



BC SIPP

(1989)

**A personal pension for
Isle of Man residents**

Balley Chashtal SIPP (BC SIPP) is a domestic Isle of Man pension scheme designed for Isle of Man resident individuals who wish to make contributions to save for retirement or consolidate existing pension arrangements.

BC SIPP is a dual tax approved personal pension scheme established under trust in the Isle of Man and regulated by the Isle of Man Financial Services Authority (IOMFSA). Boal & Co (Pensions) Limited is the Trustee and Professional Retirement Benefits Schemes Administrator of BC SIPP.

There are two separate sections within BC SIPP:

- BC SIPP (1989)
- BC SIPP (PFS)

This Member Guide is specific to BC SIPP (1989).

Established and administered in the Isle of Man, and registered with HMRC as a QROPS, BC SIPP (1989) is appropriate for the consolidation of existing pension arrangements (including UK) into one flexible, tax efficient structure, while offering investment choice and ease of succession planning.

BC SIPP (1989) is built upon strong foundations:



Location The Isle of Man is widely regarded as a centre of excellence for pension services, offering unique, flexible but robust legislation for both domestic and international retirement and savings plans. Over the last three decades, the Isle of Man has developed into one of the largest and most reputable international finance hubs, boasting a highly respected regulatory regime and demonstrating strong governance. From a QROPS perspective, the Isle of Man is the longest standing of all the existing QROPS jurisdictions.



Focus Boal & Co does not provide general trust administration, investment or custody services: our focus is entirely on the trusteeship and administration of retirement and pension plans (domestic, international, corporate & personal) supported by our specialist in house actuarial team.



Flexibility BC SIPP (1989) aims to optimise your retirement choices. The result is a scheme which delivers more benefits, with enhanced flexibility and less tax. BC SIPP (1989) is also designed to fully satisfy the rules applicable to QROPS in order to hold UK sourced pension funds, if applicable.



Innovation Boal & Co is an award-winning, established market leader in the design and guardianship of both local and international retirement benefit solutions. We are consistently at the forefront of discussions regarding new Isle of Man pension legislation and changes and are regularly consulted by the Isle of Man authorities on pension matters.



Expertise Established in 1995, we have more than 30 years' experience of delivering local and international retirement benefit solutions. We provide services to more than 45 FT Global 500 companies and have \$15 billion of pension assets under management.



Regulation Our professional expertise is underpinned by the fact that we are regulated by the IOMFSA as a Professional Retirement Benefit Schemes Administrator under the Isle of Man Retirement Benefits Schemes Act 2000. BC SIPP (1989) is also regulated by the IOMFSA as a domestic authorised Isle of Man retirement benefits scheme.

What are the key benefits of BC SIPP (1989)?

1. Tailored Pension Payments

- Minimum and maximum pension amount is calculated by our actuaries and personalised to your situation; within this range the level of income paid is up to you
- Choice of pension Drawdown options (annual, half-yearly, quarterly or monthly)

2. Succession Planning

- Any remaining fund on death can be used to provide a pension for a spouse and/or dependant and/or can pay out as a lump sum to nominated beneficiary(ies)

3. Pension Commencement Lump Sum

- Option to take a maximum lump sum of up to 30% of fund value (paid tax free at source)
- Maximum lump sum can be drawn in phases, as required, until fully utilised

4. Investment Choice

- Ability to appoint a discretionary investment manager, investment adviser or self direct
- Invest in collective investment funds, stocks, ETFs, bonds, investment trusts, cash and structured products, held through an investment account or platform

5. Tax Efficient Accumulation

- Generous annual contribution limit of £50,000
- Tax relief available on contributions equating to 100% of Isle of Man Relevant Earnings
- No Isle of Man tax on investment growth

6. Full Flexibility on Smaller Pots

- Funds under £100,000 may be encashed in full from age 55, under either Fund Remnant or Triviality regulations

7. Consolidation

- Ability to receive pension transfers from other schemes (including UK)

What pensions can be transferred into BC SIPP (1989)?

Transfers into BC SIPP (1989) can be made from most Isle of Man and UK tax approved pension schemes (in addition to some other jurisdictions).

Having the option to transfer a UK or Isle of Man pension scheme does not necessarily constitute it being advisable to do so. Independent financial advice should be taken by any individual in connection with any pension transfer.

What contributions can be made to BC SIPP (1989)?

Other than transfers from existing pension schemes, contributions can be either:

- Personal contributions by you
- Company contributions made by your employer

How much can I contribute to BC SIPP (1989)?

You can contribute up to 100% of your Isle of Man Relevant Earnings and benefit from tax relief at your highest marginal rate, subject to a maximum total contribution of £50,000, across all your pensions, per annum. If you do not have any earnings you can still contribute up to £3,600 per annum.

How is my BC SIPP (1989) fund invested?

Investment management can either be self-directed by you or delegated to a financial adviser or investment manager. Investment can be made into any of the following asset classes:

- Collective investment funds
- Private portfolio bonds, investment bonds and other life assurance policies
- Direct stock
- Debt instruments
- Cash deposit accounts

Please refer to the Boal & Co investment guidelines for a full list of asset classes available under BC SIPP (1989) and any relevant restrictions.

What benefits are paid at retirement?

BC SIPP (1989) is a Defined Contribution pension scheme, which means the amount of benefits received by you, in the form of pension commencement lump sum and pension income, are entirely dependent on the amount of money paid into your BC SIPP (1989) fund (less charges and the investment performance (which may be positive or negative). There are no guaranteed retirement benefits of any form.

Retirement benefits from BC SIPP (1989) can be taken from as early as age 50 (or 55, if UK Tax-Relieved Funds are involved) and no later than age 75.

Your pension in retirement is provided via Drawdown, which means that each year a proportion of your BC SIPP (1989) fund is drawn down and used to provide the pension, while the balance of your fund remains invested. Pension payments are payable to you by annual, half-yearly, quarterly or monthly Drawdown of income and capital from your fund. As such, it is to be expected that your BC SIPP (1989) fund will gradually reduce after retirement, through the effect of regular pension payments made to you.

Prior to Drawdown commencement, you can opt to take up to 30% of your BC SIPP (1989) fund as a pension commencement lump sum free of Isle of Man tax at source (subject to meeting certain criteria at the time of payment if UK Tax-Relieved Funds are involved).

Will I still receive a state pension?

If you are eligible, you will still receive a state pension. Any benefits accrued under BC SIPP (1989) are separate to those provided by the Isle of Man Government.

What happens on my death?

If you have a surviving spouse or dependant, your BC SIPP (1989) fund can be used to provide a continuing pension for them. Alternatively, the residual fund can be paid as a lump sum to your beneficiaries.

You can indicate your preference in the Expression of Wishes section of the application form and this can be updated at any time by way of a separate form, post application.

What is the taxation position?

- Investments held within BC SIPP (1989) accumulate free from tax (apart from any taxes deducted at source, e.g. dividend income on UK stock)
- At Drawdown commencement, pension income is paid after deduction of marginal rate Isle of Man tax at source for an Isle of Man resident; for a non-Isle of Man resident, flat rate 21% Isle of Man tax is due unless exempted under a suitable Double Taxation Agreement (DTA)
- At Drawdown commencement, up to 30% of your BC SIPP (1989) fund value can be taken as a pension commencement lump sum benefit (if no previous lump sum has been taken from the existing fund), free of Isle of Man tax at source. (If UK Tax-Relieved Funds are involved, lower UK limits may apply)
- If your BC SIPP (1989) fund is wound up on death, the remaining fund can be paid to your beneficiaries as a lump sum death benefit distribution, subject to 7.5% Isle of Man tax at source or nil if the fund is not in Drawdown at the time of death. (If UK Tax-Relieved Funds are involved, there may also be UK tax due)
- If your BC SIPP (1989) fund is not wound up on death and instead used to provide a continuing pension to a surviving spouse or dependant, this will be taxable as income at source (per bullet point 2 above) with the applicable tax rate dictated by the residency of the beneficiary

The above is for guidance only and does not constitute advice. For the avoidance of doubt, Boal & Co does not provide tax advice. Independent tax advice is therefore highly recommended to ensure BC SIPP (1989) is appropriate for your circumstances.

Are there any limits on the size of my pension fund?

There is no maximum limit on the size of your pension fund within BC SIPP (1989).

What are the costs of BC SIPP (1989)?

The charges for BC SIPP (1989) take the form of an initial fee when you transfer in and/or make contributions, and an annual fee for ongoing membership. Both fees are taken from your BC SIPP (1989) fund. The applicable fee scales are set out in the separate Fee Schedule document.

Investment management charges are agreed between you and your appointed financial adviser or investment manager, and are also paid for out of your BC SIPP (1989) fund.

Any charges associated with the investments in your BC SIPP (1989) fund will apply in the usual way. Any fees charged by the financial adviser must be agreed by the financial adviser with you in writing.

Am I eligible for BC SIPP (1989)?

BC SIPP (1989) is an Isle of Man tax approved and QROPS notified pension scheme designed for individuals who currently have Isle of Man pensions, UK pensions, existing QROPS arrangements and/or other international arrangements.

BC SIPP (1989) is open to Isle of Man residents and non-residents alike, though please note there are some countries from which we are unable to accept business. Please contact your financial adviser for details.

Service assurance

If at any time you believe that our service could be improved, or if you are dissatisfied with any aspect of our services, please write to our head office in the first instance: Boal & Co (Pensions) Limited, PO Box 162, Douglas, Isle of Man, IM99 1US, or email pensions@boalco.com

In this way, we will be able to ensure that any concerns are dealt with carefully and promptly.

Any matters relating to the investments in your BC SIPP (1989) fund should be raised with your financial adviser or investment manager.

Get in touch to talk BC SIPP (1989)

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Glossary

BC SIPP means the Balley Chashtal SIPP.

BC SIPP (1989) means the section of the Balley Chashtal SIPP that is tax approved under Part 1 of the Isle of Man Income Tax Act 1989.

BC SIPP (PFS) means the section of the Balley Chashtal SIPP that is tax approved under Section 61 of the Isle of Man Income Tax Act 1970.

Defined Benefit pension scheme (also known as a final salary pension scheme) means a scheme where pension income in retirement is calculated by reference to salary and length of pensionable service.

Defined Contribution pension scheme means a scheme where the benefits are dependent entirely on the amount of contributions paid into the scheme and the investment return achieved on them.

Drawdown means the regular withdrawal of money from a member's BC SIPP (1989) fund in order to provide the member with a pension income in retirement.

DTA means Double Taxation Agreement.

QROPS, meaning **Qualifying Recognised Overseas Pension Scheme**, is a Recognised Overseas Pension Scheme which satisfies certain HMRC requirements as to benefits and reporting, and HMRC have been notified of its compliance with these requirements.

Relevant Earnings means any income of an individual which is chargeable to tax for the year of assessment, and includes income from employment remuneration, vocational work, patent rights etc. Dividend payments do not qualify as Relevant Earnings.

Professional Retirement Benefits Schemes Administrator means Boal & Co (Pensions) Limited.

SIPP or **Self-Invested Pension Plan** is a form of personal pension arrangement with the widest possible investment choice.

Trustee means Boal & Co (Pensions) Limited as the trustees of the Balley Chashtal SIPP.

UK Tax-Relieved Funds are funds held within a pension scheme that have obtained tax relief in the UK. The most common example would be funds held within a QROPS that originated from a UK pension transfer.



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visit: boalco.com/legal/regulatory