

ROCKPOOL..

Private Company Investment Specialists

Self Invested Personal Pensions

Private company investment may not be suitable for pension funds. Capital at risk and there is no guarantee of any return.

Agenda

- Overview of SIPPs
 - The basics
 - Lifetime Allowance
 - Flexi-access Drawdown
- The Rockpool SIPP
 - The differential
 - The proposition and strategy
 - The detail
 - The risks
- Summary and close



Learning Outcomes

At the end of this session you will be able to:

- Confirm your understanding of the basic features of SIPPs and Flexi-Access Drawdown
- Recognise how the Rockpool SIPP operates within the SIPP market place
- Explain the fundamental investment proposition of the Rockpool SIPP
- Describe the two investment strategies provided by the Rockpool SIPP and how these can be accessed
- List the key risks and benefits of the Rockpool SIPP



Overview of SIPP's

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The Government's Position

- “The purpose of tax-relieved pension saving is to provide an income in retirement” (*1.5 Treasury Consultation Response 12/2010*)
- “Registered pension schemes and the contributions paid to them are granted tax reliefs in order to encourage people to save for benefits later in life” (*PTM061100 April 2015*)
- “It is only right they have the freedom to choose how and when they access them during retirement” (*HM Treasury – Greater choice in pensions explained 2014*)



The SIPP Basics

- It is a type of personal pension
- The generic rules applying to personal pensions apply equally to SIPPs e.g.
 - Tax
 - Funding
 - Transfer
 - Access
- How do SIPPs differ from other personal pensions?
 - Investors choose the investment opportunities for their pension
 - Can offer wider choice of investment opportunities for portfolio diversity



The Lifetime Allowance

- Maximum permitted tax exempt fund
 - £1.05m (April 2019-20)
- Tested on 'Benefit Crystallisation Events'
- Comparison – amount being crystallised to remaining available lifetime allowance
- Excesses subject to tax charge
 - Lump sum – 55%
 - Taxable income – 25%
- Various protections as limits introduced / reduced



Flexi-access Drawdown

- The amount that can be drawn down is up to the client
- The frequency may depend on any restrictions in place from the provider
- Upon designation into drawdown, the client can choose to take Pension Commencement Lump Sum (PCLS)
- Further funds withdrawn will be charged to income tax at marginal rate (deducted by scheme administrator under PAYE)
- Designation of funds into drawdown is a BCE and will trigger the Lifetime Allowance test



The Rockpool SIPP

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Permitted Investments for SIPPs

Standard assets

- Mainstream
- Offered by majority of SIPP providers
- Straightforward due diligence

Non standard assets

- Extensive due diligence required
- Offered by only a few SIPP providers
- Higher risk for providers
- Higher charges to reflect additional risk and effort



The Rockpool Differential

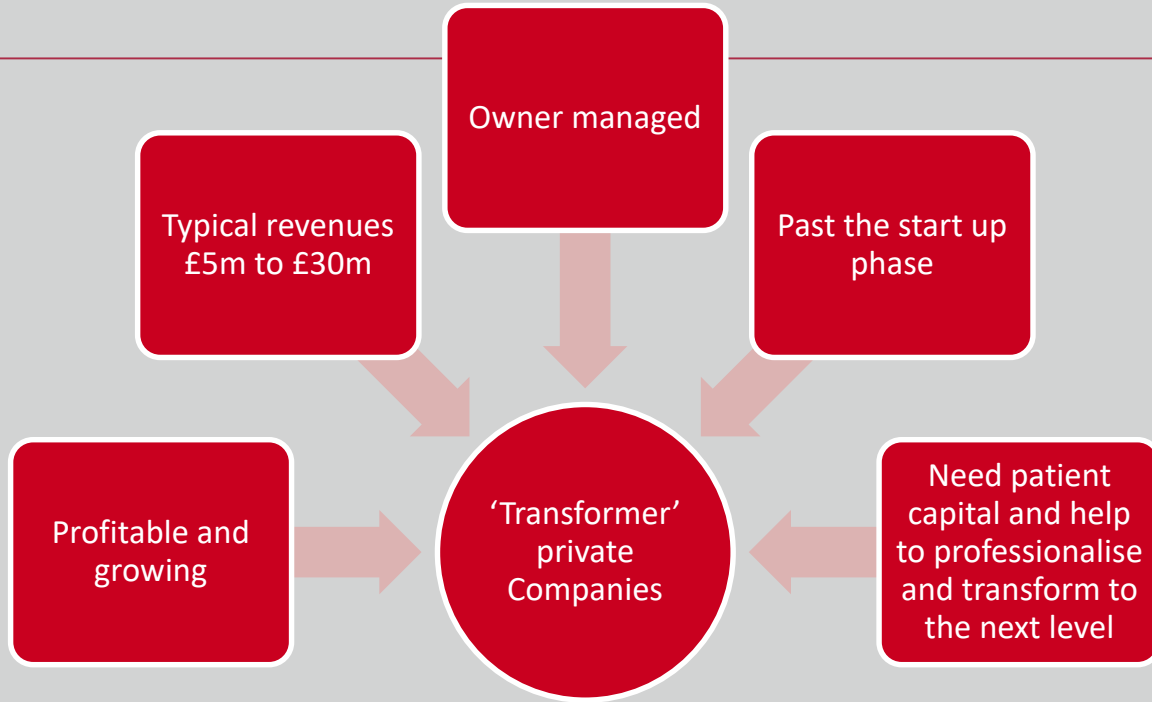
Standard SIPP provider

- Has to undertake DD and become an investment specialist to offer non-standard assets

Investment specialist

- Rockpool already undertakes DD on the investments they arrange but now offer a SIPP to invest through

The Investment Proposition



Private company investments are not readily realisable and may not be suitable for retirement planning



The Strategies

Equity

- Invest in well established businesses looking to grow
- Target is to achieve capital gains of around 300% over a 5 year period

Lending

- Lend to well established businesses with strong equity backing
- Aim to deliver high rates of cash interest over a 3 to 5 year period
- Most loans also share in capital growth

Capital at risk and there is no guarantee of any return



Build a portfolio of private companies

SelfSelect

Choose each investment
one by one for the SIPP

AutoSelect

Choose the strategy and
then benefit from
automatic allocation to
each investment as it
launches

The Detail

- For sophisticated and high net worth investors only
- Not appropriate for investors needing regular income from pension funds
- No contributions accepted - transfers in from existing pension only and minimum transfer of £100,000
- Can only be used to invest in investments offered by Rockpool
- Interest and capital repayments can be re-invested
- Access pension benefits via Flexi-Access Drawdown only
- Transfer out via cash only



The Charges

- No charges payable by the client for opening, transferring into or investing through a Rockpool SIPP
 - Charge only applies if SIPP is in Flexi-Access Drawdown and a payment is requested
 - Fee per pension payment is £150 plus VAT (not suitable for regular monthly payments)
 - Rockpool's fees are collected via the investee companies
- Adviser fees can be accommodated on investment



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The Risks

- Investment in private companies is illiquid
 - Not appropriate for those who require income in the short to medium term
 - Cash cannot be readily realised and accessed
- High risk of loss of capital and default on interest payments
- Transfer/switch from ceding scheme may result in the loss of guarantees or added benefits (e.g. protected PCLS or protected retirement age)



The Benefits

- Diversification
 - Not closely correlated to traditional asset classes
- Provides higher potential return for intergenerational planning
- Can soften the blow of a Lifetime Allowance Charge
- Appeals to clients with a risk appetite for higher returns



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Summary and Close

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Rockpool - the journey so far

3,500+
investors

£450m
invested

77
companies

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Questions?



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