Key features of the Collegia Personal Pension

The Financial Conduct Authority is a financial services regulator. It requires us, Collegia Partners Limited, to give you this important information. It helps you to decide whether the Collegia Pension is right for you. You should read this document carefully so that you understand what you are buying. Keep it safe for future reference.

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Introduction

The Collegia 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 Target Date Funds (TDF). These are financial instruments in which different people with the same expected retirement date combine their money together to gain the advantages of being part of a large group. A Money Manager is responsible for managing each TDF. As time goes by, the Money Manager adapts the risk exposure of the TDF to match the expected retirement date of the beneficiaries.

In this document, we explain the key features of the Collegia Personal Pension (Collegia) and answer some of the most common questions.

Aims of the Collegia Personal Pension

Collegia was designed to:

- Help you save for your retirement in a tax-efficient and flexible way.
- Help you better understand the likely lifestyle you will be able to afford upon retirement.
- Provide you with an 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.

How the Collegia Personal Pension works

The Collegia Personal Pension is operated by Collegia Partners Limited and the trustee is Collegia Partners Trustees Limited. Your money is invested through long term insurance contracts. Your pension is managed by a professional Money Manager selected by Collegia and approved to act as an investment manager in the UK by the Financial Conduct Authority. Collegia has contracted with Pitmans Trustees Limited (PTL) to provide a Governance Advisory Arrangement (GAA). The GAA is an independent body that judges the value for money of the Collegia Personal Pension. They act on behalf of your interests. Their recommendations are public and we have to act on them.

Your Responsibilities

You or a sponsoring employer will need to make a minimum contribution or transfer value to the Collegia Personal Pension of £10. If you set up Direct Debit instructions, the minimum amount you can transfer is instead £20.

You or your sponsoring employer are responsible for deciding if the TDF investment approach is appropriate to your retirement goals.

If you want to change the default strategy, you take the responsibility of deciding your likely retirement date and if the investment approach is suitable for you.

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.

You should keep Collegia up to date with changes in your personal circumstances such as address, and your marital and employment status. Collegia 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 Collegia if you are no longer entitled to tax relief (the 25% UK government top up) 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.

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.

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 Collegia Personal Pension.

Different investment products may offer different benefits

By transferring savings from other pension schemes or investment products into your Collegia Personal Pension, you will have to give up certain benefits offered by those products. These benefits may not be matched by the benefits you are able to receive from your Collegia 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.

Fees on your pension may change

Your Collegia Personal Pension may be subject to fees, as set out in the Terms and Conditions on the Collegia website and iOS or Android application. These fees may change in the future. Collegia will notify you of any changes to fees that apply to your Collegia Personal Pension. To avoid any doubts, the fees on your Auto Enrolment contributions will conform to the legal requirements.

Risks

The retirement lifestyle you are on track for may change

Collegia helps you to understand what kind of retirement lifestyle you are on track for. It does so by contextualising your likely future retirement savings in terms of what type of groceries shopping you will likely be able to afford and how often you may change your car for instance. There is the risk, however, that the specific lifestyle does not materialise. This is due to a number of factors. First, there are investment growth assumptions on your pension investments. Second, there is the assumption that the inflation adjusted cost of several goods and their availability will not change. You should consider the likely retirement lifestyle presented by Collegia only as general guidance. It helps you understand where you are heading, not exactly your final outcome.

Tax charges apply if you exceed annual or lifetime limits

There are limits set by the government on the amount you can save into your pension in any single tax year and receive tax relief (the 25% UK government top up) as well as the lifetime value of your pension.

The government limit 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 Collegia Personal Pension together with any other pension contribution you, your employer, or a third party make on your behalf. Your annual allowance is also dependent on the level of earnings you have and may be less than the standard annual allowance.

Although there is no limit on your fund size, the government also limit the maximum amount of tax advantaged fund you can hold, this is known as the Lifetime Allowance.

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.

Frequently asked questions

What is the Collegia Personal Pension?

The Collegia 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 Collegia Personal Pension in return for a reduced income.

The Collegia Personal Pension allows you to have a single pension account throughout your different jobs in life, instead of adding a new pension with each new job. It is completely portable. The Collegia App shows you what type of living standards your current retirement savings is likely to lead to - and how you can improve it. Lastly, Collegia has partnered with the Money Manager AllianceBernstein to make sure that you have a pension that reflects your personal values - via positive ESG screening and negative ethical screening of controversial industries.

Accessible, intuitive and practical: welcome to the future of pensions, the Collegia way.

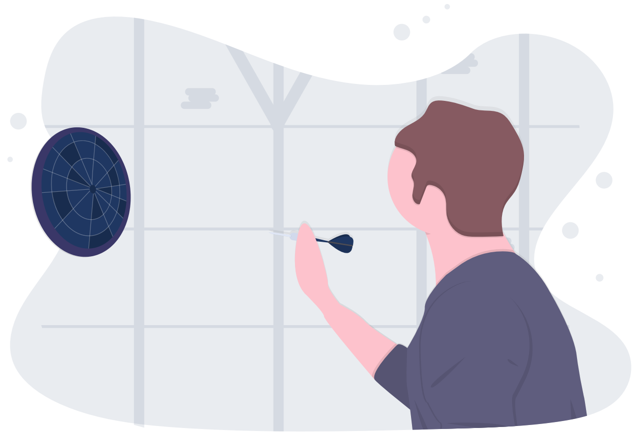
How is my money invested?

To make your investments work for you, we partnered with the Money Manager AllianceBernstein, which has more than 50 years of experience in investment management. Your money is invested in a financial instrument designed specifically for retirement, which is called Target Date Fund (TDF).

Frequently asked questions

What is a Target Date Fund?

Target Date Funds (TDFs) are financial instruments in which different people with the same expected retirement date combine their money together to gain the advantages of being part of a large group. In TDFs, your investments are more adventurous at the beginning of your retirement journey. As you approach retirement, they become more cautious.



Who can contribute to my pension?

You or a sponsoring employer can make contributions to your Collegia Personal Pension.

What is the Collegia investment approach?

Collegia partners with AB because they take Environmental, Social and Corporate Governance (ESG) into consideration when making their investments. ESG can be broadly defined and sometimes very confusing. Nonetheless, we believe that it's important to direct investments to companies that are actively trying to cope with societal and environmental challenges we face, regardless of industry.

Is Collegia safe?

Collegia is authorised and regulated by the Financial Conduct Authority (FCA). We are also a member of the Financial Services Compensation Scheme (FSCS), which can compensate you for up to 100% of your pot in case we were found in default or something were happen to the Money Manager managing your investments.

Frequently asked questions

How much do I pay?

The Collegia Personal Pension Scheme charges you 1.7% out of every new contribution to your Collegia Personal Pension. On an ongoing basis, we charge you 0.1% of your account annually for managing it (Annual Management Charge). You are also charged annually 0.29% of the value of your assets by the insurance company to pay for managing and insuring your investments - a charge that goes straight to the money manager and insurance company.

What is the default option?

If your company has enrolled you into Automatic Enrolment, the default option is where your money will be invested automatically, even if you don't provide any additional information and decide not to access your pension.

What is the Collegia Sustainable Target Date Fund Range?

It is our default option. Investments in controversial businesses are outright banned (rather than just minimised). No investments are made into industries such as alcohol, tobacco, gambling, adult entertainment, firearms, nuclear weapons, controversial weapons. Furthermore, investments are directed towards companies that are highly rated for environmental sustainability, relationships with stakeholders, attitudes to human rights, supply chain labour standards and the countering of bribery.

What other investment options do I have?

Collegia believes ESG and sustainability impact the performance of the investments. For that reason, your other option, the Collegia Target Date Fund Range, actively considers them in the investment process. All investments are made under the UN Principles for Responsible Investment and ESG factors are integrated into the research and investment process. While, the Collegia Target Date Fund Range always seeks to exclude industries associated to high ESG risk, the exclusion are not as strict as in the Collegia Sustainable Target Date Fund Range.

Frequently asked questions

What is the Retirement Drawdown Strategy?

The Retirement Drawdown Strategy is a flexible financial instrument provided by AB. It is designed to provide a sustainable level of income - similar to that of an annuity - whilst keeping funds prudently invested. Lump sum payments can also be taken out based on the choice of the retiree. This is a new strategy for clients at retirement. We expect to add it by the end of 2021.

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 Collegia Partners Limited nor Collegia Partners Trustees 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.

Frequently asked questions

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 (UK Gov top up) on personal contributions up to a certain amount, and there are also annual and lifetime limits 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 or your annual allowance whichever is lower. If you don't have any net relevant earnings, you can still get tax relief on contributions up to £3,600 each year. This value includes the HMRC tax relief. As a consequence, so you can pay in up to £2,880, and HMRC will add £720 giving you a total contribution of £3,600.

Contributions paid directly into your pension by your employer may or may not be paid with income tax being deducted. If they are made under a salary sacrifice arrangement, then they are not eligible for tax relief. Otherwise, the contributions your employer paid into Collegia on your behalf are eligible for income tax relief.

- *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 tax year 2021/22 the annual allowance is £40,000. 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 is called the Money Purchase Annual Allowance restricting the level of your contributions to “money purchase” pensions, including your Collegia 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.

- *The lifetime allowance*
  Pensions also have a lifetime allowance which, as of the 2021/22 tax year, is £1,073,100. If the total of all your pension savings exceeds the lifetime allowance when you take benefits a tax charge applies, called the lifetime allowance charge.

  The amount of the lifetime allowance charge depends on how you take the excess benefits from your pension. If you take the excess as a lump sum it will be subject to a 55% tax charge. If you use the excess to provide an income it will be subject to an immediate 25% tax charge, and the income you receive will be subject to income tax.

  If your total pension savings exceed the new lower limit, you may be able to apply for lifetime allowance protection.

I am not resident in the UK; can I join the Collegia Personal Pension?

You must be a UK resident for tax purposes to apply for the Collegia Personal Pension.

Frequently asked questions

When can I start to take benefits from my Collegia Personal Pension?

You can start to take benefits from your Collegia 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. Collegia will use your intended retirement age so we 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.

Frequently asked questions

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 an income – called a drawdown pension
- purchase an annuity from an insurance company to provide you with a guaranteed income for the rest of your life

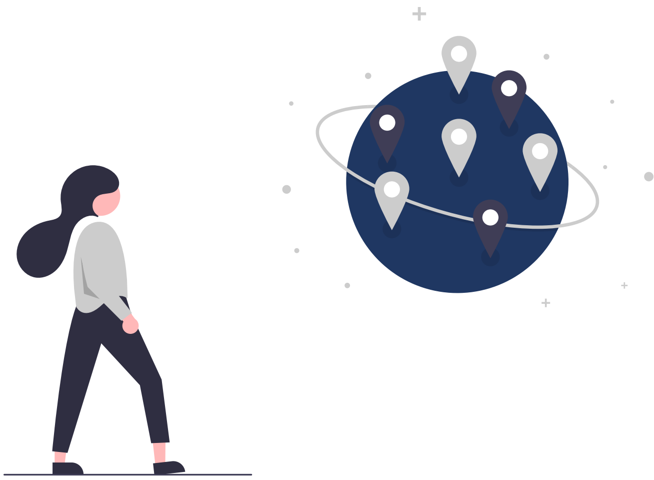
With a drawdown pension your money stays invested, and you make withdrawals from it when you need to. There is no minimum, or maximum amount you have to withdraw. You pay income tax on the amount you withdraw, based on the amount of your income together with your other taxable income.

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.

Frequently asked questions

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. If the value of your pension exceeds your lifetime allowance, your beneficiaries may have to pay an additional tax charge.



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 can I cancel my Collegia Personal Pension?

If you sign up for the Collegia Personal Pension by yourself, you have 30 calendar days starting from the day you accepted the Collegia Terms and Conditions to cancel you Collegia Personal Pension. After that period you cannot cancel the account, unless you transfer your pension to another provider.

How can I opt out of Auto Enrolment?

If a sponsoring employer enrolled you in Collegia, you can opt out at any time. If you opt out within 30 days of being enrolled, all contributions deducted from your pay will be reimbursed by your employer.

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 Collegia Personal Pension, you may be entitled to claim compensation if Collegia Partners Limited is declared in default and unable to meet its 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 Collegia. To do so, please contact Collegia via secure email to: complaints@collegia.co.uk or write to the following address: Collegia, Buxton Court, 3 West Way, Oxford, OX2 0JB

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

Further Information

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 Collegia 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, Collegia Partners Limited and Collegia Partners Trustees Limited will be in English.

This Key Features document gives a summary of the Collegia Personal Pension plan. It does not include all the definitions, exclusions, terms and conditions. The full contractual terms are set out in the Trust Deed & Rules and the Terms and Conditions, which can be found at collegia.co.uk/legal.

The information contained in this document is based on our understanding of current law and HMRC practice, which is subject to change.

Document updated on 19/05/2021.