



TERMS & CONDITIONS

Retirement Annuity Trust Schemes (RATS)

From Gower Pensions Management Limited

Terms and Conditions

1. Introduction

References to the singular will include the plural as relevant and vice versa

Applicant/Member: Applicant will also mean Member and vice versa.

Application is for membership to a Retirement Annuity Trust Scheme ("RATS") administered by Gower Pensions Management Limited ("GPML" or "Trustee"), a Guernsey company which is regulated and licensed by the Guernsey Financial Services Commission ("GFSC"), to undertake Fiduciary activity in accordance with;

- i. The Regulation of Fiduciaries, Administration, Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020.
- ii. The Pension Scheme and Gratuity Rules, as amended from time to time.
- iii. The Fiduciary Rules and Guidance, as amended from time to time.

2. Trustees role

GPML will act as Trustee and as Administrator and in a manner so as to maintain Revenue Service approval for RATS as applicable and ensure compliance to GFSC regulatory requirements.

GPML will act in accordance with the Code of Practice and Laws issued by the Revenue Service and in particular Section 157A, Section 150 and Section 40ee of the Guernsey Income Tax Law 1975.

GPML will also adhere to HMRC regulations where applicable.

The latest guidance from the States of Guernsey in respect of RATS may be found at www.gov.gg and the GFSC at www.gfsc.gg/industry-sectors/pensions.

3. Services

GPML provide services for the establishment and running of RATS. In respect to RATS, the following services are provided by GPML:

- i. Trustee and administration of RATS.
- ii. Setting up administration records.
- iii. Receipt of contributions/transfer(s) into and payments/transfer(s) out of RATS.
- iv. Implementing appropriate investments for RATS as advised by a Member or the Appropriate Investment Advisor.
- v. Reporting to the Revenue Service and the Member and any other Authority as appropriate.
- vi. Preparation and or distribution of annual statements for the Member.
- vii. Creation and maintenance of banking facilities if necessary.
- viii. Settlement and payment of benefits and reviewing those levels of benefit as appropriate.
- ix. Administering RATS in line with its obligations as a regulated fiduciary and its financial regulations including AML/CFT regulations.
- x. Such other services as may from time to time be necessary to efficiently administer RATS and comply with any regulatory or other requirements to maintain appropriate approvals, exemptions and/or acceptances.

Member's Obligations and restrictions

The Member will;

- i. not cause GPML to do anything which is unlawful,
- ii. not transfer to a RATS, any funds or assets directly or indirectly deriving from a crime committed in any jurisdiction,
- iii. not transfer or try to transfer any interest in any RATS administered by GPML and/or assign or otherwise deal in any beneficial interest in a RATS administered by GPML without prior notification to GPML and compliance by all parties concerned with GPML's requirements in connection with such transfers.
- iv. ensure that GPML holds up to date information relating to their tax residency and has been provided, where it has been issued, their appropriate Tax Identification Numbers,
- v. correctly declared to GPML that they hold Non-UK resident tax status and when asked that they correctly declare that they have or have not been UK tax resident for a period of at least the last 5 or 10 full tax years, commencing 5th April, which ever period is relevant to the rules of the RATS or QROPS.
- vi. notify GPML as soon as they change their residential address and that they will comply with the due diligence processes of GPML when providing updated information regarding their change in residential address.
- vii. make full and accurate disclosure to any relevant tax authorities and make any ensuing payments of tax.

4. Plan membership & eligibility

A RATS is open to anyone over 16 years of age and in accordance with Guernsey's Revenue Service parameters. Membership to a RATS is also at the discretion of GPML.

Membership to a RATS is subject to GPML's approval, following receipt of an Application Form, and supporting documentation as prescribed by GPML from time to time. This includes evidence of identity, residential address, source of funds and also may include evidence on health and/or marital status.

RATS are typically only available to members who are resident in Guernsey at the time of applying for membership to a RATS or who have accumulated pension savings containing Guernsey tax relieved funds from another approved pension arrangement.

Non-Guernsey residents who have not accumulated Guernsey tax relieved funds from another approved pension arrangement may be afforded exemptions and allowed membership to RATS under Section 40ee of the Guernsey Income Tax Law 1975, as amended. Typically membership would be to a Qualifying Non-UK Pension Scheme ("QNUPS").

5. Plan contributions and transfers in - general

Transfers are accepted into a RATS in accordance with the Revenue Service practices and at the discretion of GPML.

Prior to any transfer/contribution, GPML recommends that the Member seeks independent advice with regard to the consequences of effecting the transfer/contribution and any benefits, guarantees, or bonuses that may have been applicable in the previous scheme which may be lost on transfer. There are times when a transfer into a RATS requires an independent suitability report to be prepared and GPML reserves the right to obtain a copy of any such report prepared by a financial adviser prior to accepting any transfer into a RATS.

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GPML may decline a Member or transfer or contribution. GPML reserve the right to decide that the transfer scheme is imposing conditions on the transfer assets that GPML are unable to meet or are administratively burdensome or onerous.

In-specie transfer of assets may be accepted, but only when part of an approved pension transfer and at the discretion of GPML.

In-specie transfers cannot be used as a way of making contributions to a RATS for the purpose of seeking Guernsey tax relief.

6. Handling of client monies

GPML does not handle client monies unless they are held within a bank account designated to an appropriate RATS. Therefore GPML cannot amalgamate client monies with monies that relate directly to GPML. Client monies are held in one of three ways;

- i. Within a designated "Re" Account where GPML act as Trustee to the RATS for the sole purpose of managing a Member's Account. "Re" accounts are typically held within multi-member pension schemes where it is not appropriate to hold a pooled account for more than one Member.
- ii. Within a bank account solely designated to a RATS, typically a bespoke RATS, where GPML act as Trustee.
- iii. Within a Pooled Account designated to a RATS. A Pooled Account is used where funds are typically handled and processed by GPML on a regular basis, for more than one Member, as a one off transaction, such as a RATS closure, or where transactions are carried out in the same way. GPML act as Trustee to the Pooled Account and each balance allocated to a Member's Account is reconciled on a regular basis to ensure that they are clearly identifiable to another's.

Important: Where GPML use a Pooled Account arrangement all monies are an asset of the RATS, are reconciled regularly and clearly identifiable to a Member's Account. They do not form part of the assets of GPML.

7. Investment management strategy / approach

Restriction of Investments.

It is important to note that all investments will be restricted to the following permissible investments:

- i. Bank account deposits
- ii. Cash
- iii. Cash funds
- iv. Corporate bonds
- v. Exchange-traded funds
- vi. Government and local authority bonds and other fixed interest stocks
- vii. Physical gold bullion
- viii. Investments notes (structured products, retail only)
- ix. Long-term insurance contracts (where underlying investment is in other assets listed in this Appendix)
- x. Shares in investment trusts
- xi. Managed pension funds
- xii. National Savings and Investment products
- xiii. Permanent interest bearing shares PIBs)

- xiv. Real estate investment trusts (REITs)
Shares listed on:

- xv. the Alternative Investment Market;

- xvi. the International Stock Exchange;

- xvii. the London Stock Exchange; or

- xviii. a recognised exchange (as listed in The Companies (Recognised Stock Exchange) Regulations, 2009 (as amended)).

- xix. Units in regulated collective investment schemes

GPML reserve the right to decline an investment or percentage allocation which in its view is not appropriate for a RATS at its absolute discretion. The ownership of commercial or residential property may be permitted within a RATS but through an underlying structure and will be subject to additional considerations and conditions.

What is meant by "investment approach"?

It is important that you understand clearly who is responsible for making, selecting and changing the investments that relate to your Member's Account. This is the "investment approach". Typically, there are three different approaches to investment management.

1. Third Party Directed Investment Approach,
2. Licensee Directed Investment Approach, and
3. Member Directed Investment Approach.

1. What is the Third Party Directed Investment Approach?

The Third Party Directed Investment Approach means that assets held in your Member's Account will be invested in accordance with the directions of the person you have told us will be nominated by you provided that person is an "Appropriate Investment Advisor". An "Appropriate Investment Advisor" generally speaking is someone licensed to provide financial advice in Guernsey in accordance with Guernsey legislation. However, if you are not resident in Guernsey, you can alternatively use a financial advisor regulated in Jersey, the Isle of Man, the United Kingdom or an EU member state or a financial advisor who operates in any other jurisdiction whom the Trustee is satisfied is qualified and competent to act in this capacity.

2. What is the Licensee Directed Investment Approach?

The Licensee Directed Investment Approach means that the Trustee has responsibility for the investment of assets held in your Member's Account. Under this approach, in making, maintaining and changing any investments, the Trustee may take account of any preferences you have expressed, but are not obliged to do so, and will consider any requests in light of what it understands to be your circumstances and the requirements imposed by law, including (but not by way of limitation) practice notes published by the Director of Revenue Service in Guernsey. The Trustee must satisfy itself that the RATS and the proposed investments and investment strategy are suitable and may take advice as to this from suitably qualified professional advisors (the costs of which will be deducted from your Member's Account within the RATS).

3. What is the Member Directed Investment Approach?

The Member Directed Investment Approach means that assets held in the Member's Account will (except in exceptional circumstances – see below) be invested in accordance with your directions, or the directions of any person whom you have authorised and confirmed to the Trustee in writing as being authorised to give instructions on your behalf your "Duly Authorised Representative").

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What are the exceptional circumstances where the member directed investment approach does not apply?

The Trustee may only intervene in making, selecting or changing investments if they are or might be unlawful or might prejudice tax approval of the Scheme. Otherwise, the Trustee will have no role in making, maintaining, changing or monitoring these investments or assessing the suitability of them or the investment strategy adopted by you. Other than making or changing investments at your instruction (or those of your Duly Authorised Representative), the Trustee will not otherwise take any steps in relation to the investments held.

8. UK transfers in

Additional legislation was introduced by HMRC in the Finance Bill 2017 relating to UK registered pension transfers and Qualified Recognised Overseas Pension Schemes (QROPS).

GPML does not permit UK Transfers into some of its RATS and does not permit a blend of UK and Guernsey tax relieved funds into the same RATS.

Transfers to QROPS requested on or after 9th March 2017 will be taxed at a rate of 25% by HMRC unless at least one of the following apply:

- i. both the individual and the QROPS are in the same country after the transfer.
- ii. the QROPS is in one country in the EEA (an EU Member State, including Gibraltar) and the individual is resident in another EEA after the transfer.
- iii. The QROPS is an occupational pension scheme sponsored by the individual's employer.
- iv. The QROPS is an overseas public service pension scheme as defined at regulation 3(1B) of the S.I. 2006/206 and the individual is employed by one of the employer's participating in the scheme.

Important: A transfer to a Guernsey based QROPS is an approved transfer provided the member is resident in Guernsey at the time the transfer is made. If the member subsequently leaves Guernsey within 5 full tax years from the date the original transfer was made and fails to notify the Trustees and make arrangements to transfer their benefits to another approved pension in accordance with the rules above prior to leaving Guernsey then HMRC's 25% Transfer tax charge will apply on the value of the pension at the time it occurs.

In such a case, both the member and GPML are responsible for the transfer charge to be paid to HMRC and settlement will be made from the Member's Account.

9. Benefits

It is important to note that the lifespan of a member of a RATS and the performance of the assets held are impossible to predict. As a result, once a member has started to draw down benefits from their Member's Account and depending on the level of benefits paid, the assets may be exhausted before the death of the member.

A member may elect to commence benefits from the age of 50 for Guernsey tax relieved funds and from age 55 when the funds are contained within a QROPS or QNUPS, or at an earlier age if due to incapacity. The commencement of benefits must commence by age 75.

A lump sum, part of which may be free of Guernsey tax deduction, may be taken at the commencement of benefits however regular income or a fund annuity does not need to commence when the lump sum is taken, but must commence by age 75.

It is not necessary to purchase an insurance annuity from an insurance company and a regular income or fund annuity may be paid out of the Member's Account. A single full computation benefit may be paid subject to complying with Section 157A, subsection (12) of the Guernsey Income Tax Law, 1975, as amended.

The terms and conditions of any income drawdown or fund annuity paid directly from your Member's Account may be reviewed at appropriate intervals – typically every three years.

For Guernsey Resident members, benefits will typically be paid net of any Guernsey tax deductions. For those members of a RATS that have never been Guernsey tax resident and where no Guernsey tax relieved monies have been settled into the RATS, benefits will typically be paid without Guernsey tax deductions.

All benefit payments will comply with the rules as set out by Section 157A, Section 150 and Section 40(ee) of the Guernsey Income Tax Law 1975, as amended and in particular Section 157A, subsection (12) which relates to the treatment of benefits for those monies held within the RATS that have originated from a jurisdiction where flexible drawdown arrangements are permitted.

At least one month's notice should be provided to GPML when an income arrangement is to be implemented and GPML will not be held responsible for delays in making payments when those delays are due to the administration handling times of third party providers or where the Member has not provided sufficient time to arrange benefits.

It is the responsibility of the Member to ensure that all benefits received are disclosed to their relevant and appropriate tax authorities. GPML will report to the Revenue Service or any other Tax Authority as is required to comply with their regulatory duties. This will include reporting to any authority to comply with the FATCA or CRS reporting regimes. GPML will not be responsible and shall be held harmless for any tax liabilities that may arise, either on the Member's affairs or their beneficiaries which relate to benefit payments or transfers from a RATS.

10. Death benefits

The following benefits may be provided; subject to the discretion of GPML and the rules of the RATS:-

- i. A Dependant's lump sum of up to the amount of the Member's Account value at the date of death; or
If the member has previously so elected;
- ii. A Dependant's Fund Annuity payable to the Member's Spouse, or other Dependant's derived from the remaining Member's Account value; or
- iii. A transfer to an Approved Insurer for the purpose of purchasing a Dependant's annuity.

Where the Member of a RATS has provided a nomination of beneficiaries form or an expression of wishes in some form that clearly portrays their election for beneficiaries to benefit from their Member's Account in the event of their death, the Trustees will consider such wishes provided any subsequent payment to a beneficiary does not prejudice approval of the RATS or may be considered unlawful.

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11. Risk factors

The value of the benefits that a Member may receive when they retire is not guaranteed. It will depend on a number of factors, for example the performance of the Member's chosen investments, the amount of contributions or transfers, the age at which benefits are taken and future annuity and drawdown rates.

In particular:

- i. Some investments carry a higher level of risk than others and the value of the Member's Account could be lower than the total amount invested.
- ii. Investments into stock markets and/or exchanges, currencies and investments linked to these fluctuate in value, as does any income derived from them. Past performance is not a reliable indicator of future returns.
- iii. Inflation could reduce purchasing power of the RATS.
- iv. The basis and amount of tax benefits could change in the future.
- v. Governments and/or the laws and/or the policies of Guernsey, and/or another relevant jurisdiction relating to pensions and retirement benefit could change in the future. This may affect the benefits that a Member may take from their Member's Account at retirement age.

12. Reporting currency

Base currency for a Member's Account will normally be in Sterling or Euro.

13. Reporting

Trustee Reporting

GPML will report to the Revenue Service and any other relevant tax authority to comply with its obligations and/or as requested from time to time.

Member Reporting

GPML will prepare and distribute Financial Accounts / Statements at least annually, to you as the Member, within six months of the scheme year end. Continuous reporting may be available if membership is through a RATS whereby GPML has provided the Member with the ability for online facilities. Not all RATS offered by GPML have this functionality available.

14. Charges

GPML charges for the RATS are set out in the Application Form or if varied, as agreed between GPML and the Member in writing;. GPML reserves the right to review its fees and charges from time to time but no more than once annually.

GPML reserves the right to share its fee with any third party, at its discretion.

GPML also provides disclosure of other charges incurred by a RATS where any such charge is considered material when applied against the overall value of the RATS, for example, investment management fees.

15. Advice

GPML does not offer advice whether financial, legal or tax and nothing provided to the Member whether verbally or in writing whatsoever should be construed as financial, legal or tax advice. Members are recommended to obtain appropriate advice (tax, legal and financial) prior to proceeding with membership to a RATS. The Member holds GPML harmless against any advice sought and the consequences of them not seeking advice.

GPML rely on the Member's adviser to guide them on the suitability of the retirement solution for them both on establishment and in the future.

16. Termination / winding up of structure / triviality

This agreement will be terminated and structure wound-up as applicable by any one of the following events occurring:

- i. The last payment of the provision of benefits resulting in no further residual value relating to the Member's Account being held within the RATS.
- ii. The payment of a full or final death benefit distribution to a beneficiary(s) of the Member resulting in no further residual value relating to that Member's Account being held within the RATS.
- iii. The transfer out of funds to another corresponding scheme. A Member may only transfer their RATS to a suitably approved / accepted scheme and this is subject to GPML's discretion which may also require sight of any financial advice given to the Member relating to the transfer out request.
- iv. A Triviality payment to the Member in accordance with the rules and provisions as instructed by the Revenue Service and or any rules relating to UK Transfers as instructed by HMRC.

GPML does not have discretion when applying the rules relating to Triviality and any request for Triviality made by a Member that falls outside of standard Triviality rules must be made directly to the relevant Tax Authority. GPML also recommends that suitable tax and financial advice is obtained when seeking closure of a RATS that falls outside of the Triviality rules.

17. Confidentiality and Data Protection

All information provided to GPML will be treated as strictly private and confidential, unless obliged to be disclosed by law.

For the purposes of The Data Protection (Bailiwick of Guernsey) Law, 2017, the data controller in relation to any personal data supplied is GPML.

Information from a Member may be processed, for the purposes of administration by GPML, by third parties who are appointed to provide services to GPML and by the Member's professional adviser. Such processing may involve the transfer of data out of Guernsey.

The Member consents for GPML (or any of its delegated third parties) to share data relating to the Member and the Member's Account, with any appointed professional adviser by the Member as per the Application Form or by notice from the Member from time to time. Appendix iii provides you with a copy of our privacy notice.

18. Governing law

This document shall be construed in accordance with the Laws of the Island of Guernsey and the parties submit to the exclusive jurisdiction of the Island of Guernsey Courts. If there is a conflict or inconsistency between the Application Form, these Terms and Conditions, and the Trust Deed, the Trust Deed will prevail in accordance with the law and practice notes.

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19. Other information

GPML have the right to make any amendment to these Terms & Conditions in order to comply with a change of applicable law or regulation and best practice.

Please note that all information in this document regarding contributions or transfers to a RATS, QROPS or QNUPS, benefits payments or transfers made from a RATS, the Member's tax position and otherwise is subject to any change in the laws of Guernsey, and other relevant jurisdiction from time to time. Any such change in the laws may have retrospective effect.

Gower Pensions Management Limited registration number is 46231 and its registered office at Suite 2, Weighbridge House, Le Pollet, St Peter Port, Guernsey GY1 1WL

This document is based on GPML's current understanding and interpretation, as at April 2022.

20. Complaint handling

If you have cause to complain about the, services or product/s received, then please contact Gower, in writing or by email (details below).

We will be able to provide you with details of our complaints' procedure upon enquiry. Should you remain dissatisfied, once you have exhausted Gower's complaints procedure, you may have recourse to approach the Channel Islands Financial Ombudsman Service ("CIFO") directly. Details of the CIFO will be provided to you as per our complaints procedure.

Furthermore, should your complaint remain unresolved after a period of three months from the initial date of notification, it is our responsibility to inform the GFSC of your complaint, details of which can be provided upon request.

Address: Gower Pensions Management Limited, PO Box 129, Suite 2, Weighbridge House, Le Pollet, St Peter Port, Guernsey, GY1 4EH,

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