

## **PROTECTED RIGHTS**

**Protected Rights are due to fall away from 6 April 2012. The notes below set out the position before then.**

Online links to further information are shown in underlined text below.

### **What are Protected Rights?**

Protected rights are funds that you have built up in a pension arrangement as a result of contracting out of the State second pension (S2P) and its predecessor the State earnings related pension (SERPS). In return for lower NI contributions, you gave up your rights to S2P or SERPS and replaced them with funds in a pension scheme.

Protected rights can be funds in personal pension policies set up specifically for contracting-out (called "rebate only" policies) or they can form part of the fund within a company pension scheme.

### **Can they be transferred into a SIPP or SSAS?**

It is now possible to transfer protected rights into your SIPP. They will then form part of your overall SIPP fund and have the same investment flexibility. The value of the protected rights part of the fund will be separately identified at all times and reported to you annually.

You should take independent financial advice before deciding whether to transfer your protected rights, as you may be giving up valuable guaranteed benefits or there may be transfer penalties.

You cannot transfer protected rights into a SSAS. You can instead set up a SIPP alongside the SSAS to receive protected rights and again you should take independent financial advice on whether this is appropriate.

### **Can I continue to contract out in the future?**

The Curtis Banks SIPP does not accept future contributions into protected rights funds. Any future contracting out would need to be via a separate pension plan, and you should take advice on whether continued contracting out makes financial sense. Contracting out in its present form is due to cease in 2012 in any event.

### **What are the benefits from protected rights?**

Generally the same options apply as for your other SIPP funds, as set out in our Benefits guidance notes. The exception is that provision for a spouse's or dependant's pension must be made on your death, and the guidance notes provide more details of this.

Protected rights funds must not be drawn at a faster rate than any other funds in your scheme, e.g. it is not possible to take a lump sum from your protected rights funds only and leave the rest untouched.

### **Charges**

There are no extra charges for including protected rights in a Curtis Banks SIPP.

**Curtis Banks PLC**

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