For adviser use only

Nucleus Wrap Pension Account

Target Market

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This document provides important information on the target market of the Nucleus Wrap Pension account and the customer aims, objectives and needs it is designed to support. It is intended for use by advisers to help you understand whether the Nucleus Wrap Pension account is right for your clients. It is based on Nucleus' opinion and does not take into account individual customer circumstances.

What is the Nucleus Wrap Pension account?

The Nucleus Wrap Pension account is a registered pension scheme that allows the customer and their adviser to make their own investment decisions through the wide range of investment choices available within the Nucleus wrap. The Nucleus Wrap Pension account allows the customer to build up a tax-efficient fund by making regular or single contributions whenever they wish, or by transferring in assets from another pension arrangement.

For customers under the age of 18, the application must be signed by a parent or guardian.

The Nucleus Wrap Pension account has the following features:

- A range of retirement options including.
  - Flexi-access drawdown (including automatic phased and beneficiary).
  - Capped drawdown (transfer in of existing arrangements only).
  - Open market annuity purchase (using a third-party provider).
  - Uncrystallised Funds Pension Lump Sum (one-off or regular basis).
- Convert customers who are already in capped drawdown to flexi-access at the click of a button.
- Pension-specific tools are available on the platform.
- Pension contributions can be made flexibly as single or regular payments.
- Regular payments can be increased, reduced, started or stopped at any time.
- Re-registrations and transfers from existing pension arrangements are accepted (subject to our consent) without charge and can be processed electronically, through Origo services.
- Basic rate tax relief is pre-funded on all pension contributions.
- Customers can take drawdown income monthly, quarterly, six monthly, annually, or as a one-off lump sum.
- Online application and illustrations.
- Online servicing.
- Automated adviser charging.
- Ability to invest in a wide range of investments, including collective investment funds (such as unit trusts and OEICs) and investment trusts - there are over 6,500 assets to choose from.
- Switch between funds without incurring a Capital Gains Tax liability.
- No liability to Capital Gains Tax on investment gains within the pension account.
- Access to adviser model portfolios and Discretionary Fund Managers.

For more information, see our Key Features Documents. The Nucleus Wrap Pension account and its features are subject to pensions tax legislation applicable to registered pension schemes in the UK.

What customer needs and objectives does the Nucleus Wrap Pension account aim to meet?

The aim of the Nucleus Wrap Pension account is to:

- provide a tax-efficient way for the customer or a third party (such as an employer) to save for retirement.
- take a tax-free lump sum of a proportion of their account.
- provide their nominated beneficiaries with benefits after their death.
- obtain an income in retirement either through the purchase of an annuity, by drawing down income or by a combination of the two.
- make investment decisions, even when you are drawing an income, in accordance with the rules of the Nucleus Wrap Pension account and applicable regulations.

The Nucleus Wrap Pension account is designed to be compatible with the following customer status, needs and objectives:

- Advised customers with a basic level of financial capability that would enable the customer to provide informed consent to the advice provided.
- UK residents for tax and whose primary address is in the UK. In all cases the customer must not be a US Person (Including both child and registered contact for under 18s) – irrespective of country of residence.
- Crown Servants who carry out duties that are treated as performed in the UK or the spouse or civil partner of a person who performs such duties.
- Have the ability to bear losses to capital without creating significant financial hardship.
- Primarily for customers aged 18 to 75 but customers can be of any age. For customers under the age of 18, the application must be signed by a parent or guardian.
- To build their pension savings in a tax efficient way to provide an income and flexibly access their benefits after retirement age.
- To invest for the medium to long term (five years, ideally longer).
- To make and vary individual or employer contribution payments to age 75 (within contribution limits).
- To have access to investment options such as a range of funds, fixed term deposits, an integrated stockbroking service for exchange traded investments, adviser model portfolios and access to Discretionary Fund Managers ("DFM").
- To consolidate different pension funds with one provider to benefit from economies of scale and easier administration.
- To be able to view details of their pension and request changes/initiate instructions online.
- To pass-on wealth to beneficiaries, including potential for provision of an income or lump-sum to their chosen beneficiaries if they die.

The Nucleus Wrap Pension account is NOT designed to be compatible with the following customer status, needs or objectives:

- Non-UK residents (including both child and registered contact for under-18s) whose primary residence is located outside the UK (irrespective of tax residency).
- Persons residing in the UK but who are not UK tax resident.
- US persons (including both child and registered contact for under 18s) – irrespective of country of residence).
- Non-advised customers (new business).
- To invest only for the short term (less than 12 months) unless there is a specific customer objective.
- To provide a pension for customers not willing to accept any risk to capital or the other risks as stated in the Key Features Document.
- To invest in cash for the long-term while accumulating a pension fund.
- To be able to access savings before retirement (before age 55 for most customers, rising to 57 from April 2028).
- To utilise investments which are not available on the Nucleus wrap or Nucleus Wrap Pension account. This includes access to specialist investments such as property or loans.
- To provide a guaranteed income for life.
- Customers with no current, historic or future exposure to UK taxation or who have not and will not qualify for UK tax relief on pension contributions.
- To allow their employer to use as a workplace pension arrangement or to use instead of a workplace scheme with preferential terms (such as employer matching) that would outweigh the benefits of the Nucleus Wrap Pension account.
- Customers looking to transfer funds from another pension scheme to the Nucleus Wrap Pension account and retain the benefits of any safeguarded rights or guarantees from that other scheme.
- To invest using an Investment Pathways solution.
- To contribute after age 75.
- To follow a very simple investment strategy over the long term where a lower-cost or stakeholder pension might be more appropriate.

What customer characteristics is the Nucleus Wrap Pension account designed to be compatible with?

In addition to the needs and objectives the Nucleus Wrap Pension account is designed to meet, we can also define the customer characteristics it is compatible with. As this can be a more subjective part of your advice process, we've broken down customer characteristics into three main categories:

- Target market – This is the core group of customers that the product has been designed for.
- Potential suitability – This is a wider group of customers the product may still be suitable for but is not our core target market.
- Not suitable for – Customers exhibiting one or more of the characteristics stated here are unlikely to be suitable for this product.

Customer characteristic	Target market	Potential suitability	Not suitable for
Age	18 - 75	Any	N/A
The Nucleus Wrap Pension account is open to all ages. The Nucleus Wrap Pension account does not accept contributions after age 75. For customers under the age of 18, the application must be signed by a parent or guardian.			
Pension and Investment knowledge and experience	Any level of pension and investment knowledge and experience with an appointed, regulated financial adviser	Any level of pension and investment knowledge and experience with an appointed, regulated financial adviser	Any level of pension and investment knowledge and experience without a financial adviser
Pensions can be complex arrangements, especially when ensuring the right decisions are made at the right time to maximise benefits. All applications must be submitted by a adviser regulated by the Financial Conduct Authority (FCA).			
Fund size	Any	Any	No funds to invest
The Nucleus Wrap Pension account has no minimum investment level, can be suitable for all fund sizes.			
Length of investment	Long term – five years, ideally longer	Medium term (one to five years) if there is a specific customer objective	To invest for the short term (less than 12 months) unless there is a specific customer objective
We recommend that investments are made at least for the medium to long term – that is at least five years and ideally longer. Shorter timescales may be appropriate in certain circumstances, but less than 12 months is unlikely to be. Please note: the ability to withdraw money from the Nucleus Wrap Pension account is generally subject to minimum age requirements (set by the Government and described below under "access to savings") being met.			

Customer characteristic	Target market	Potential suitability	Not suitable for
Attitude to/capacity for risk	All except no appetite for risk	All except no appetite for risk	No appetite for risk and/or investing for capital preservation only
The wide range of investments available through a Nucleus Wrap Pension account mean that all attitudes and capacities for risk could be met except for zero risk or preservation of capital. Although capital preservation investment options are available, it is possible that the combination of product, investment and advice charges could lead to some capital erosion.			
Tax status	Relevant UK individuals with current or historic UK relevant earnings	Customers with historic and/or expected future UK relevant earnings	Customers with no current, historic or expected future UK relevant earnings/non-UK residents/US persons
The Nucleus Wrap Pension Account is designed for UK resident, non-US persons only. Non-UK Resident customers and US persons (Irrespective of country of residence) are not permitted. Crown Servants (for example Armed Forces, Diplomatic Service or Overseas Civil Service) and their spouse or civil partner are permitted.			
Income / wealth	Ultra and high net worth, affluent	Mass affluent, with funds available for investment	No funds to invest
Our target market includes those customers likely to have sufficient income and savings to invest in a Nucleus Wrap Pension account or have existing pension funds to transfer in.			
Access to savings	At least age 55 (57 from April 2028) with speed of access dependent on liquidity of investments	At least age 55 (57 from April 2028) with speed of access dependent on liquidity of investments	Requires access to savings before taking retirement benefits
Customers can only start taking retirement benefits before the age of 55 if they have a protected pension age or are eligible for benefits on the grounds of an ill health lump sum or taking dependants drawdown.			
Country of residence	UK residents	UK residents	Non-UK residents/ US persons
The Nucleus Pension account is designed for UK resident, non-US Persons only. Non-UK resident customers and US persons (irrespective of country of residence) are not permitted. Crown Servants (for example Armed Forces, Diplomatic Service or Overseas Civil Service) and their spouse or civil partner are permitted.			

We will class all customers as retail clients for the purposes of the FCA rules. Customers can request a professional classification, but this may result in a lesser degree of regulatory protection and the loss of the protections and compensations to which a retail client is entitled.

Pension complexity and advice

The flexibility and range of investment options offered by the Nucleus Wrap Pension account can make it a complex proposition for customers to ensure they get the most from it. Customers must have an FCA regulated financial adviser when opening the pension. We are not permitted to provide investment advice and we cannot provide any advice on the merits of using the service.

All transfers-ins from defined benefit schemes must have received positive advice from, and be submitted by, an FCA regulated financial adviser who holds the appropriate permissions.

Nucleus Wrap Pension account, Nucleus and our part in the distribution and value chain

We're responsible for ensuring that the Nucleus Wrap Pension account represents fair value to customers on an ongoing basis.

We are not responsible for charge levels or the determination of fair value regarding charges for products or services not provided by Nucleus. For example, we are not responsible for charges relating to financial and investment advice, although we do apply decency limits to advice charges facilitated by the pension.

How is Nucleus Wrap Pension account distributed?

The Nucleus Wrap Pension account is distributed via FCA regulated financial advisers that have customers within our target market. All advisers intending to introduce business to Nucleus must first sign a formal Terms of Business agreement which should be read in conjunction with the Adviser Remuneration Policy.

We do not accept applications direct from customers. If a customer becomes non-advised after the account is set up, they can retain the account, manage their products and access our services. Some products and services may be restricted due to their complex nature or the increased likelihood of poor customer outcomes when acting on a non-advised basis. For more information, please see our Terms and Conditions document and our "The services we offer if you don't have an adviser" guide.

Vulnerable customers

We have both a moral and regulatory duty to ensure that vulnerable customers are identified and treated fairly, according to their needs and experience outcomes as good as those for all other customers. We understand the importance of recognising and responding to vulnerability and the varied needs of vulnerable customers. To that end, we have a Group Vulnerable Customer Policy in place and staff have received and continue to receive ongoing training and support in recognising, dealing with and accommodating the needs of vulnerable customers.

The FCA has identified four key drivers which may increase vulnerability, these are:

- Health
- Life Event
- Financial Resilience
- Capability

To aid us in identifying and accommodating any additional support or tailored requirements that our customers may require it is helpful if advisers or customers:

- notify us at time of new business application of any adaptations required to support the customer.
- update us through the lifecycle of the account of any new vulnerable characteristics identified or any that can be removed.

Examples of adaptations that can be made for customers with vulnerable characteristics, include the provision of:

- Documentation provided in a range of formats, such as larger font size, braille, or audio.
- Customers can have a single contact, so they can speak to the same person each time they call.
- Tailoring communications in a way that suits customers, for example by phone, email or post.
- If customers can't sign paperwork easily, we can arrange for use of a secure signature stamp.
- Following up telephone calls with written letters.
- Calls with the customer and a supportive third party.
- Customer representatives process to grant authority for a trusted individual to communicate with us on a customer's behalf.

Reviewing customers against our target market

We review new business on a regular basis to assess whether the product has been distributed in accordance with the information in this target market document. However, in line with FCA guidance, it remains the responsibility of each distributor to ensure that this target market is followed as they are best placed to consider customer personal circumstances, needs, objectives, characteristics and suitability.

If we have concerns about plans distributed to customers that we believe are unsuitable, we will first contact the distributor to raise and discuss our concerns. We will not take further action until this discussion has taken place unless we feel there is significant potential for poor customer outcomes by delaying action.

Product and Services outcome

We regularly conduct product reviews against the relevant Consumer Duty rules contained in PRIN 2A.3, the Products & Services outcome rules. The review seeks to ensure the product delivers fair customer outcomes, in line with the standards they are led to expect by looking at:

- Target market and distribution strategy.
- Risks of the product to the target market and vulnerable customers.
- Vulnerable customers.
- Meeting the needs, characteristics and objectives of the target market.
- Terms and conditions review.
- Avoiding adverse effects on groups of customers.
- Product testing.
- The Cross-Cutting Rules.
- Avoiding foreseeable harm and risk mitigation.

Price and Value outcome

We regularly conduct price and value assessments against the relevant Consumer Duty rules contained in PRIN 2A.4, the Products & Value outcome rules. Our three broad assessment categories are Price, Service and Product and proposition.

This gives us a comprehensive view of the costs incurred by customers in relation to the benefits they're receiving from our products. We assess the status of each category using internal and external comparative metrics. External metrics being compared to the relevant market competitors where possible and internal being measured against our own targets.

We've evaluated multiple aspects from each of the below categories. The fair value result is an aggregate of all constituent parts;

- Price: Understanding the charges incurred by a customer is vital in assessing whether the product is representing fair value.
- Service: Service provision is a vital and tangible component of the perceived value of any product.
- Product and proposition: This comprises the key features of the product including the overall proposition within which the product is provided.

Our final conclusion was that the product represents fair value to customers in the target market.

More information

For more information about the Nucleus Wrap Pension account, please refer to these documents:

- Key Features of the Nucleus Wrap.
- Key Features of the Nucleus Pension account.
- Terms and Conditions which includes information on;
    - Asset Choice
    - Charges

For more information about our Product Lifecycle Management process or questions about Due Diligence, please contact your Nucleus business development manager.

Contact us

If you'd like to speak to us about this target market document, please call 0131 226 9535 or email client.relations@nucleusfinancial.com. Please don't send personal, financial or banking information via email.

The value of pension funds may fall as well as rise. Customer's money is tied up until they take their benefits. Benefits can generally be taken any time after age 55 although this is due to increase to 57 in 2028.

The tax treatment and tax benefits of a pension outlined in this document are based on our understanding of current tax law, and draft legislation that can change. Tax treatment depends on a customer's individual circumstances and may change in the future. Nucleus Financial Services Limited is the operator and scheme administrator of the Nucleus Wrap Pension account and is authorised and regulated by the Financial Conduct Authority (FCA). Our FCA register number is 456117.

For literature in alternative formats, such as Braille, large print, audio or E-text, please call us on 0131 226 9535, or via the Relay UK service on 18001 0131 226 9535.

0131 226 9535 client.relations@nucleusfinancial.com www.nucleusfinancial.com

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