Penny Pension Plan

Key Features Document

The Financial Conduct Authority is the independent financial services regulator. It requires us, Quai Investment Services Limited, to give you this important information to help you to decide whether this product is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

This Key Features document shows you the main points about the Penny Pension Plan.

Please read it carefully and keep it with Penny Pension Plan documents.

This product is offered by Penny Quai Investment Services Limited is the Product Provider for Penny Pension Plan.

This document provides an overview of all the things you need to know to get started, and the facts you need to determine whether this product is right for you.

If you are unsure whether this product, its features, investment options and charges are right for you then you should take appropriate financial advice. Neither Quai Investment Services Limited nor Penny is authorised to give your financial or investment advice.

This Key Features document is issued by Quai Investment Services Limited who is the product provider of the Penny Pension Plan. Quai Investment Services Limited is registered in England with number 09919243. Registered office: 16 Tesla Court, Innovation Way, Peterborough, PE2 6FL. Quai Investment Services Limited is authorised and regulated by the Financial Conduct Authority – Firm Reference Number 922590. The Trustee of the Personal Pension is Quai Trustees Limited.

Penny is a trading name of Penny Technology Limited, which is authorised and regulated by the Financial Conduct Authority – Firm Reference Number 931299. Registered Office: Unit 4.6 Paintworks, Bath Road, Bristol, BS4 3EH. Registered in England and Wales with number 11999643.

Included in this Key Features Document is:

Schedule 1 – The Penny Pension Plan Cancellation Notice

Its Aims

The Personal Pension is designed to let you;

- Save for retirement in a tax-efficient and flexible way.
- Build up a pension fund to give you an income and a tax-free cash sum
- Make transfers from other suitable pension arrangements.
- Specify to whom you would like benefits to go to on your death, although the decision rests with the Scheme Administrator.
- Take benefits after you reach the Minimum Pension Age.

Your Commitment

Once you have commenced your Penny Pension Plan, your commitments include:

- To pay money in and / or transfer benefits from other suitable pension arrangements.
- Keeping those funds within a registered pension scheme until you take benefits, the earliest age at which is 55.
- To adhere to the Terms & Conditions of the Penny Pension Plan.
- To tell Penny if you stop being eligible for a pension.
- Paying the fees in accordance with the Penny Fee Guide and the Penny Pension Plan Terms & Conditions. You must ensure that you understand the features, benefits and risks of the Penny Pension Plan; so that you can be sure it will meet your needs and expectations.

Risks

Below are outlined risks associated with saving for retirement through a pension plan. Some of the risks below refer to the investment performance of the funds in your Penny Pension Plan. Remember that you are responsible for the investment decisions. In many instances, the funds you invest in will also have key investor information documents that outline the specific risks applicable to that investment and you should read these before making a decision to invest.

The favourable tax treatment for pension savings and the age at which you can first start to take benefits could change in the future.

Investment performance or charges may be better or worse than expected, which could affect the potential size of your pension fund and therefore the benefits you receive. The charges or fees you pay in relation to this pension plan may be higher than expected, which could affect the potential size of your pension fund and therefore the benefits you receive.

Other things that can affect the potential size of your pension fund and the benefits you receive include the amount you pay or transfer in to the pension plan, which could be lower than you anticipated, or if you take benefits earlier than you were aiming for.

Investment conditions can also affect your pension income - if you convert your pension fund to an annuity (i.e., purchase a policy from an insurance company that provides you with a regular income) then prevailing interest rates at the time of conversion will affect the amount of annuity you will receive. Generally speaking, lower interest rates mean lower annuity amounts, although annuity amounts are also affected by other factors such as life expectancy and your state of health.

Alternatively, if you decide to draw your pension income directly from your pension fund then investment returns may not sustain your income requirement.

There may be a delay in receiving benefits if some of your investments cannot be sold quickly.

You have a right to cancel your pension plan within the first 30 days. Where you have invested during this period and you exercise your right to cancel then the amount returned will be the amount realised less any costs associated with the investment and subsequent disinvestment.

Whilst the Penny Pension Plan can accept transfers from other pension schemes, not all transfers may be suitable. For all transfers you are responsible, with the help of a financial adviser, if necessary, for ensuring that the transfer is suitable for you.

If, after considering these risks, you have any doubt about the suitability of the Penny Pension Plan, or if you need advice, then you should seek advice from a qualified financial adviser.

Questions and answers

What is the Penny Pension Plan?

The Penny Pension Plan is a pension plan that allows you to save for retirement in a tax-efficient and flexible way.

The benefits you can receive are subject to UK pension's legislation. This includes rules about limits on contributions that can qualify for tax relief, the earliest age you can take benefits and limits on what those benefits can be without incurring tax penalties, including the account that can be taken as tax-free cash.

Is the Penny Pension Plan a stakeholder pension?

No, Stakeholder pensions are a specific form of pension that must meet Government minimum standards relating to contributions, charges and provision of a default investment fund. Stakeholder pensions are generally available and it is for you to consider, with the assistance of a financial adviser, if required, whether one may meet your needs as well as the pension plan on offer.

What are the Trust Deed and Rules?

The Trust Deed and Rules are the legal documents that have established the Scheme under which the Penny Pension Plan operates. References to "Pension Provider" means Quai Investment Services Limited who are the FCA authorised and regulated Operator of the Penny Pension Plan and were appointed by the establishing Trust Deed.

The Operator may delegate the administration of the Scheme and in the case of the Penny Pension Plan, the administration services have been outsourced to Quai Administration Services Limited. Quai Investment Services Limited has appointed Winterflood Securities to provide the dealing and custody services.

What will my pension be worth?

The final value of your pension plan will depend on how much is paid in, how long you invest for, the charges paid and how well the investments perform.

The Product Provider will place an electronic copy of your annual statement detailing the investments and transactions of your pension plan in the relevant area of the Penny App. You can log into your Penny Pension Plan via the Penny secure mobile App to obtain a current value at any time.

How much pension income will I get?

Once you have attained minimum pension age, you can draw as much or as little of your pension fund as income you like, when you like, along with offering different benefit options. How much pension income you will get therefore depends on your choices and many variable factors such as income tax, the value of your pension plan and investment performance.

What are the charges?

All of the charges applicable to the Penny Pension Plan are detailed in the Penny Fee Guide available via the Penny App. You should read those as part of this Key Features Document and the Penny Pension Plan Terms & Conditions.

Paying in to my Personal Pension?

What are my payments options?

Transfers in from other pension plans

You can transfer pension benefits from other suitable pension arrangements. There is no minimum or maximum amount.

Transfers from defined benefit pension schemes and schemes that provide safeguarded benefits are not accepted.

Please note that if you are transferring benefits from another pension scheme that has tax free cash protection this protection maybe lost on transfer.

If you are in any doubt about the benefit of transferring, you should seek the assistance of a qualified financial adviser.

What can I invest in?

When your pensions are transferred into the Penny Pension Plan, you can invest in one of six plans. Each plan invests your pension savings into a fund. The six plans available are:

- The Balanced Plan – This is our default plan. This plan invests in a fund named HSBC Global Strategy Balanced Portfolio C Accumulation Fund, managed by HSBC. The fund's risk profile is 3 out of 5, where 1 is a lower level of risk and 5 is a higher level of risk.

- The Cautious Plan – This plan invests in a fund named HSBC Global Strategy Cautious Portfolio C Accumulation Fund, managed by HSBC. The fund's risk profile is 1 out of 5, where 1 is a lower level of risk and 5 is a higher level of risk.

- The Conservative Plan – This plan invests in a fund named HSBC Global Strategy Conservative Portfolio C Accumulation Fund, managed by HSBC. The fund's risk profile is 2 out of 5, where 1 is a lower level of risk and 5 is a higher level of risk.

- The Dynamic Plan – This plan invests in a fund named HSBC Global Strategy Dynamic Portfolio C Accumulation Fund, managed by HSBC. The fund's risk profile is 4 out of 5, where 1 is a lower level of risk and 5 is a higher level of risk.

- The Adventurous Plan – This plan invests in a fund named HSBC Global Strategy Adventurous Portfolio C Accumulation Fund, managed by HSBC. The fund's risk profile is 5 out of 5, where 1 is a lower level of risk and 5 is a higher level of risk.

- The Ethical Plan – This plan invests in a fund named Vanguard ESG Screened Developed World All Cap Equity Index Fund (UK), managed by Vanguard. The fund's risk profile is 5 out of 7, where 1 is a lower level of risk and 7 is a higher level of risk.

All investments offered via the Penny App will be subject to HMRC permitted investment regulations.

How do I decide what to invest in?

When you apply for the Penny Pension Plan through the Penny App your default plan will be The Balanced Plan unless you select an alternative plan as detailed above.

At that stage you will have access to the fund manager Key Investor Information Documents (KIIDs) about each fund within the available plans. These will give you information about the individual funds which should help you to decide what to invest in.

Once you have selected your plan all transfer in monies received will be invested in that plan. However, you can switch investments to one of the other plans at any stage, if you wish.

The choice of plan is entirely yours. We cannot advise and nor should any information provided about the plans be considered to be advice. If you are unsure as to the suitability of the plan for you, then we recommend you seek advice from a regulated financial adviser.

How are my investments taxed?

Growth in the value of your Penny Pension Plan is free from UK Capital Gains Tax and UK Income Tax. Any dividends received will not count towards your annual Dividend Allowance and any interest received will not count towards your Personal Savings Allowance.

Limits

Is there a limit on benefits I can take from my pension plan?

There is no limit on the benefits that you can take from your pension arrangements, however you should be aware that there are limits on how much tax-free cash you can take. The maximum tax-free cash you can take from all of your pension arrangements is called the Lump Sum Allowance, which is currently set at £268,275.00.

In addition, there is a Lump Sum and Death Benefit Allowance, which is currently set at £1,073,100. This is also used each time you take tax-free cash from your pension arrangements, however this also includes any Serious Ill-Health Lump Sums and Death Benefit payments to your beneficiaries in the event of your death before Age 75.

Previously, there was a limit on the amount of benefits you could take from your pension arrangements, which was known as the Lifetime Allowance. The Government has made it possible for individuals potentially affected by a reduction in the Lifetime Allowance to apply for various types of protection. These protections still exist, however they now protect the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance.

You can still apply for Fixed Protection 2016 and Individual Protection 2016 provided that you have not had contributions paid to any pension schemes from 6th April 2016 and you do not already have Enhanced or Primary Protection.

Every time you take tax-free cash from a pension plan, some of your Lump Sum Allowance and your Lump Sum and Death Benefit Allowance is used. Below lists the type of benefits that can be tested against each allowance:

Lump Sum Allowance:

- Taking any applicable tax-free cash upon designating benefits to create a Flexi-Access Drawdown Pension Fund
- Taking 25% tax-free cash when taking benefits via an Uncrystallised Fund Pension Lump Sum
- Taking any applicable tax-free cash upon designating benefits to purchase a Lifetime Annuity

Lump Sum and Death Benefit Allowance:

- All of the above situations
- All benefits paid in the event of your death before Age 75
- Any Serious Ill-Health Lump Sum Payments

At each of the above stages, an allowance is made for any tests that have already been carried out.

When can I take benefits?

You may take income from your pension plan from age 55 (however this is rising to age 57 from 6 April 2028). You may also take benefits earlier if you suffer serious ill health or an illness or an accident which leaves you permanently unable to carry out your current occupation and you cease that occupation.

If you are 50 or over the Government provides a free and impartial service to help you understand what your choices are and how they work. This can be accessed online, over the telephone or face to face - see https://www.moneyhelper.org.uk. .

It is strongly recommended that prior to accessing your pension benefits you seek advice from a suitably qualified financial adviser or obtain guidance from MoneyHelper.

On death, different tax treatments apply depending on whether you die before or after 75 - please see the section 'Death benefits from your pension plan' below.

Taking benefits from your pension.

The type of benefits you can typically take from a Pension are summarised below;

Option	From age 55
Pension Commencement Lump Sum (tax free cash sum)	Up to 25% of your fund can normally be taken as a tax-free lump sum when combined with designating funds to flexi-access drawdown or purchase of an annuity. **Note**: receiving the Pension Commencement Lump Sum does not trigger the Money Purchase Annual Allowance
Use your fund to buy a lifetime or five-year pension income, often referred to as an annuity	An annuity can be purchased, the amount of which will be determined by the value of your pension fund and annuity rates available in the annuity purchase. Generally speaking, annuity rates depend on interest rates, life expectancy and the type of pension benefits you are buying (e.g., an increasing or level pension and whether any guarantees or dependants' benefits are included). If you are in poor health or have a lifestyle that could adversely affect your life expectancy (e.g., heavy smoker), then you may get an enhanced annuity rate. **Note**: income received via an annuity does not trigger the Money Purchase Annual Allowance.
Draw a pension income directly from your pension fund	Flexi-access drawdown - You may designate some or all of your fund into flexiaccess drawdown. The fund remains invested and you can draw as much or as little income from the drawdown fund as you wish, when you wish (subject to the Terms and Conditions of the pension plan). The income you draw from the fund will be subject to income tax at your marginal rate. **Note**: The Money Purchase Annual Allowance is triggered when you first drawdown an income but there is no obligation to draw an income. Uncrystallised Funds Pension Lump Sum – You may use some or all of your fund to pay you this type of lump sum. 25% of the lump sum is tax free, the remainder will be subject to income tax at your marginal rate. **Note**: taking this lump sum will trigger the Money Purchase Annual Allowance.

A combination of the above to meet your individual requirements	You could take a combination of the benefits described above and you do not have to take benefits all in one go. An annuity can be purchased from funds in drawdown as well as from uncrystallised funds. The way in which you take benefits is flexible and can be structured to meet your individual requirements.

Death benefits from your Penny Pension plan

What if I die?

The paragraphs below summarise the benefits payable (assuming an annuity has not been purchased).

What benefits can be provided?

All of the Penny Pension Plan is available to provide your beneficiaries with a lump sum payment or an annuity.

Who can receive a lump sum payment?

Most people will qualify as an eligible beneficiary for lump sum death benefits under the Scheme Rules. The Scheme Administrator will use its discretion to choose who to make the payments to having made reasonable enquiries to identify the eligible beneficiaries. It is highly recommended that you complete and keep updated an "Expression of Wish" of who you would like your beneficiaries to be and this expression of wish is not binding, but will be taken into consideration.

How are death benefits claimed?

To claim death benefits, the person dealing with your affairs should contact Penny. They will confirm the information needed to pay the benefits as quickly as possible.

Are death benefits taxable?

- Death before age 75: Benefit payments are not subject to income tax provided the lump sum is paid or annuity is set up within two years from the date of notification of death to the Scheme Administrator.
- Death after age 75: Benefit payments are subject to income tax at the recipient's marginal rate.
- Inheritance tax: This is not normally payable although it may arise in the event that payments are made to your estate.

Is my pension taxable?

Pensions do not pay UK taxes on income or capital gains. However, tax cannot be reclaimed on UK and some overseas dividends.

Can I transfer my Penny Pension Plan to another pension plan?

You can transfer the value of your Penny Pension Plan to another UK registered pension scheme at any time. You should be aware that transfers to an overseas pension scheme may be subject to a 25% tax charge. Further information is available if required.

The transfer can be in the form of a cash payment, in which case you will have to sell all of the investments held under your Penny Pension Plan before the transfer is completed, or you may be able to transfer the investments (known as an "in-specie transfer").

Can I cancel my Personal Pension?

You have a legal right to cancel your Penny Pension Plan if you change your mind.

The cancellation form is in Schedule 1 of this Key Features Document and you have the right to exercise your cancellation rights on each transfer that you request. You have a 30 day cancellation period from the date we receive your transfer request.

If you decide to cancel a transfer in to your Penny Pension Plan from another pension scheme, the transferring scheme may not agree to accept back your transfer value, or may only accept it on revised terms which are not acceptable to you, in which case you will be responsible for finding an alternative scheme to transfer the funds to.

In the event of cancellation, the net realisable value of any assets purchased and subsequently disinvested will form the basis of the amount returned. This means that having taken into account any fees or charges paid in relation to the investment and any price movements (particularly downwards), you may get back less than you originally invested.

What are the Charges?

Charges are explained in the Penny Fee Guide available via the Penny App.

Can I obtain up-to date valuations?

You can obtain a valuation at any time by accessing your account via the Penny App.

How is Banking & Administration carried out?

When you apply for your pension, any money paid in to or out of your pension will go via the scheme bank account, which is a pooled bank account designated as a trust account, chosen by Quai Investment Services Limited.

The Penny Pension Plan is provided by Quai Investment Services Limited who is the Operator and HMRC registered Scheme Administrator for the Penny Pension under which the Penny Pension Plan is established. It is responsible for ensuring the Penny Pension Plan is administered in accordance with the Trust Deed and Rules of the scheme, these being the legal document that determines the operation of the Scheme, which are available on request.

Quai Trustees Limited is appointed as Scheme Trustee under the Trust Deed and Rules.

Quai Investment Services Limited has appointed Quai Administration Services Limited to undertake the day-to-day administration of the scheme. Penny will act as your agent and correspond with us on your behalf in relation to your account.

Are there any compensation arrangements covering my Personal Pension?

The Financial Services Compensation Scheme (FSCS) may provide protection if the Scheme Administrator cannot meet claims made against it or if investments or money cannot be returned.

If you are eligible, the maximum level of compensation for claims against firms declared in default on or after 1st April 2019 is £85,000 per person per firm. Further information about compensation arrangements is available from the FSCS website at www.fscs.org.uk.

Pensions are regulated contracts in their own right and hence are covered by the FSCS. Investments with regulated investment providers or insurance companies will be covered separately under the FSCS.

Those companies will provide information about the levels of cover provided.

Your status under the FSCS does not affect any statutory right you may have to compensation. Some, but not all, investments held by your pension fund may also be similarly covered by compensation schemes. It is your responsibility to establish where this is and is not the case

How do I Complain?

If you ever need to complain then in the first instance please contact Penny at pennypension.com/support or send a letter to:

Penny

Unit 4.6 Paintworks
Bath Road
Bristol
BS4 3EH
Tel No: 0207 1188777

Or;

Quai Investment Services Limited
16 Tesla Court
Innovation Way
Peterborough, PE2 6FL

We will immediately carry out an investigation of your complaint and will provide a written response.

If we are unable to resolve your complaint to your satisfaction, and you are an eligible complainant as defined by the Financial Conduct Authority, you will have recourse to the Financial Ombudsman Service.

If it is regarding the administration of your pension to:

The Pensions Ombudsman
10 South Collonade
Canary Wharf
London
E14 4PU
Tel No: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

For all other complaints to:

Financial Ombudsman Service
Exchange Tower
London, E14 9SR
Tel No: 0800 023 4567
Email: complaint.info@financial-ombdusman.org.uk Website:
www.financial-ombudsman.org.uk

Important Notes

The information in this key feature document is provided based on our understanding of current law, practice and taxation which may be subject to change.

Full details of the legally binding contract between you and Quai Investment Services Limited are included in our "Terms and Conditions" which you should have been provided with and which is available upon request.

The law of England and Wales will apply in all legal disputes.

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Quai Investment Services Limited is authorised and regulated by the Financial Conduct Authority – Firm Reference Number 922590. Registered in England No 09919243, VAT No 401610949. The Registered Office for Quai Investment Services Limited is Unit 16 Tesla Court, Innovation Way, Peterborough, PE2 6FL.

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Schedule 1

The Penny Pension Plan Cancellation Form

You have a right to cancel your Penny Pension Plan if you change your mind. You have a 30 day cancellation period from the commencement of your transfer in to cancel it. If you do wish to cancel your Penny Pension Plan please complete this form and return it to the address shown below within the cancellation period.

Your Penny Pension Plan will be invested in assets during this period. If you choose to cancel your Penny Pension Plan during the cancellation period, any investments held in your Penny Pension Plan will be sold and the monies relating to the transfer in you are cancelling will be returned to the original pension provider. The amount to be repaid maybe less than the amount paid to us if the value of the investment has fallen at the time it is sold or where any applicable charges have been deducted. It is your responsibility to ensure the original pension provider will accept the return of the transfer monies, or to arrange for another provider to accept the monies.

Name____

Address______________________________________

Phone number registered with Penny__________________________

Date of birth____________________________________

I hereby inform Penny that I wish to cancel the Penny Pension Plan, and instruct Quai Investment Services Limited to sell all investments, and return the funds to the original pension provider or other pension provider that I have arranged to accept the monies (subject to the Penny Pension Plan Terms and Conditions).

Signed_______________________________________

Dated____

Return this form to Penny, 16 Tesla Court, Innovation Way, Peterborough, PE2 6FL.