nucleus

keyfacts®

Nucleus Pension account

Key features

26 minute read

The Financial Conduct Authority (FCA) is the financial services regulator. It requires us, Nucleus Financial Services Limited (Nucleus), to give you this important information to help you to decide whether the Nucleus Pension is right for you. You should read this document carefully so that you understand what you are investing in, and then keep it safe for future reference.

You should note that the terms and conditions of the Nucleus wrap and a signed declaration constitute a legally binding contract between you and Nucleus Financial Services Limited, the provider and the scheme administrator of the Nucleus Pension account. This document should be read in conjunction with the terms and conditions and the key features of the Nucleus wrap.

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How to use this guide



Things to consider

Key decisions and risks you should keep in mind. Sections in this format are designed to draw attention to important considerations, in addition to risks or costs you need to be aware of.



Most people want to know

Sections in this format answer some of the more frequently asked questions you are likely to have.



Discuss with your adviser

Information within this format draws attention to the decisions that we strongly suggest should be discussed with your adviser.

1. The aims of the Nucleus Pension account

- To allow you or a third party (such as an employer) to save for your retirement in a tax-efficient way.
- To enable you to take a tax-free lump sum of a proportion of your account.
- To enable you to provide your nominated beneficiaries with benefits after your death.
- To enable you to obtain an income in retirement either through the purchase of an annuity, by drawing down income or by a combination of the two.
- To allow you and your adviser to make investment decisions, even when you are drawing an income, in accordance with the rules of the Nucleus Pension account and the applicable regulations.
- A Nucleus Pension can be opened and administered on behalf of a child for whom you have parental responsibility, until their 18th birthday.


Save more


Be flexible


Stay in control

Opening a Nucleus Pension account is easy



1. Talk to your adviser

Agree you are happy with the information in this document and the terms and conditions of the Nucleus Wrap you received with it.



2. Fill out your application

Please see page six for more information.

Your commitment

- You agree to make one or more contributions to your account or to effect a transfer of funds from an existing pension arrangement.
- There is no commitment on your part to continue making contributions and there is no penalty for ceasing or reducing contributions.
- You must normally wait until you are at least 55 (57 from 6 April 2028) before taking your benefits and cannot cash in your account earlier, except in cases of serious ill health. However, you can transfer to another registered pension arrangement at any time.
- You must tell us about any special provisions you have in respect of preserved tax-free cash rights.
- When required, you must inform Nucleus if you have any other pension arrangements, and provide us with information on the value of these and of any benefits you have already taken.
- You must also abide by the Nucleus terms and conditions and accept that you must hold at least 2% of your account in cash at all times.

2. Risks

Please take time to consider the risks associated to your account

- The value of your Nucleus Pension account can fall as well as rise so you may not get back the full amount you invest.
- There may be initial and ongoing charges associated with your Nucleus wrap and these will have an impact on the value of your investment. These charges may vary through time and you should be aware that any increase in charges would have an adverse impact on the value of your investment.
- The level of any income you receive from your Nucleus wrap may fluctuate both in terms of the amount and the percentage of your investment that you receive.



- Past investment performance is not a guide to the returns you may receive in future.

- Trading instructions may be aggregated, which means that the price you pay for assets may rise or fall in the period between Nucleus receiving your instruction and the time the instruction is actioned. There may be situations where you are disadvantaged by aggregation.
- If you invest in an income fund that takes some of its charges from the capital element of the fund, in order to boost the income level, this may have an adverse effect on your investment, reducing the scope for growth.
- Where your Nucleus wrap holds assets that invest in non-sterling denominated assets, the value of your Nucleus wrap will be affected by movements in currency rates as well as movements in the value of the underlying assets.
- Where you want to sell an asset and this is not immediately possible, the delay in trading may result in lower proceeds than you might have expected.
- We will send you a contract note, which is a summary of any buy or sell transaction instructed on your account, and it is important that you check all contract notes. If you have any queries in relation to the contract note, please discuss this with your adviser or contact Nucleus. It is important you highlight any major discrepancies at the earliest opportunity and no more than 30 days after receipt. Please note that any liability in respect of errors or omissions may be limited to 30 days by Nucleus.
- What you get back is not guaranteed. It may be worth less than reflected on your personal illustration:
  - If you do not make the investment assumed in the illustration;
  - if the charges for your investment are higher than those assumed in the illustration;
  - if the underlying investment performance is lower than the figures assumed in the illustration;
  - if you choose to take withdrawals which exceed the growth of your Nucleus Pension account, your capital will be eroded; or
  - if you invest in a fund which holds property, you should note this can be difficult to sell and we may have to delay acting on your instructions.

- If you exercise your right to cancel your Nucleus Pension account, you may find that the value of your investment falls between the date of your investment and the date of cancellation and that you may receive back less than you initially invested.

- The various assets in which you can choose to invest have different levels of risk attached to them.
- The value of your Nucleus Pension account will fluctuate in line with movements in the value of the underlying assets.
- If you decide to transfer funds from another pension scheme to your Nucleus Pension account, you will lose the benefit of any safeguarded rights or guarantees from that other scheme.
- If you die before age 75 most benefits can be paid tax free provided a decision on how to distribute them is made within two years. If you die after age 75, benefits will be subject to a tax charge.
- The tax treatment for registered pension schemes may change in the future and tax reliefs or exemptions may no longer apply.
- You should note that there may be a delay between you making a contribution and the associated tax relief being received and becoming available for investment. This may have an adverse impact on the performance of your account.
- When drawing down pension income from your drawdown account you may find that high levels of withdrawals, whilst within the permitted limits, may be unsustainable and may reduce how long your account may be able to provide an income for.
- When you draw down pension income from your drawdown account you will not benefit from what is known as 'mortality cross subsidy'. This arises when people who purchase an annuity live longer than expected and therefore benefit from those who die earlier than expected. If you require further information please talk to your adviser.

- You should be aware that in certain circumstances Nucleus may require you to sell one or more assets within your Nucleus wrap and that such transactions may occur at a disadvantageous time. For more information please refer to the Nucleus terms and conditions or discuss with your adviser.

Please note that Nucleus reserves the right to correct any administrative errors that may occur on your account. This means that you may see adjustment transactions processed through your account which you may not have instructed or discussed with your adviser.

3. Frequently asked questions

This section seeks to answer all of the questions you may have regarding the establishment and the maintenance of your Nucleus Pension account. Further information is available from your adviser and the Nucleus terms and conditions.

What is the Nucleus Pension account?

The Nucleus Pension account is a registered pension scheme that allows you and your adviser to make your own investment decisions through the wide range of investment choices available within the Nucleus wrap.

Who is it designed for?

The Nucleus Pension account is for UK residents for tax whose primary address is in the UK. 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 may also open a Nucleus Pension account. 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.



How does my account work?

Your Nucleus Pension account consists of two secondary accounts, the pension saving account and the drawdown account.

The pension saving account allows you to build up a tax-efficient fund by making regular or single contributions whenever you wish, or by transferring in assets from another pension arrangement.

When you are ready to take benefits from your account (currently from age 55 but rising to 57 from April 2028), you may take a tax-free lump sum of up to 25% of the value of the assets in the pension saving account subject to HMRC limits. Some or all of your assets may be moved to your drawndown account. You may draw down income from the drawdown account, decide to use some or all of the fund to purchase an annuity, withdraw the full amount from your account, or simply keep your assets invested until a later date.

How do I open a Nucleus Pension account?

Firstly, you should not open an account until you have read and understood the terms and conditions of the Nucleus wrap and these key features and have consulted your adviser. Once you have done so, and you and your adviser have agreed that a Nucleus Pension account is suitable for you, your adviser will ask you to fill in the application form. This will start the process of opening your account.

Please see the Nucleus Pension for children guidance document (0961 Minors SIPP guidance) for help with onboarding clients under the age of 18.

What happens next?

Once we receive your completed application form we will open up your Nucleus Pension account. We will then accept and process instructions received by you or your adviser.

Where will my money be invested?

You and your adviser should determine how your money should be invested across the range of assets available through the Nucleus wrap.

You should note that certain legislative restrictions may mean that not all Nucleus wrap assets are available for investment through your Nucleus Pension account. Your adviser will be able to provide you with more details.

How can I follow the progress of my portfolio?

Your adviser will have full online access to your account. If you have an email account and internet facilities you can also access your Nucleus wrap online 24 hours a day, seven days a week. Please contact your adviser or Nucleus if you wish to set up this facility, and you will be sent a username and password.

What tax benefits are available?

Personal contributions to your account will qualify for full tax relief, including tax at the higher rate, provided that all your contributions in any year to any pension are less than your earnings, subject to a maximum of the annual allowance (currently £60,000 or a lower tapered amount depending on your earnings). If you flexibly access taxable benefits you will be subject to a lower contribution limit of £10,000.

Unused drawdown funds may be donated to a registered charity if you die with no surviving beneficiaries.

When you make a personal contribution to your pension, we will add an amount equal to the basic rate tax relief due. The total will then be applied to your account in accordance with the applicable investment direction and we will claim the basic rate tax relief from HMRC i.e. if you contribute £80, we will apply a further £20 to your account and claim basic rate tax relief from HMRC of £20 on your behalf. Those who pay higher rates of tax may be able to obtain their extra relief through their annual tax return or by arrangement with HMRC if they are not already subject to self-assessment.

If HMRC defaults or refuse to pay any tax claim, we reserve the right to deduct from your account the amount of any unpaid tax relief added by us and may sell assets in order to do so.

Once contributions are paid into your account, they are invested free of UK tax except in a few exceptional circumstances.

There is no UK tax on investment income or capital gains tax on investment profits. Any UK tax deducted at source on income (other than tax on dividends from UK equities) can be reclaimed.

In certain circumstances it may not be possible or economic to recover overseas taxes deducted at source.

When you retire you can normally take up to 25% of your pension benefits (subject to prevailing HMRC limits) as a tax-free lump sum.

All income from your drawdown account will be subject to tax as earned income.

The tax treatment of an investment or savings product depends on your individual circumstances and may be subject to change in future.

For a Nucleus Pension opened on behalf of a child, the current maximum annual contribution limit for the current tax year is £2,880. With the tax relief top-up, that brings the total gross contribution to £3,600.

Investors under 18

You can open a Nucleus Pension on behalf of a child for whom you have parental responsibility. Until the child's 18th birthday, you will be responsible for providing us instructions on the account on behalf of the child.

What happens when the child turns 18?

On the child's 18th birthday, control of the Nucleus Pension will pass to them and you will no longer be able to provide us instructions on the account. If adviser charges are being paid from the Nucleus Pension, these will stop subject to the child's instruction to agree for these to continue.

Any named adviser aligned to the pension will still have access to the account until three months after the child's 18th birthday. The child needs to let us know, within this time, if they've chosen them to continue acting on their behalf. If we don't hear from them, we'll amend our records to show that they don't have an adviser.

If regular contributions are being paid into the Nucleus Pension, these will stop on the child's 18th birthday. The child can instruct us to reinstate these, after completing the relevant Nucleus declaration and on the instruction of the person paying the contribution. They'll need to let us know within 12 months of their 18th birthday, otherwise we'll require a new direct debit mandate. They can also set up a new regular contribution.

Assets held on the child's 18th birthday will remain invested. If an investment manager was appointed to manage investments within the Nucleus Pension, their authority is automatically removed on the child's 18th birthday, subject to the child's instruction to re-appoint the investment manager. If fees are being paid to the investment manager these are also removed on the 18th birthday. The child can choose to reinstate these.

Can I make extra contributions?

Before the age of 75 you can invest any amount you like within the permitted limits in your pension saving account. You can stop, start, raise or lower contributions whenever you like without penalty. In addition, payments can be made by your employer on behalf of you directly into your pension saving account.

However please note that if the total pension contributions by you or your employer (to all pension arrangements) is more than your annual allowance for that tax year there will be a tax charge.

Unused annual allowance in respect of the previous three years may be carried forward and used to increase the maximum amount payable without incurring a tax charge, unless you have flexibly accessed benefits.

If you have taken an income from your flexi-access drawdown, you are subject to the money purchase annual allowance, which restricts your total contributions to all money purchase arrangements. This limit is £10,000. When you become subject to the reduced annual allowance you have 91 days in which to inform any other scheme to which you contribute that the limit applies. HMRC may impose financial penalties if you fail to notify within the required timeframe.

It is your responsibility to ensure that your pension contributions in any pension year do not exceed your earnings or your annual allowance in that year.

You can transfer funds from another pension arrangement into your account at any time. If you have already taken a tax-free lump sum or drawdown pension income in respect of the transferred benefits, the funds must be transferred into your drawdown account.

You should note that if you receive a tax-free lump sum from a pension arrangement and then reinvest this money into your account (thereby receiving tax relief) you may be subject to a tax charge.

What are the minimum contributions?

There are no minimum contributions.

Can I be sure how much pension I will get?

No. The size of your pension will depend upon the value of your account when you reach retirement; this depends partly on how much you have invested in your account and how long it has had to grow. It also depends upon the investment growth achieved and the charges deducted from your account. If you use your account to buy an annuity it will depend on the annuity rates available at that time.

What are my options at retirement?

If you have questions, we recommend speaking with your financial adviser. They'll be well placed to support you.

If you don't currently have an adviser and would like one, visit nucleusfinancial.com/yourwealth for guidance and information, including options that'll help you find a qualified adviser.

When can I take tax-free cash?

You can normally take 25% of the value of your pension saving account tax-free as a pension commencement lump sum (PCLS) from age 55 (rising to 57 from April 2028). Normally assets worth £3 for every £1 of tax-free cash taken will be switched from your pension saving account to your drawdown account whenever tax-free cash is taken.

When can I start to draw down pension income?

You can start to draw down pension income from the drawdown account whenever you want after age 55. From 6 April 2028 the minimum retirement age will increase to 57.

How much income can I draw down?

Unless you have a capped drawdown account established before 6 April 2015, there is no limit on the amount of income you can draw down, up to the full value of your fund. This is known as flexi-access drawdown.

Please remember that any income payment after taking your tax-free cash sum will be subject to income tax at your marginal rate(s). A more phased approach to withdrawing income may be more tax efficient depending on your personal circumstances. You should speak to your adviser for further information.

If your drawdown account is subject to the capped drawdown rules, the level of capped drawdown that can be taken in a pension year is limited and is set by the government. These limits are shown on your personal illustration and are designed to reduce the risk of your fund being unable to support your selected rate of income, but do not guarantee that this will not happen.

You can vary the income level at any time, and even take one-off amounts at irregular intervals throughout the year. However, you must not exceed the maximum limit for that year - if you do you will become subject to the rules governing flexi-access drawdown.

The limits for capped drawdown accounts will be recalculated at least every three years, if you add additional funds to your capped drawdown account or use part of your drawdown account to purchase an annuity.

There is no limit on the amount that can be taken as flexi-access drawdown.

You can move from pension drawdown to flexi-access drawdown at any time. You cannot move back to capped after this change. Please speak to your adviser for more details.

Once you are taking flexi-access drawdown income, you may not make contributions of more than £10,000 per annum to any of your money purchase pension arrangements.

When can I buy an annuity?

You can purchase an annuity from your drawdown account at any time from the age of 55 (rising to 57 from April 2028). An annuity is a secured income that is normally paid for life and is taxed as earned income. You can arrange for your annuity to be paid at the same or a reduced rate to a nominated beneficiary such as a spouse or civil partner after your death. You can also arrange for your annuity to continue to be paid for a guaranteed period irrespective of the time of your death. Because an annuity is normally paid at a guaranteed rate for life, it provides greater certainty than drawing down income.

An annuity can be purchased from any authorised provider. This enables you, or your adviser on your behalf, to shop around for the best rate.



What happens to the benefits within my pension saving account if I die?

If you are under 75 when you die, and provided the benefits do not exceed your remaining lump sum death benefit allowance, the assets within your pension saving account can normally be paid as a flexi-access drawdown pension or tax-free lump sum to one or more nominated beneficiaries. Flexi access drawdown is subject to eligibility criteria as set out in the Nucleus Terms and Conditions. These may be your spouse, civil partner, dependant or any other individual. Alternatively, the fund can be used to purchase an annuity or secure an income for one or more of your nominated beneficiaries. You may also nominate a charity to receive a lump sum if you die with no surviving dependants. If you are over age 75, or benefits are in excess of your Lump sum death benefit allowance, payments will be subject to a tax charge. Death benefits are paid at the discretion of the scheme administrator.

What happens to the investments within my drawdown account if I die?

On your death, any pension drawdown payments you have been receiving may be moved into a flexi-access drawdown account for any nominated beneficiary (excluding a nominated charity or organisation). A dependant child can continue to draw down pension income until they reach age 23, although if they are a nominated beneficiary, the age limit does not apply. Alternatively the remaining fund can be paid as a lump sum to any person or organisation nominated by you subject to a tax charge if your death is after age 75. Unused drawdown funds may be donated to a nominated registered charity if you die with no living dependants. Death benefits are paid at the discretion of the scheme administrator.

What if I change my mind?

You have the right to cancel your account and will be sent a letter explaining this option soon after you open your account. You then have 30 days from receiving the letter, to exercise your right to cancel notice. After we've received your cancellation notice, you will receive a full refund of all the assets within your account. A refund of Adviser charges may be possible direct from your Adviser firm; entitlement will depend upon the terms and conditions you agreed with your Adviser firm. You should note that if the value of any underlying investment falls before we receive your cancellation notice, you may receive less than you invested.

Please note that it may not be possible to return the funds received from a transfer in to the original pension arrangement should you cancel the transfer in within the cancellation period. In this case you will need to arrange for another pension provider to accept the transfer.

Please also note that cancellation of PCLS is not permitted through the Nucleus Pension account.

What are the charges?

A full breakdown of our charges are shown in the Nucleus terms and conditions.

The charges you will pay are set out in your personal illustration as provided by your adviser. Typically, your Nucleus wrap will be subject to three distinct types of charge: the Nucleus wrap charge, charges for the management of assets, and fees for the provision of financial advice.

Your Nucleus Pension account may be subject to initial and ongoing charges in respect of asset management. The amount you pay in asset management charges will depend entirely on your circumstances and what assets you choose to invest in. You should note that in some cases the funds you invest in may be available to Nucleus at a lower price than that assumed in the pricing of the fund whereupon you will be entitled to a partial annual management charge rebate. In such circumstances the rebate amount will be calculated and credited quarterly, as units or cash, to the relevant account in the proportion in which it arose.

For exchange traded assets Nucleus use an online trading stockbroker that currently applies a charge, which is shown in the Nucleus terms and conditions.

For more detail on Nucleus' chosen stockbroker please contact your adviser.

The charge for financial advice will be determined according to the agreement you reach with your adviser and although Nucleus may facilitate advice payments for your convenience, Nucleus will only pay your adviser in accordance with your instructions. Should the relationship between you and your adviser end or your adviser ceases to have an agreed terms of business contract with Nucleus, Nucleus reserves the right to make additional charges to maintain your wrap.

You should note that initial charges in relation to asset management and financial advice are deducted when you make a new investment and all annual charges are accrued daily and deducted monthly.

Is the Nucleus Pension account a stakeholder pension?

The Nucleus Pension account is not a stakeholder pension. These pensions are available in the market and might meet your needs at least as well as the Nucleus Pension account. You should discuss this with your adviser.

4. Further information

For further information you should contact your adviser in the first instance. If you're unable to get in touch with them, please contact Nucleus by writing to Nucleus client relations, PO Box 26968, Glasgow, G2 9DY.

Tax

Pension income (taken either as an annuity or as drawdown from your drawdown account) will be taxed as earned income. There are normally no tax charges on stopping contributions or on transferring the benefits under your account. The tax treatment of your account as outlined in this document is based on our understanding of current tax legislation. This could change in the future.

Please remember that any income payment after taking your tax-free cash sum will be subject to income tax at your marginal rate(s). A more phased approach to withdrawing income may be more tax efficient depending on your personal circumstances. You should speak to your adviser for further information.

Law

All correspondence will be and has been made in English. In legal disputes the law of Scotland will apply. Full details of the legally binding contract between us are contained in the Nucleus terms and conditions.

Regulation

Nucleus Financial Services Limited is the operator and scheme administrator of the Nucleus Pension account and is authorised and regulated by the Financial Conduct Authority (FCA). Our FCA register number is 456117.

You can check this on the Financial Services register by visiting their website fca.org.uk/register or by calling them on 0800 111 6768.

Client categorisation

Your adviser is required to categorise all their clients and this determines the level of regulatory protection available. If your adviser categorises you as a retail client in respect of the services provided to you, this means that you will benefit from the highest level of client protection. For further information on categorisation or should you wish to request a different categorisation please contact your adviser.

Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). You and any secondary account holders may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Please refer to our Investor Protection document for further information. This is available on our website. Further information about compensation arrangements is available from the FSCS. For further details about the FSCS, their contact address is PO Box 300, Mitcheldean, GL17 1DY. Their telephone number is 0800 678 1100, and more information is available on their website at fscs.org.uk.

Complaints

We always aim to provide the best service possible, however if you are unhappy and you wish to complain, please let us know immediately so we can fairly and impartially resolve any issues for you as quickly as we can.

You can reach us by:

Phone 0131 226 9535

Email complaints@nucleusfinancial.com

Mail Nucleus, PO Box 26968, Glasgow, G2 9DY

We aim to resolve any complaint as soon as possible. Some complaints require a detailed investigation and/or a dialogue with third parties and may therefore take longer to resolve.

We will issue written acknowledgment of your complaint promptly by email or by letter. If a final response has not been issued within four weeks of receipt of your complaint, we will write to let you know and will indicate when we will make further contact. This further contact will be within eight weeks of receipt of the complaint.

By the end of eight weeks, we must send you either a final response or a response which explains we are still investigating your complaint and the details of how you can refer your complaint to the Financial Ombudsman Service if you are dissatisfied with the outcome of your complaint and/or the length of time it has taken.

If your complaint concerns the administration of a personal pension plan, your complaint may be more appropriately referred to the Pensions Ombudsman. Where applicable, we will provide appropriate referral rights when sending our complaint response. Their contact details are: The Office of the Pensions Ombudsman, 10 South Colonnade, Canary Wharf, London E14 4PU.

The Financial Ombudsman Service

If you remain unhappy with the outcome of your complaint you have the right to refer the complaint to the Financial Ombudsman Service (FOS) free of charge. Their contact details are: Financial Ombudsman Service, Exchange Tower, London E14 9SR. Phone: 0300 123 9123 or 0800 023 4567. Email: complaint.info@financial-ombudsman.org.uk. Website: financial-ombudsman.org.uk.

Please contact us if you'd like to receive a hard copy of the Ombudsman's consumer leaflet.

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.

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