



# Fundment Pension Terms of Business

Apr 2023

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# Introduction

These terms and conditions form the legal agreement between you and Fundment Limited.

This section contains additional terms and conditions that will apply if you subscribe for a Fundment Pension (including a Group Pension Plan). It should be read in conjunction with the Fundment Platform Terms of Business and each of the other documents we have sent to you (or which have been supplied to you by your employer in relation to a Group Pension Plan) in relation to your Fundment Pension.

## Information about us and our regulator

Fundment® is the registered trademark of Fundment Limited, which is authorised and regulated by the Financial Conduct Authority (with firm registration number: 732727) and is an HM Revenue & Customs approved ISA plan manager. The company is registered in England and Wales with Company No. 08884918 and registered office at 66-67 Newman Street, London, W1T 3EQ.

### 1.0 General

- 1.1 In this document:
  - 1.1.1 Capitalised terms have the meanings given to such terms in the Fundment Platform Terms of Business (the “Platform Terms of Business”) unless otherwise stated;
  - 1.1.2 Terms defined in the Glossary to this document have the meanings set out therein, subject to **clause 3**; and
  - 1.1.3 “We”, “our” and “us” shall mean either, or (as the context requires) both, of Fundment Limited and Fundment Trustees Limited.
- 1.2 This document is the “Fundment Pension Terms and Conditions” referred to and defined in the Platform Terms of Business.
- 1.3 The declaration set out below is the “Declaration” referred to and defined in the Platform Terms of Business.
- 1.4 This document should be read together with:
  - 1.4.1 The Platform Terms of Business;
  - 1.4.2 Any terms sent to you by your employer in relation to a Group Pension Plan;
  - 1.4.3 All other relevant documentation listed in the ‘General Terms’ section of the Platform Terms of Business,which together comprise the Agreement between us and you in relation to your Pension Account.

## 2.0 Legal and regulatory matters

- 2.1 The Fundment Pension Scheme (the “Scheme”) is operated by Fundment Limited, which is authorised under the Financial Services and Markets Act 2000 for the establishment, operation and winding up of personal pension schemes. Fundment Limited is also the HMRC approved scheme administrator of the Scheme. If Fundment Limited ceases to be the operator or administrator of the Scheme, references in this document to Fundment Limited shall be deemed to be references to the operator or administrator of the Scheme from time to time where the context so requires.
- 2.2 The Scheme is a Registered Pension Scheme. It is governed by the Trust Deed and the Scheme Rules, a copy of which is available on request, and is subject to the prevailing laws and regulations governing Registered Pension Schemes (“Pension Legislation”).
- 2.3 The current trustee of the Scheme is Fundment Trustees Limited, a company incorporated and registered in England with company number 12222199 and whose registered office is at 66-67 Newman Street, London, W1T 3EQ (the trustee of the Scheme from time to time being referred to in this documents as the “Trustee”)
- 2.4 The Trustee is a bare trustee with responsibility for holding the assets of the Scheme on behalf of its members. All monies and assets in your Pension Account will be held by the Trustee under a trust arrangement in accordance with the Trust Deed and the Scheme Rules. Please see **clauses 15 and 16** of the Platform Terms of Business for more information about how cash and assets in your Pension Account are held.
- 2.5 A person opening a Pension Account on behalf of a Child will be designated as the 'Registered Contact' for that Account. Although the Registered Contact will be authorised to give us instructions in relation to that Account and will be the person to whom we send correspondence and statements relating to that Account, any investments and/or cash in that Account will be beneficially owned by the Child for whom it has been opened. Once the child reaches 18, we may require them to sign a new agreement which converts their Fundment Pension to an “Adult Pension” in their name.

## 3.0 Conflicting terms

- 3.1 In the event of a conflict between this document and the Platform Terms of Business, this document shall prevail.
- 3.2 In the event of a conflict between this document and the Trust Deed and the Scheme Rules, the Trust Deed and the Scheme Rules shall prevail.
- 3.3 In relation to a Group Pension Plan of which you are a member, in the event of a conflict between this document and the terms of that Group Pension Plan, the terms relating to the Group Pension Plan shall prevail
- 3.4 In the event of any conflict between the Agreement and any Pension Legislation, Pension

Legislation shall prevail.

#### **4.0 Eligibility and applications**

- 4.1 To open a Pension Account, you must be:
  - 4.1.1 a UK resident with Relevant UK Earnings;
  - 4.1.2 a crown employee with earnings from overseas crown employment subject to UK tax;
  - 4.1.3 a spouse or civil partner of a crown employee with no earnings;
  - 4.1.4 a parent, grandparent or third-party applicant on behalf of a Child; or
  - 4.1.5 a non-UK resident who wants to transfer other UK pension benefits to the Fundment Pension.
- 4.2 If your application is successful, you will become a member of the Scheme and be deemed to have accepted and agreed to be bound by the Scheme Rules.

#### **5.0 Contributions**

- 5.1 You may set up arrangements to make additional one off or regular contributions into your Pension Account from your personal bank account. Contributions can be made by cheque, direct debit or bank transfer. You are responsible for monitoring the impact (if any) that contributions will have on any fixed or enhance taxed protection you hold against your lifetime allowance.
- 5.2 You may arrange for your employer to make contributions to your Pension Account from a business bank account. Directors of their own limited companies are also able to make employer contributions to their Pension Account. We will need employer confirmation of the intention to make contributions. Please note that tax relief is not available on employer contributions.
- 5.3 We will process and claim basic rate tax relief from HMRC on eligible contributions made by you subject to receipt from you all of necessary information but higher and additional rate taxpayers will be responsible for claiming higher and additional rate tax reliefs via self-assessment. You should notify us if you are not entitled to tax relief on all or part of your contributions. HMRC will deposit tax relief in a non-interest bearing account set up by the Trustee and your entitlement will be disbursed from this account to your Pension Account within three (3) Business Days of receipt from HMRC.
- 5.4 There may be circumstances in which you are permitted by the Pension Legislation to claim a refund on your pension contributions. Please consult with an independent legal or financial adviser if you believe that you are entitled to claim a refund.
- 5.5 Where your contributions result in any applicable annual or lifetime tax relief limit (an “**Allowance**”) being exceeded, you will need to make us aware of this. If you exceed an applicable Allowance whilst you are a member of the Scheme, you may also be required

by law to make any other Registered Pension Schemes of which you are a member aware. It is your responsibility to monitor your Allowances and to notify us and any other schemes of which you are a member if you exceed an Allowance.

- 5.6 Where you have exceeded an Allowance, there may be a tax charge. You are responsible for notifying HMRC if an Allowance is exceeded. You should seek independent financial advice if you are planning to make contributions in excess of any applicable Allowance.

## **6.0 Transfers in**

- 6.1 With our agreement, you may transfer cash or investments from another Registered Pension Scheme into your Pension Account.
- 6.2 We will request transfers immediately on your instructions. If transfers are received into your Pension Account and you then choose to cancel the transfer within thirty (30) days, we will attempt to return them. However, we cannot guarantee that the transferring scheme will be able to accept the funds back. If this is the case, we will allow you to transfer out to an alternative scheme, free of charge. Please see **clause 8** of the Platform Terms of Business for more information.
- 6.3 You or your Adviser are responsible for ensuring that a transfer of benefits is suitable for your requirements. Please see **clause 12** below.
- 6.4 When a transfer is made to your Pension Account as instructed, you shall no longer be entitled to receive pension benefits from the whole of the plan(s) listed as part of your application where the whole of the plan(s) are transferring, or that part of the plan(s) represented by the transfer(s) if only part of the plan(s) are transferring.
- 6.5 If you become entitled to receive income from a pension upon the death of a member under another Registered Pension Scheme (other than through a Lifetime Annuity), you may, with our consent and subject to such terms as we may specify, apply to transfer that entitlement into your Pension Account.
- 6.6 Before any transfer to your Pension Account is accepted, including any transfer of benefits that have already been designated for the payment of pension income, we may require you or your Adviser to provide any information, instructions, declarations, authorisations, confirmations and/or consents that we consider may be necessary or prudent or which may be required by the transferring pension provider or under the Trust Deed and/or the Scheme Rules.

## **7.0 Transfers out**

- 7.1 You can request the transfer of all or part of the cash and/or investments held in your Pension Account to another Registered Pension Scheme subject to and in accordance with the Platform Terms of Business, provided that the transfer does not constitute an Unauthorised Payment (as defined in the Scheme Rules) and the transfer otherwise satisfies any other requirements under the Trust Deed and the Scheme Rules.

- 7.2 Transfers out will be made by cash payment, unless the receiving scheme operator permits an in-specie transfer to be made.
- 7.3 We will carry out appropriate checks on any transfer-out request. This may lead to delays in implementing transfers out. Subject to your statutory rights, we may refuse to implement a transfer where we suspect that a transfer is not permitted by the Pension Legislation or the Scheme Rules.

## **8.0 Investments**

- 8.1 Any money contributed into your Pension Account will be invested in accordance with the instructions of your Adviser (or, if we have agreed to take instructions from you, your instructions) and subject to the terms, conditions and restrictions set out in the Agreement, the Trust Deed, the Scheme Rules and the Pension Legislation.
- 8.2 If we are not satisfied that an investment is permitted under the Agreement, the Scheme Rules and/or the Pension Legislation, we may give effect to the immediate disposal of that investment without the need for you or your Adviser's consent and without liability to you. It is your responsibility to ensure that investments are permitted under the Agreement, the Scheme Rules and the Pension Legislation.
- 8.3 At our sole discretion, interest may accrue on cash held in your Account. Such accrued interest (if any) will be calculated daily and paid to your Account quarterly.

## **9.0 Benefits**

- 9.1 Benefits can only be taken from your Pension Account if you have reached the Normal Minimum Pension Age (as defined in the Scheme Rules) or if the Ill-Health Condition (as defined in the Scheme Rules) is met, unless otherwise expressly permitted under the Scheme Rules.
- 9.2 When you commence taking benefits from your Pension Account you will crystallise all or part of your pension, depending on your election.
- 9.3 Pension benefits will be taxed at an emergency tax code until HMRC inform us of your tax code. The level of income tax paid by you prior to us receiving your tax code may be greater or less than is actually required. You may be entitled to a tax rebate if too much tax has been deducted or liable for any shortfall if too little tax has been paid.
- 9.4 Subject to the Trust Deed, the Scheme Rules and the Pension Legislation, you may make different arrangements for the provisions of benefits to you by electing to apply funds in your Pension Account towards one or more of the following:
- 9.4.1 the payment of a lump sum, being:
    - 9.4.1.1 a Pension Commencement Lump Sum;
    - 9.4.1.2 an Uncrystallised Funds Pension Lump Sum;
    - 9.4.1.3 a Lifetime Allowance Excess Lump Sum;

- 9.4.1.4 a Serious Ill-Health Lump Sum; or
    - 9.4.1.5 such other lump sum as may be permitted by the Scheme Rules;
  - 9.4.2 the purchase of annuities, being:
    - 9.4.2.1 a Lifetime Annuity; or
    - 9.4.2.2 a Short-term Annuity; or
  - 9.4.3 the payment of pension income by way of:
    - 9.4.3.1 Capped Drawdowns; or
    - 9.4.3.2 Flexi-access Drawdowns.
- 9.5 Lump sum payments shall not exceed the amounts permitted under the Scheme Rules and/or by the Pension Legislation. Lump sums will be paid once sufficient cash is available in your Pension Account.
- 9.6 The value of your pension that is to be applied towards the payment of benefits must usually be tested against your Lifetime Allowance, as set by the Pensions Legislation. A test against your Lifetime Allowance may also be made in other circumstances as required by the Pension Legislation.
- 9.7 We will settle payments of benefits to you initially from any cash held in crystallised arrangements in your Pension Account. If there is insufficient crystallised cash available, we will disinvest automatically. If we are required to do this, we may give effect to an immediate disposal of investments without the need for you or your Adviser's consent. Disposals will take effect across your investments on a proportionate basis, which will result in a reduction in the value of your investment portfolio.
- 9.8 If the cash balance on your Pension Account is zero and all investment have been sold, your Account will be closed.
- 9.9 With Flexi-Access Drawdown, you are entitled to take any level of benefits you require, request an increase or decrease in your pension income, or draw only your Pension Commencement Lump Sum. You may request your pension income to be paid monthly, quarterly, semi-annually or annually.
- 9.10 Capped Drawdown imposes a maximum level of pension income you can take each year. Your pension will automatically convert to a Flexi-Access Drawdown if you exceed this level.

## **10.0 Death benefits**

- 10.1 On your death, your Pension Account can be used to provide pension income, an annuity or lump sum death benefits, subject to the Trust Deed and the Scheme Rules.
- 10.2 You should complete an Expression of Wish form to notify us of who you would like to receive death benefits from your Pension Account on your death. Your wishes will be taken into account when decisions about death benefits are made pursuant to the Trust



Deed, but we will not be bound by your wishes. Your expression of wish can be amended at any time through our platform or by notifying your Adviser.

- 10.3 Your beneficiaries will be required to send us either the original or a certified copy of your death certificate. It is your responsibility to ensure your beneficiaries or executor of your estate are aware of your investment with us and the details of your pension. Failure by your beneficiaries to claim your death benefits within the prescribed period may result in the forfeiture of those benefits.
- 10.4 The tax treatment of death benefits is set out in the Finance Act. Benefits paid on the death of a member or other Fundment Pension beneficiary before the age of 75 are normally tax-free. Where required by the Finance Act, we will deduct any tax due before the payment of benefits.
- 10.5 If a Child dies before the age of 18, we may require their named contact to register another parent or guardian (with our consent) to give instructions in relation their Pension Account.

## **11.0 Registered contacts**

- 11.1 Details of a Registered Contact can only be changed with the consent of the existing Registered Contact unless certain circumstances exist (for example, the death or incapacity of a Registered Contact, where a Registered Contact ceases to be a Child's legal guardian or to have parental responsibility for that Child, or the Registered Contact cannot be contacted).

## **12.0 No advice**

- 12.1 Please seek advice from an independent authorised financial adviser if you have any questions in relation to your Pension Account or pensions generally. Fundment Limited does not provide financial, investment or tax advice and you acknowledge that you have not and will not receive any such advice from us relating to our Services, any Product, any investment or its or their suitability for you.
- 12.2 The Pensions Advisory Service also exists to provide guidance and help about pensions and can be contacted at the address/number below:

The Pensions Advisory Service  
11 Belgrave Road  
London SW1V 1RB  
0300 123 1047

## Appendix 1 – Glossary of terms

Term	Description
Capped Drawdown	<p>A form of pension income. Capped Drawdown limits how much you can take out each year and the amounts are set by the Government Actuaries Department (GAD). Your income will be checked against the GAD rates at least every 3 years, up to age 75, and annually thereafter.</p> <p>Capped Drawdown is no longer available for new drawdown entrants, although anyone who was already in Capped Drawdown before 6 April 2015 can continue so long as all the applicable legal conditions continue to be met.</p>
Expression of Wish	<p>A non-legally binding notification by you detailing how you wish your death benefits to be paid.</p>
Finance Act	<p>The Finance Act 2004.</p>
Flexi-access Drawdown	<p>A form of pension income which was introduced with effect from 6 April 2015. You are allowed to withdraw pension income from your Fundment Pension with no upper annual limit, subject to applicable tax.</p> <p>Drawing pension income using Flexi-access Drawdown will currently make you subject to the Money Purchase Annual Allowance.</p>
Lifetime Allowance (LTA)	<p>This is a limit imposed by HMRC on the total value of an individual's Registered Pension Schemes.</p>
Lifetime Annuity	<p>An annuity contract which provides an income for life within the meaning of the Finance Act, in return for you paying over some or all of your Fundment Pension to an insurance company. When buying a Lifetime Annuity, you have the option to include annual increases and/or a continuing pension income for your spouse/ civil partner when you die, although including these will reduce the initial level of pension income payable. Specialist annuities may also be available from some providers if you meet the relevant criteria e.g. annuities that provide a higher pension income if you are in poor health.</p>

Term	Description
<p>Money Purchase Annual Allowance (MPAA)</p>	<p>This is a reduced limit on the total contributions that can be made to your pension if you have previously accessed benefits flexibly. It is set at £10,000 per annum from 6 April 2023. It applies when:</p> <ul style="list-style-type: none"> <li>• income is taken from Flexi-access Drawdown, or</li> <li>• an Uncrystallised Funds Pension Lump Sum (UFPLS) is received.</li> </ul> <p>It does not apply where only a Pension Commencement Lump Sum is taken by way of Flexi-access Drawdowns.</p>
<p>Pension Commencement Lump Sum (PCLS)</p>	<p>PCLS is the tax-free lump sum that can be paid to a member when their benefits are Crystallised. Where Tax Protection does not apply, typically this will be 25% of your Fundment Pension. In some cases, LTA Tax Protection may allow more or less than 25% of your Fundment Pension to be paid as a PCLS. Also known as “tax-free cash”. From 6 April 2023 a PCLS upper monetary cap of £268,275 applies.</p>
<p>Registered Pension Scheme</p>	<p>A pension scheme is a Registered Pension Scheme at any time when, either through having applied for registration and been registered by HMRC, or through acquiring registered status by virtue of being an approved pension scheme on 5 April 2006, it is registered under Chapter 2 of Part 4 of the Finance Act.</p>

Term	Description
Relevant UK Earnings	<p>Currently means any of the following:</p> <ol style="list-style-type: none"> <li>1. Employment income such as salary, wages, bonus, overtime and commission, provided this income is taxable in the UK.</li> <li>2. Income derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership).</li> <li>3. Income arising from patent rights and treated as earned income.</li> <li>4. Income which is derived from the carrying on of a UK furnished holiday lettings business.</li> </ol> <p>The legal definitions of 1 to 4 above can currently be found in:</p> <ol style="list-style-type: none"> <li>1. Section 7(2) Income Tax (Earnings &amp; Pensions) Act 2003. Formerly Schedule E earnings.</li> <li>2. Part 2 Income Tax (Trading &amp; Other Income) Act 2005. Formerly Schedule D earnings.</li> <li>3. Section 579 of Income Tax (Trading &amp; Other Income) Act 2005.</li> <li>4. Part 3 Income Tax (Trading &amp; Other Income) Act 2005.</li> </ol> <p>Where any of the above are not taxable in the UK it will not count as Relevant UK Earnings.</p>
Uncrystallised Funds Pension Lump Sum (UFPLS)	<p>This allows you to draw your PCLS and the remaining crystallised fund at the same time. You can select an amount to be paid as a lump sum of which 25% will currently be tax-free and the remainder taxable at your marginal rate of income tax</p> <p>Subject to applicable law and HMRC requirements you can use this feature as often as you like until your Fundment Pension is exhausted. Using this feature will make you subject to the Money Purchase Annual Allowance.</p>