

## ISLE OF MAN

### SELF-INVESTED PERSONAL PENSION SCHEMES (SIPPS)

- Primary suitability is for higher earning self-employed individuals, eg partners and sole traders, together with directors and other higher earning employees in non-pensionable employment.
- Individual members, being co-trustees of a Scheme, retain considerable control over the investment strategy of SIPP monies. The extensive range of permissible assets includes equities, unit trusts, investment trusts, managed and unit-linked funds and cash deposits.
- It should be noted that there is a prohibition on investment transactions with connected parties (i.e. scheme members and their family)
- SIPPS may have more than one member - this is particularly useful in partnerships where individual funds can be pooled to undertake larger investments.
- It is generally possible for a SIPP to borrow within limits.
- For Schemes involving large contributions, the flat fee structure of SIPPS will undoubtedly prove very attractive in comparison with the percentage-based charges and high commission loadings associated with traditional insured personal pensions.
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- Members qualify for tax relief on contributions they make within generous contribution limits. From April 2008, contribution limits increase to **100%** of relevant earnings (subject to a cap of £300,000).

Subject to these contribution limits, there are no limits or caps on the level of pension that may be taken.

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- On retirement (which can be as early as age 50), **30%** of the accumulated fund can be taken as a tax free lump sum. The balance is then applied to provide a pension.
  - Because no insurance charges are involved, early retirement can be achieved without any penalty charges. Flexibility is therefore considerably improved.
  - The scheme can be registered as a QROPS with HM Revenue & Customs (HMRC) in the UK to allow the transfer of benefits from the UK.
  - Members do not need to be Manx resident to hold benefits in a SIPP.
  - Members can now have concurrent IoM membership of both personal and occupational pension schemes.
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Boal & Co is a firm of actuaries and consultants with expertise in relation to establishment and administration of Isle of Man pension schemes. Through our pensions subsidiary Boal & Co (Pensions) Ltd we provide trust deed and rules, arrange approval by the Assessor of Income Taxes and Insurance and Pensions Authority (IPA), provide ongoing advice, administrative requirements and act as actuary and pensioner trustee.

As a guide to fee levels, initial establishment and approval of Isle of Man SIPPS, comprising specimen legal documentation, meetings and actuarial report, can be achieved at a typical cost of £880 plus VAT. Non-standard investments requiring specific approval (eg property) present added complexity and be charged on a time-cost basis. Ongoing fees for trustee and administrative services are calculated on a time-cost basis, subject to a minimum charge (currently) of £580 pa plus VAT. If the Isle of Man Scheme is subject to registration with Her Majesty's Revenue & Customs (HMRC) in the UK to allow the transfer of assets from a UK pension scheme, additional fees of £200 plus VAT and £100 plus VAT apply for establishment and ongoing fees respectively. Fee levels for group schemes are available upon request.

For further information about Isle of Man SIPPs or to arrange a meeting without obligation, please contact Mark Kiernan at [mkiernan@boal.co.uk](mailto:mkiernan@boal.co.uk) or call (01624) 824181.

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