension Provision

You currently have two pension funds totalling £130,869.40 which is detailed below: -

Fidelity Personal Pension	
Scheme Reference Number	5158137
Start Date	01/09/2009
Current Value	£124,568.93
Transfer Value Expiry Date	N/a
Guarantees	Safeguarded Benefits*
Gross Employer/Employee Contribution	Paid Up

Fidelity Personal Pension	
Scheme Reference Number	C040A19
Start Date	06/04/2016
Current Value	£6,300.47
Transfer Value Expiry Date	N/a
Guarantees	Safeguarded Benefits*
Gross Employer/Employee Contribution	Paid Up

***The total transfer value includes an amount of £39,823.20 in respect of the Reference Scheme Test (RST) benefit. Please see below for further info:**

Requisite Benefits

GMP was abolished for service after 5th April 1997, but GMP accrued up to then remains as part of the member's entitlement. From 6th April 1997 the scheme must provide pensions that are 'broadly equivalent' to, or better than, the benefits specified under the Reference Scheme. The Reference Scheme is a notional pension scheme that is assumed to provide certain benefits in respect of accrual after 5th April 1997:

- A normal pension age of 65
- An accrual rate of 1-80th of average 'qualifying earnings' in the last three complete tax years of service
- Qualifying earnings are defined as 90% of that part of the members earnings that exceed 52 times the weekly lower earnings limit (up to the upper accrual point);
- A maximum of 40 years' service can be used in the calculation
- A 50% death in service pension for a spouse/civil partner, based on prospective service to age 65;
- A pension of 50% of the member's pension on death in retirement; and
- All benefits in payment must escalate in line with increases in CPI to a maximum of 5% per annum in respect of pre-April 2005 accrual and 2.5% thereafter.

Benefits to this level must be achieved by at least 90% of the members of the scheme. The test covers active members and their spouse's benefits in service, in retirement and in deferment. Every three years the scheme's actuary must certify that the scheme satisfies these requirements if it is to remain contracted out. The resulting pension is generally higher than the GMP it replaces. However, it is less well protected against inflation.

Your Chosen Retirement Age

The normal retirement age of your pension schemes is 65, and you do not intend to retire before this age. Your state pension age is 67 and will be due to begin receiving this benefit in February 2042. They will write to you nearer the time to provide you with your pension amount.

Your Personal Circumstances

You are in full mental capacity and are not considered to us as being a vulnerable client. I understand that you are somewhat experienced with making investment decisions and we have taken this into account when advising you. You do not have a power of attorney in use. I have collected all relevant information about your personal and financial circumstances during our initial meeting. This has helped me determine the best course of action when assessing the suitability of your retirement planning objectives.

Attitude to Risk

We have discussed your objectives, along with your attitude to risk, your knowledge and experience of investments and your capacity for loss and risk. Having assessed your attitude to investment risk for retirement planning, we agreed that this is best described as the following:

Risk Level 6; Realistic Investor
A Realistic investor is looking for a balance of risk and reward, seeking higher returns than those available from a high-street deposit account and willing to accept a certain amount of fluctuation in the value of their investments as a result. However, they would feel uncomfortable if their investments were to fall in value significantly in one year.

To determine that this risk profile is right for you, we have discussed your willingness, ability and need in respect of investment risk.

Willingness	You describe yourself as being 'experienced and comfortable with investing and having an understanding of the potential risks and rewards' when completing the investor experience questionnaire. We have discussed the asset allocation, volatility and real return statistics for your risk profile of Level 6; Realistic Investor. We determined that the level of return you hope to achieve within your pension is realistic given the level of risk you are adopting. You've confirmed you are comfortable adopting the level of risk we have agreed. You have agreed that as long as you understand the risks associated with investment performance You are willing to take risk within your portfolio as long as you understand the pension and that it's monitored.
Ability	You are able to invest with this level of risk as you are a professional counterparty and an experienced investment manager at Mast Capital. You understand the risk involved and are willing to accept this within your pension. You are investing solely for growth purposes at this stage. (Please note, we are not treating you as a professional client, but acknowledge your industry experience).
Need	Taking risk within your pension arrangement is essential to meet your objective to obtain capital growth. You feel you have worked hard for your money in your lifetime and would like to see this grow as much as is possible to achieve considering the level of risk adopted. Exposure to investment risk is necessary to achieve long term capital growth and you are comfortable to continue with the current level of risk.

Capacity for Loss
Upon discussion regarding your risk profile, it is agreed that upon transfer of your pensions into the SSAS, you are self-advising going forward and will manage your investments yourself. Your capacity for loss and risk profiling of the investments you choose for your pension will be governed by you. You have specifically asked us to not take any responsibility for your investment choices upon transfer.

Inheritance Tax & Estate Planning

I have identified that the value of your assets makes it likely that your estate will have to be used to pay inheritance tax. I would strongly recommend that this is kept under review and action should be taken to address this under separate advice.

Your Will and Provisions

You confirmed that your Will continues to reflect your wishes. Even if this is the case, there may still be opportunities to update it to ensure you are benefitting from any available tax efficiencies and the ability to protect assets after you're gone. If you would like to arrange a review of your Will this can be carried out upon request. The costs of this service can be determined at this point should you wish to do this.

You have not granted Powers of Attorney. Having a Power of Attorney in place ensures that your affairs can continue to be looked after if you are unable to do that yourself and that decisions will be made by the people you choose. It is therefore an important part of your financial planning and I would strongly recommend that you put one in place. You would like to discuss arranging this, please contact me for an appointment.

Our Recommendations

As a result of my analysis, I have detailed my recommendations below and why I believe this approach to be suitable for you at this time. The information, advice and recommendations are based on our understanding of current legislation and regulations that are subject to change and on information provided by you and the pension provider.

I recommend that you transfer the pension funds from your Fidelity Commerzbank AG Pension & L A Schemes into your Winterthur SSAS. The main reason for my recommendation is providing you with self-investment options as this is a benefit that your existing personal pension arrangement does not have.

Objective	How This Has Been Met:
Flexible Investment Options:	Your pension upon transfer will become self-governed. The SSAS in its nature will provide you with access to a wife range of investments.
Retirement at the age of 65:	The SSAS is currently written to the age of 65 which will continue once you transfer in.
Investing in line with your risk profile:	The investments selected for your pension will be chosen by you and you will determine as to whether these are in line with your attitude to risk profile.
Removal of access restrictions:	Upon Fidelity receiving confirmation that you have received financial advice to transfer these pensions, the restrictions will be lifted.

Transfer Advantages	Transfer Disadvantages
- Self-managed investment choices - Investment flexibility - 100% Death benefits - Removal of access restrictions - Clear visibility of your pension - Active fund management	- Investments may not perform as well as expected. - Cannot reverse the transfer if you change your mind - Loss of secured benefits. - Small company scheme with limited assets to invest.

How Will I Be Invested?

As previously stated within this report, you are an experienced investment manager at Mast Capital and intend to self-manage your pension fund upon transfer into the SSAS. Therefore, we are not providing an investment recommendation within this report for the proceeds of the transfer. However, please see below for a breakdown of a SSAS and the options you will you have available to you within the new scheme.

Small Self-Administered Scheme (SSAS)
What is it? A Small Self-Administered Scheme (SSAS) is an occupational pension scheme which is subject to the normal rules and regulations for registered pension schemes, but offers greater flexibility and freedom of choice over the types of investment it can make. There are also generous tax concessions afforded to a SSAS which are advantageous to both a company and its

directors. These can be used to develop a highly effective and coordinated approach to minimising corporate and personal taxation.
SSAS are generally set up to provide retirement benefits for a small number of a company's directors and/or senior or key staff. They can be open to all employees and their family members, even if they don't work for the employer. The number of members is generally limited to 12.
Contributions may be made to the SSAS by the members and/or the employer. Each receives tax relief on contributions made, subject to certain conditions.

Investment Options

Most types of conventional investments are freely permitted including quoted stocks and shares, unit trusts, insurance policies, commercial property and employer related investments or loans, but there are some restrictions designed solely to prevent abuse. Any SSAS holding prohibited assets directly or indirectly will have all tax advantages removed which will broadly mean that it is at least no more advantageous to hold such assets in a pension scheme than it is to hold them personally. Prohibited assets include direct or indirect investment in residential property and certain other assets such as fine wines, classic cars and art & antiques.
If a SSAS directly or indirectly purchases a prohibited asset the purchase will be subject to an "unauthorised member payments charge". This will recoup all tax relief given on the amounts used to purchase the asset. This means that:

- the member will be subject to an income tax charge at 40% on the value of the prohibited asset
- the scheme administrator will become liable to the scheme sanction charge, which will usually be a net amount of 15% of the value of the asset
- if the set limits are exceeded the cost of the asset may also be subject to the unauthorised payments surcharge, which is a further charge on the scheme member of 15% of the value of the asset
- if the value of the prohibited asset exceeds 25% of the value of the pension scheme's assets, the scheme may be de-registered which would lead to a tax charge on the scheme administrator on the value of the scheme assets at the rate of 40%

Commercial Property

Investing in commercial property involves considerable costs, such as legal fees, stamp duty land tax/land and buildings transaction tax etc. However, any rental income received by the pension scheme will be free of income tax and gains will be free of capital gains tax. In addition, if a company rents property from its pension scheme, that company can normally deduct the rental payment as a business expense.

- An investment in property does not produce a guaranteed return with rental income and market values being affected by general economic conditions and/or by the political and economic climate. Factors that could impact include employment trends, inflation and changes in interest rates.
- The use of borrowings will increase returns if the value of a property is rising but conversely, it will reduce returns if values are falling.
- Investment in property is a long term one and at times, markets may prove to be illiquid. It may not therefore be possible to realise an investment at a time of your choosing and any forced sale could produce returns that are considerably below market valuations.
- The failure of a tenant to meet the terms of any rental/ lease agreement will adversely affect yields and possible capital values.
- If a SSAS invests in residential property it is likely to be classified as a prohibited asset and therefore subject to stringent tax charges.

Loans and Borrowing

The trustees of the SSAS may make loans to the employer, but not the members, subject to certain conditions as detailed below:

The loan may not exceed 50% of the value of the scheme assets at the date the loan is granted

It must be secured as a first charge on the assets

It must carry a minimum interest rate (1% over the average base rate of the six main clearing banks)

It must last for no more than five years (with the possibility of a roll over loan, subject to certain conditions) and

It must be repaid by equal annual instalments of capital and interest

The total loans to a pension scheme for any purpose will be limited to 50% of the net scheme assets before the loan.

A SSAS will be able to borrow for any legitimate purpose intended to further the aims of the scheme and such borrowing will be limited to 50% of the scheme's net assets at that time.

Payment on Death

The value of the pension fund is available to your beneficiaries on your death and can normally be withdrawn as a lump sum or left within the pension wrapper to be drawn on to provide a regular or ad-hoc income – further details are contained in the accompanying literature.

Death benefits, whether drawn as a lump sum or income, are normally payable tax free to your beneficiaries if you die before age 75. If you die after age 75, death benefits withdrawn as income or a lump sum are taxable on the recipients as earned income.

The only death benefits that are tested against the lifetime allowance are those payable from uncrystallised funds (i.e. funds you haven't yet drawn on at all) either as lump sums or into flexi-access drawdown on death before age 75. If those benefits exceed your remaining lifetime allowance there will be a 55% tax charge on the excess if taken as a lump sum or 25% if placed in flexi-access drawdown.

Taxation

Contributions to SSAS generate direct tax savings. Contributions are made net of basic rate tax relief, which means that you will only actually contribute £80 net for every £100 of contributions paid. Higher and additional rate taxpayers likewise make contributions net of basic rate tax and can then claim additional relief via their Inspector of Taxes/Self-Assessment return.

A 40% taxpayer therefore only contributes £60 for every £100 of contributions falling within the higher rate band and a 45% taxpayer only contributes £55 for every £100 of contributions falling within the additional rate band. These figures assume basic rate tax of 20%, higher rate tax at 40% and additional rate tax at 45% (2017/18).

Your pension contributions once made will be invested in funds where there is no liability to tax on capital gains and where all forms of investment income are also tax free. Your money may therefore grow faster in a SIPP than in most other forms of investment.

An employer is able to contribute, and receive corporation tax relief on any amount that their local inspector of Taxes is satisfied meets the "wholly and exclusively" for the purpose of the business test.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

Withdrawals

The earliest age upon which you can take benefits is age 55. The minimum age is expected to increase to 57 from 2028 with further increases as the State Pension Age goes up.

At retirement you have the option to take up to 25% of the fund as a tax-free cash lump sum, and the remaining funds will be taxed as earned income.

There is now no upper age limit by which retirement benefits must be taken (particular products may impose their own limits).

There are no restrictions on people's ability to draw down from their defined contribution pension pots after

age 55. This will allow flexible access to your pension savings.
This means there is no particular product that you must purchase or invest in when accessing your savings. It will be up to you to decide how you want to access them, either as a lump sum or through some sort of financial product.
If the total value of your pension benefits exceeds the "Lifetime Allowance" the excess benefits will be subject to a tax charge of up to 55%. For the 2017/18 tax year the Lifetime Allowance has reduced to £1 million but it may be possible to keep a higher lifetime allowance if one of the forms of protection is applied for:

- Individual Protection 2016 (IP2016) – available to those with total pension savings greater than £1 million on 5th April 2016. IP2016 will allow those individuals meeting certain criteria to fix their lifetime allowance at the value of their pension fund as at 5th April 2016, with the maximum protection being £1.25 million. Pension funding can continue but further funding is likely to be subject to a lifetime allowance charge.

- Fixed Protection 2016 - doesn't require a minimum fund value but is aimed at those who expect their pension funds to exceed £1 million at retirement. It fixes the individual's lifetime allowance at £1.25 million but doesn't allow any further pension funding after 5th April 2016.

Costs & Charges

As agreed with you, Copperfields Financial Management Ltd will be remunerated by a 3% initial adviser charge which will be deducted from your pensions upon transfer. Based on a total pension transfer amount of £130,869.40 this would equate to £3,926.08.

We have agreed that there will not be any on-going adviser charges associated with your pension upon transfer.

Risk Warnings

There are a number of risk considerations that need to be taken into account. It is important that you are aware of these.

- What you will get back depends on how your investments grow and on the tax treatment of the investment.
- The value of your fund can go down as well as up and the value will depend on how much is saved, the charges paid and the rate at which the investment grows.
- Past performance is no guarantee of future returns.
- Any employer contribution to your plan is dependent upon the continued solvency of your employer.
- In the event that your employment status changes, we would recommend that your retirement planning is reviewed.
- Depending how it is taken, your pension income may also depend on interest and annuity rates at the time you retire.
- Some investments e.g. property may not be readily realisable and will be subject to market conditions at that time.
- This investment is intended as a long-term investment and under current HM Revenue & Customs' practice it is not normally possible to access the fund(s) prior to the age of 55. (expected to increase to age 57 from 2028 with further increases as the state pension age goes up).
- The current tax treatment and annual contribution limits may change in the future.
- Please be aware that there may be occasions when an individual fund or funds may have a higher risk rating than your overall stated attitude to risk. If this is the case, then the overall risk rating applied to all of the combined funds being recommended is still designed to meet your stated tolerance. I explained this during our meeting and you were comfortable with this approach.

- The illustration uses certain assumed rates of growth, as prescribed by the Financial Conduct Authority, these rates are not guaranteed.

Monitoring and Review

It is essential to review your personal circumstances and your retirement plans and finances on an ongoing basis to make sure your portfolio remains on track and that the level of your performance continues to meet your needs. You have confirmed that you will carry out your own reviews of your pension.

Next Steps

Please read this report carefully. If there are any points on which you are unsure or require further clarification, please contact me and I will be pleased to explain these in greater detail. After implementation you will receive correspondence from Winterthur confirming set up of your SSAS which you should read carefully and retain in a safe place.

Conclusion

I would like to thank you for asking Abacus Money Management Ltd to report on your pension arrangements. The recommendations contained in this report are designed to help you achieve the objectives which are outlined earlier in this report. Should you have any queries, or if I have misunderstood any aspect of your circumstances, please do not hesitate to contact me.