

Key Features of the Vanguard Personal Pension

Vanguard Self-Managed Service

February 2025

The Financial Conduct Authority is a financial services regulator. It requires us, Vanguard, to give you this important information to help you decide whether our Vanguard Pension 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.

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About this document

This document provides you with important information which you should know before investing with Vanguard. It sets out the main features of investing in funds through the Vanguard Personal Pension, a simple low cost Self Invested Personal Pension ("**SIPP**"). It describes the aims of the product, your commitment as an investor, the risks involved, the charges which you will pay, the tax implications, and how we administer your investments.

This document should be read together with the Key Investor Information Document ("KIID") for the fund which you are considering investing in. You must also read the Vanguard Client Terms, which form the legal agreement between you and Vanguard. Capitalised terms unless otherwise defined herein shall have the meaning given to such terms in the Vanguard Client Terms.

About Vanguard

Vanguard Asset Management, Limited ("**Vanguard**") provides the Vanguard Personal Pension through its online service for personal investors. Vanguard is authorised and regulated by the FCA. Vanguard's registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

For more information about Vanguard, please visit our website at www.vanguardinvestor.co.uk

As you are self-managing your investments please note that Vanguard does not provide personal advice based on individual circumstances and so is not required to assess the suitability or appropriateness of any investment which you may choose or other services provided to you as part of our Vanguard Self-Managed offering. This means that you do not benefit from the FCA's rules on assessing suitability. If you are not sure of the suitability or appropriateness for you of any particular investment, product or service, you should consult an authorised financial adviser.

Key Features of the Vanguard Personal Pension

Its Aims

- The aim of the Vanguard Personal Pension is to build up a sum of money, in a tax efficient way, to help you meet your future retirement needs.
- The Vanguard Personal Pension gives you access to a wide range of Vanguard funds, including mutual funds and exchange traded funds (ETFs) for investment purposes.
- When you decide the time is right (and Government regulations allow), you can access your pension savings with Vanguard from the minimum pensionable age (currently age 55 but increasing to age 57 from 6th April 2028, unless you are suffering from ill health), buy an annuity or transfer to another pension provider to support your retirement needs.

Your Commitment

- To make the minimum initial Contribution or the minimum monthly Contribution for regular investors.
- Be prepared to keep your money invested and to not have access to it, until the minimum pensionable age.
- Agree to be bound by our Vanguard Client Terms and to pay any charges associated with your Pension Account.
- Understand the features, benefits and risks of the Vanguard Personal Pension and to regularly review your investments including the amount you contribute to ensure your retirement goals will be met.
- You must notify us of a change of address or any other important change to your personal details. Please note that, if you move abroad, we reserve the right to place restrictions on your account. This may mean that you are prevented from making additional investments or switching existing holdings into other funds. If required to do so, we may also inform any relevant foreign authority about your investments.

Risks

Payments into your Vanguard Personal Pension

When you Transfer a pension from another provider to your Vanguard Personal Pension, you may give up guarantees over the way you access your benefits, the amount you receive and any increases that apply to your pension in the future.

Any Transfer to your Vanguard Personal Pension may be subject to penalties applied by your existing provider, this may reduce the value of your Transferring pension. It may also be necessary for your existing funds to be sold and transferred as cash meaning that your Vanguard Personal Pension would not be invested in the markets for a period of time.

Where you have Transferred into the Vanguard Personal Pension from another Authorised Scheme, you may change your mind and cancel your Vanguard Personal Pension by informing us in writing within 30 calendar days from the date of requesting the Transfer. If your Transferring Authorised Scheme has already released the Transfer value they may refuse to take your Transfer back. You will need to choose an alternative Authorised Scheme to receive the Transfer value. We'll pay back your Transfer, less any fall in value of investments you have made due to market movements.

The amount you contribute into your Vanguard Personal Pension, and the performance of the funds that you choose to invest in, will affect the eventual size of your pension. If you delay paying into your Vanguard Personal Pension, your investment growth may be lower as a result.

The rules relating to the tax relief you receive on Contributions may change in the future.

Taking pension benefits

Pension benefits are generally only accessible from age 55, increasing to 57 from 6th April 2028 (minimum pensionable age).

If you take pension benefits earlier than you originally intended, the amount you receive could be less than expected.

In general, under current legislation, you have the option to draw up to 25% of your pension savings, capped at £268,275 across all your pensions, as a tax-free lump sum. Any withdrawals over and above this amount are subject to Income Tax. If you take a large proportion of income in a short period you may end up paying a higher rate of tax than usual.

The pension savings you build up during your working life are designed to provide you with an income during your retirement. You should take care to ensure that any amount you withdraw from a pension does not risk your savings being unable to support your income requirements in retirement.

You can access your pension benefits from your Vanguard Personal Pension through flexible income (drawdown), individual lump sums or the purchase of an annuity. As an alternative, you can transfer your pension to another provider.

Pensions and tax rules may change in the future.

General investment risks

It is important to understand the risks before investing. All investments involve some degree of risk. Some of the risks involved are described below.

What you get back depends on how your investments perform, the charges which are made, and any other deductions. The performance of investment funds is not guaranteed, and past performance is not a reliable indicator of future results. The value of investments, and the income from them, can fall as well as rise. You may get back less than you invest.

Any money which you hold as cash within your Vanguard Personal Pension will not benefit from any rises in the stock market.

Inflation will affect the real value of your investments (including any cash) in the future. If the growth of your investments (after the deduction of charges) is lower than the rate of inflation, the real value of your investments will be reduced over time.

Although Vanguard is committed to low-cost investing, fund charges can vary and may increase, and these will reduce the potential for growth and / or income.

Levels of tax and available tax reliefs may change in the future. Any tax benefits are subject to your individual circumstances.

If you opt to cancel your Vanguard Personal Pension, within the 30 day cancellation period, you could get back less than you invested.

If you transfer money into your Vanguard Personal Pension from another pension scheme, the final pension benefits you receive could be less than if you stayed in your existing scheme.

Specific risk factors for funds

Investment funds carry certain risks which are specific to their objectives and the management of their assets.

For information on a fund's investment objective and policy, and the risks, please refer to the relevant KIID and Prospectus. These documents are available from Vanguard via this website (www.vanguardinvestor.co.uk).

You are responsible for evaluating the risks associated with investing in any fund. The investment products offered on this website may not be suitable for all investors. If you are unsure of the implications or of the suitability for you of a particular fund, you should obtain personal advice from an authorised financial adviser.

Questions and Answers

What is the Vanguard Personal Pension?

The Vanguard Personal Pension is a UK registered pension scheme (recognised as a SIPP). It is a long-term, tax-efficient savings product designed to help you invest for your retirement. The Vanguard Personal Pension provides access to a wide choice of Vanguard investments to help build your retirement savings.

Is the Vanguard Personal Pension a Stakeholder or Workplace Pension?

No, the Vanguard Personal Pension is neither a stakeholder nor a workplace pension. These pensions incorporate a set of minimum standards laid down by the government in relation to costs, minimum payment levels and terms and conditions. Stakeholder or workplace pensions are generally available and may meet your needs at least as well as the Vanguard Personal Pension. If you are in any doubt about which pension may best meet your needs, you should consider getting professional advice from an authorised financial adviser.

Could the Vanguard Personal Pension be right for me?

It could be right for you if you:

- make your own financial decisions and wish to manage your pension online;
- would like to build your pension fund in a tax-efficient way;
- want to benefit from tax relief on your Contributions, subject to Government limits;
- would like to consolidate your previous pension savings into one account;
- appreciate that pensions are a long-term investment, not generally accessible before age 55 increasing to 57 from 6th April 2028.

Who can open an account?

The Vanguard Personal Pension is available to individual applicants aged 18 or over who reside in the UK and pay tax in the UK.

The Vanguard Personal Pension is not available to US persons.

You must have a UK bank account, as defined in the Vanguard Client Terms, in order to make Contributions to, or receive Benefits from, your Vanguard Personal Pension.

Joint named accounts are not permitted.

How do I open an account?

You must open your Vanguard Personal Pension online.

Before opening your Vanguard Personal Pension, you should carefully read these Key Features, the Legal Information, our Privacy Policy, and the Vanguard Client Terms (which you must accept in order to open an account). You will also be asked to confirm your nationality and to the extent you are a non-UK national or have dual nationality you will be required to provide details of your passport (or such other form of national identification as may be acceptable to us to verify your nationality).

Who can pay Contributions into my pension?

In addition to any personal Contributions you wish to make, we can also accept Contributions paid by another person on your behalf (such as a relative provided that they are an existing client of the Vanguard personal investor service) which are treated as your Contributions for tax purposes. In addition, the Vanguard Personal Pension can also accept payments from an employer in circumstances where:

- (i) you are a company director of your own limited company
- (ii) that limited company is incorporated and domiciled in the UK; and
- (iii) any Contributions are made directly from your company's bank account which you have been authorised to use.

We don't accept Direct Debits from business accounts but you can make one-off payments from a company debit card as often as you like. You may make one contribution whilst we are verifying your company and as often as you like once that has been completed.

Once you have reached age 75 we will no longer accept any Contributions paid by you or on your behalf.

How much can I contribute?

Your initial lump sum Contribution must be at least £500. The minimum Contribution under a regular savings plan must be £100 per month. These are net amounts before any tax relief has been applied.

There is no maximum Contribution, although you should be aware that the total contributions made to all your pension schemes by or on your behalf are subject to the "Annual Allowance" which is detailed on our website. You may also be eligible to "carry forward" unused relief from the three previous tax years.

Do I get tax relief on my Contributions?

You may get tax relief on your Contributions, subject to your personal circumstances and certain rules laid down by HMRC.

In each tax year, you will get tax relief at the highest rate you pay on your earned income such as your salary (also known as your "marginal rate"), or £3,600, if higher.

We will claim basic rate relief (currently 20%) on your behalf from HMRC – for example, if you pay £400, we will reclaim £100 in tax relief, giving a total Contribution of £500 to your Vanguard Personal Pension.

If you pay income tax above the basic tax rate, you may claim the additional relief due in excess of the basic rate via your self-assessment tax return.

If you are a resident in Scotland or Wales different tax bands and rates may apply.

When will tax relief be added to my Contributions?

We expect to receive tax relief around 6-10 weeks after the date the Contribution was made to your Vanguard Personal Pension. On receipt of this, we shall invest the tax relief in accordance with your original investment instructions.

If the amount of tax relief received is insufficient to buy a whole share in an ETF, the tax relief amount will remain in your Vanguard Personal Pension as cash.

However in circumstances where basic rate relief would still be outstanding when full encashment of the benefits was requested, (e.g. on retirement or death of a member), we may, at our discretion, pre-fund any tax-relief we believe is due to ensure a full settlement can be made without delay. Tax relief for Employer payments is claimed through the company tax return, not the pension.

Are "high earners" subject to the same Contribution limits and tax reliefs?

In this context, "high earners" are defined as anyone with taxable income of £260,000 or above. In this case the Annual Allowance is reduced by £1 for every £2 of taxable income earned over £260,000. This means that anyone with taxable income of over £360,000 is subject to a maximum Annual Allowance of £10,000.

Should you be impacted by the Tapered Annual Allowance you may wish to seek professional advice from an authorised financial adviser.

Can I still make Contributions if I have drawn any pension Benefits?

Anyone who has "flexibly accessed" their pension has a reduced Money Purchase Annual Allowance ("MPAA") of £10,000 per annum.

If any of the following "trigger events" takes place, then the member will be subject to MPAA for that tax year in question and all subsequent years:

- Payment of an Uncrystallised Fund Pension Lump Sum ("UFPLS");
- Payment of income drawdown (note that payment of tax-free cash lump sums do not trigger the MPAA);
- Existing "Flexible" Drawdown income in place as at 5 April 2015;
- Payment of "capped" income drawdown in excess of the Government Actuary's Department maximum; and
- Taking of a stand-alone lump sum if you have primary protection and a protection tax-free lump sum greater than £375,000 at 5 April 2006.

What happens if I exceed the Annual Allowance or Money Purchase Annual Allowance?

If you exceed the Annual Allowance, you may be able to carry forward any unused allowance from the three previous tax years ("Carry Forward"). To take advantage of Carry Forward, you must have been a member (even if no Contributions were made) of a UK registered pension scheme for the tax year(s) in question. The amount available to carry forward will be the difference between the Annual Allowance for the year in question and the sum paid in that year to all of your pension schemes.

If the total pension contributions paid across all your pension schemes for the tax year (including any amount carried forward from previous years), exceed your available Annual Allowance, then you will be liable for a tax charge on the excess. The charge is based on your marginal income tax rate (i.e. the highest rate at which you pay tax on your income).

If you are subject to the reduced money purchase annual allowance, you will not be able to Carry Forward any unused allowance from previous years.

Scheme Pays

If you exceed the Annual Allowance or the MPAA within your Vanguard Personal Pension and this results in an Annual Allowance tax liability equal or greater to £2,000, you may request Vanguard to pay your Annual Allowance charge from your Vanguard Personal Pension provided that, (i) we receive our Scheme Pays Declaration duly completed and signed within the relevant dates prescribed by HMRC; and (ii) you have sufficient funds to pay the full Annual Allowance tax liability due to HMRC. You may request a Scheme Pays Declaration from us by secure message.

Is there a limit to the pension fund I can build up?

Whilst there is no limit to the amount of pension savings you can accrue, from 6 April 2024, there are two new allowances above which you may have to pay tax on any excess. These replace the previous Lifetime Allowance.

- The Lump Sum and Death Benefit Allowance, this limits the amount of tax free lump sum across all your pensions which can be passed to your beneficiaries when you die. This is currently £1,073,100.
- The Lump Sum Allowance restricts the amount of tax free lump sum that you can draw from all your pensions while you are alive. This is currently £268,275.

Any lump sum payments in excess of these allowances will be subject to income tax.

If you have already taken benefits from a pension before 5 April 2024 this will reduce the Lump Sum Allowance and Lump Sum and Death Benefits Allowance which is available to you.

We will usually reduce both allowances by 25% of the value of the Lifetime Allowance that you used when you accessed your pension.

If you did not take a maximum lump sum you may be able to reduce the amount that is deducted from your Lump Sum and Lump Sum and Death Benefits Allowances. You should obtain a lump sum certificate from your pension provider and provide this to us when accessing your pension and we will be able to tell you how this will impact your allowances.

You may already have a protected pension allowance or lump sum amount in which case any future payment of Contributions to registered pension schemes (such as the Vanguard Personal Pension) may have an impact upon the protection that you hold.

If you are in any doubt about the protection you may have in place, or how previous amounts taken from a pension may impact your allowances, you should contact an authorised financial adviser.

Can I transfer existing pensions to Vanguard?

Yes, you can Transfer your existing pension Benefits from other UK registered pension schemes. If you hold existing Vanguard funds we may be able to Transfer these in specie (re-registration). All non Vanguard funds will be transferred as cash.

We cannot accept partial transfers of pensions where benefits have been taken.

If you started taking benefits from your pension before 6 April 2006 or if your pension is in capped drawdown we won't be able to accept your transfers. If you're not sure, phone your pension provider before starting a transfer.

Please note that we cannot accept Transfers of Safeguarded Benefits in excess of £30,000 unless you have received positive advice from an appropriately qualified financial adviser. Safeguarded Benefits include final salary (also known as defined benefits) schemes or money purchase (also known as defined contribution) schemes that contain a Guaranteed Minimum Pension ("GMP") and/or a Guaranteed Annuity Rate ("GAR") entitlement.

Where a Transfer involving Safeguarded Benefits is requested, we will require the appropriate Advice Declaration (which we will send to you) confirming that an authorised financial adviser has confirmed it is in your best interests to make the Transfer to Vanguard, to be completed and returned prior to accepting the Transfer into the Scheme.

For further information about Transfers please see our 'Transferring your pension' factsheet which is available on our website at www.vanguardinvestor.co.uk.

Can I transfer my Vanguard Personal Pension to another pension plan?

Yes, you can transfer the value of your Vanguard Personal Pension to another Authorised Scheme.

We also permit partial Transfers of uncrystallised (pre-retirement) funds to other Authorised Schemes as stated above, subject to Applicable Regulations, however, will only permit such partial Transfers provided a minimum balance of £10,000 remains in your Vanguard Personal Pension at the time your Transfer was requested. We do not permit the partial transfer of crystallised (in-retirement) funds, or transfers to overseas pensions (including QROPS).

Investments

Which funds are available?

We offer a wide range of Vanguard mutual funds and exchange traded funds (ETFs), so that you can invest according to your individual needs. Within each fund, investors' money is pooled to purchase a diversified portfolio which may include shares, bonds and other securities, depending on the individual fund's investment objective and policy. Many of the Funds aim to replicate the performance of a particular index of securities (these are known as "index" or "tracker" funds), but funds which pursue an actively-managed investment strategy are also available, together with certain "funds of funds" which themselves invest in other Vanguard Funds.

The following different types of fund are available:

- Open-ended investment companies (OEICs) and unit trusts are UK-based products Regulated by the FCA.
- Certain funds are domiciled in Ireland. These include funds which are structured like the UK OEICs, as well as ETFs. ETFs have some unique characteristics, and are traded like stocks on a stock exchange. Vanguard's Irish funds are regulated by the Central Bank of Ireland and recognised by the FCA for distribution in the UK.

We do not presently permit direct shares or any investment other than Vanguard Funds to be held in your Vanguard Personal Pension.

Can I hold cash in my account?

Yes, you may hold cash in the Vanguard Personal Pension while you decide where to invest, for example, or to pay charges. Cash held in your Vanguard Personal Pension will be out of the investment market and so will not benefit from any stock market growth whilst uninvested.

We will deposit any cash you pay us in one or more trust accounts with one or more authorised banks. You may earn a rate of interest on cash as described in the Vanguard Client Terms.

Cash in your Vanguard Personal Pension will be held on trust by the Trustee. Any cash held in this way will not be Client Money for the purposes of the FCA Rules.

Vanguard Target Retirement Fund option

Whilst saving towards your retirement, if you do not wish to make an investment selection from the full Vanguard Fund range, you can select to choose one of our Vanguard Target Retirement Fund options. By selecting this option you will instruct that all future Contributions and Transfers are invested in a specific Vanguard Target Retirement Fund chosen by you. You may change your investment options at any time.

Investment Pathways

When you come to draw your retirement benefits, you can either:

- Select an "Investment Pathway";
- Maintain your existing investment;
- or Select from our full fund range.

Investment Pathways are designed to match your planned income needs (if any) to your proposed investment choice.

For further information about Investment Pathways please see our website

<https://www.vanguardinvestor.co.uk/investing-explained/flexible-income#fourinvestmentpathways>

How do I invest?

When you have decided which Fund(s) you wish to invest in, you may make an initial lump sum Contribution electronically using a UK bank debit card. We do not accept payments made from pre-paid cards, credit cards, cheque or through other types of payment provider.

We will not complete your investment order(s) before we receive payment in full from you.

If you wish to make personal Contributions on a monthly basis you may set up a Regular Savings Plan by completing a direct debit mandate linked to your bank account. We will notify you when the payments will be collected. Your monthly Contributions may be increased, reduced (subject to the minimum payment requirement – see section How Much can I Contribute) or stopped by you at any time, although it may not be possible to implement your instructions until after the next collection date. Please note that, if you redeem or switch your holding of shares in a Fund into which you are investing under a Regular Savings Plan, your original investment instructions under your Regular Savings Plan will continue into the Funds selected therein unless and until you instruct us otherwise.

All investments must be made in pounds sterling.

How are Funds priced?

All Funds are normally priced on each business day, at the applicable pricing point. When you buy or sell investments, the transaction will be carried out at the price which is calculated (based on the net asset valuation of the relevant Fund) at the next Fund pricing point.

Please note that shares in ETFs are listed on the London Stock Exchange, and as a result, their price is affected by supply and demand during the trading day. Normally, ETF trades will be placed at the next dealing point (10.15am or 2.10pm), free of any brokerage charge. Alternatively, you may opt to use our quote and deal service to trade at a market quoted price. This service carries a charge of £7.50 per trade.

For more information about Fund pricing, please visit www.vanguardinvestor.co.uk. In addition, the Order Execution Policy appended to the Vanguard Client Terms describes how we deliver the best possible result for you when dealing in investments for you.

What documentation will I receive?

It is a feature of Vanguard's personal investor service that we will only issue documents online, and you consent to this by accepting the Vanguard Client Terms. You may of course download or print any items which you wish to retain in hard copy form.

We will provide you with a confirmation of transaction for each new investment instruction which you place. These documents will be stored in the documents library on your account.

At least once every six months we will provide you with a summary statement and valuation of your Vanguard Personal Pension investments, and this will confirm all the investment transactions which you have made since the previous statement. You may log in to your Vanguard Personal Pension at any time for a current valuation of your holdings.

Can I change my mind? What are my cancellation rights?

Yes – you may cancel your Vanguard Personal Pension by informing us in writing via secure message within 30 days from the date we served you with cancellation rights, normally this will be the date when the Vanguard Personal Pension was opened. Similar rights also apply in respect of:

- (i) any Transfer payment received;
- (ii) the first occasion of any Regular Savings Plan payments;
- (iii) any personal one-off Contributions; and
- (iv) on the first occasion you decide to take Benefits.

On cancellation of your Vanguard Personal Pension, any Contributions or Transfers paid will be refunded to the source of payment. The amount refunded following cancellation may be less than the amount you originally contributed and will depend on how the Contribution or Transfer was made. Cancellation amounts will be calculated as follows:

- amount will be equal to the market value of the Transfer;
- The first occasion of any Regular Savings Plan payments – the cancellation amount will be equal to the full value of the Contribution;
- Personal one-off Contributions – the cancellation amount will be equal to the lesser of the value of the Contribution or market value

It is important to note that cancellation rights do not apply to payments made by Employers or Third Parties.

You will need to inform us via Secure Message if you wish to cancel your Vanguard Personal Pension, Transfer, Contribution or when you take specific benefits.

If you have made investments prior to cancelling your Vanguard Personal Pension we will sell your holdings within five working days. Where investments are sold, you may get back less than you originally invested because of investment market value loss suffered between the date of your investment in the Fund and the date we receive and implement your instructions to cancel.

Product charges will also apply until your Vanguard Personal Pension is closed, and charges which have already been deducted will not be refunded.

How will my investments be held?

The Trustee will register your Fund holdings in its name (Vanguard Pension Trustee UK Ltd) and will hold them on trust on your behalf. You will remain the beneficiary.

What charges will I pay?

Vanguard is committed to keeping costs low for all investors. The following charges will apply to your Vanguard Personal Pension.

Fund charges

These are set by Vanguard and apply at the level of the particular Fund(s) in which you invest.

The Ongoing Charges Figure ("OCF") is expressed as an annual percentage of the value of a Fund, and includes Vanguard's charge for managing the Fund and its assets as well as administrative expenses such as the fees of the independent custodian and of the registrar and audit and regulatory expenses.

In addition, the Funds will incur transaction costs (including when buying and selling underlying investments) and other incidental costs. These costs are included within the estimate of costs and charges disclosure provided as described under the heading "How will costs and charges affect my investment?" below.

Please refer to the specific KIID for details of the charges applicable to a Fund which you choose.

Vanguard Account fee

This is what you pay in return for the provision of account services. These services include the fund dealing facility, the recording of transactions and holdings, the safeguarding of your investments by our nominee, and other ancillary services. These comprise certain online services as well as the provision of access to our personal investor service representatives.

What do you pay?

The amount you pay is based on the overall value of the account(s) you hold with us, excluding cash:

- Where the balance of the invested assets in your account(s) is below £32,000, we charge an account fee of £4 per month. This accrues proportionally across the month for each day you are invested.
- At and above £32,000, you will be charged 0.15% per annum.

The account fee is subject to a maximum annual charge of £375.

Where you currently only hold an account which we manage for you (such as a we do it for you ISA), by opening an account you manage yourself, you will become subject to the minimum account fee outlined above. This could mean you'll pay a higher account fee than you do today for the account we manage for you. This depends on how much you have invested with us across your accounts.

How is the account fee collected?

You have the option, when you open your account or at any later time, to arrange payment of your account fee by direct debit from your nominated bank account.

Alternatively, we will deduct the fee from available cash and, failing that, by selling shares from fund holdings. We will start with the largest holding by value in your account and prioritise non-ETF shares.

Where you have multiple account types with us, the account fee will be deducted from your accounts in direct proportion to the invested assets you hold in each. The non-direct debit collection process outlined above will apply to each account and we will not prioritise an account type in collecting fees.

Transaction fees

If you buy or sell an ETF through our optional quote and deal service, we will deduct a fixed charge of £7.50 to cover the fee of our nominated stockbroker.

Payments made to you via CHAPS at your request will be charged at the rate of £25 per payment.

Interest on cash

Interest will be earned on cash balances at a managed rate, meaning that it will be fixed and updated from time to time. The rate will be determined by reference to the interest we receive from the bank(s) we deposit your money with and the cost to us of managing cash within your account. We will retain any extra interest we receive on your cash above the stated rate to cover the costs of managing it (for example, the costs associated with our banking arrangements) and to enable us to continue to develop our products and services. Further information on how we manage your cash, including the applicable interest rates and how your cash is protected can be found **here**.

In the event that we are not able to sufficiently recover our costs from the interest we receive we reserve the right to levy an additional service fee by written notice in line with the Vanguard Client Terms.

We will let you know if this changes in the future.

How will costs and charges affect my investment?

What you get back will depend on the performance of the Fund(s) in which you invest and the impact of charges and other deductions, including any income which is paid out. Performance cannot be guaranteed.

What are the tax implications?

Investments made in your Vanguard Personal Pension are free from both Capital Gains Tax and Income Tax.

Any interest payable on Cash Deposits held is paid gross.

Benefits taken from your Vanguard Personal Pension may be subject to tax at your marginal rate depending on your personal circumstances at the time.

Benefits

When can I take my benefits?

You can draw Benefits from your Vanguard Personal Pension, whether you have stopped working or not, at any age from 55, increasing to 57 from 6th April 2028, as detailed below. Alternatively you can take benefits in the form of an annuity or transfer to another pension provider to meet your retirement needs.

If you are in ill health, and can supply medical evidence to confirm you are unable to carry on any occupation, you may be eligible to draw Benefits prior to age 55, increasing to 57 from 6th April 2028.

If you have a life expectancy of less than 12 months, you may be eligible to draw all of your Benefits as a lump sum.

Can I take a tax-free lump sum from my Vanguard Personal Pension?

Yes, subject to certain rules laid down by HMRC, the value of which will be up to 25% capped at £268,275 across all of your pensions. This is called the Lump Sum Allowance.

Any amounts drawn above this will incur tax at your marginal rate. Members holding protected lump sum rights may be entitled to draw a higher tax-free lump sum from their pensions.

You should note that, subject to Applicable Regulations, you are not permitted to "recycle" a tax-free lump sum Benefit you receive by investing it back as a contribution into any pension you may have.

If you are in anyway unsure about taking a tax-free lump sum you should contact an authorised financial adviser.

Are any other taxable lump sums available from the Vanguard Personal Pension?

Yes, another form of Benefit is permitted and can be taken on an ad-hoc basis as you may require.

This Benefit option is known as a Single Cash Lump Sum (sometimes referred to as an uncrystallised funds pension lump sum or UFPLS) and allows up to 25%, capped at £268,275 across all of your pensions of any sum drawn from your Vanguard Personal Pension to be paid tax-free with the balance subject to income tax at your highest marginal rate of tax.

Uncrystallised simply means that you have not yet used or 'crystallised' an amount in your Vanguard Personal Pension to provide you with Benefits so may also be thought of as "unused funds". It is not possible to draw a Single Cash Lump Sum payment from "used" (or crystallised funds) – i.e. those that either have or still are being used to provide Benefits.

If you wish to withdraw Benefits from your Vanguard Personal Pension via a Single Cash Lump Sum, you must have sufficient cash available in your Pension Account, in order for Vanguard complete your Single Cash Lump Sum withdrawal request.

You should note that once you have drawn a Single Cash Lump Sum payment, your maximum Annual Allowance in respect of future Contributions reduces to £10,000 per Tax Year.

What about drawing pension income – what options do I have?

- Flexible Income (Drawdown), an option which, following the payment of a tax-free lump sum, allows you to take a regular income from the remaining balance in your Pension Account whilst leaving your Vanguard Personal Pension invested. The level of income required can be amended (up or down) and will be subject to tax at your marginal rate.
- Purchase a guaranteed income (also known as an annuity) – this requires you to exchange all or part of your Vanguard Personal Pension in return for an income payable for either a fixed term or for the rest of your life. Vanguard do not provide annuities but you may Transfer Out your Vanguard Personal Pension to an annuity provider if required.
- A combination of the above
- The pension benefits you receive from your Vanguard Personal Pension are not fixed and are not guaranteed for life. Your ability to continue to withdraw income from your Vanguard Personal Pension will depend on the value of assets remaining within your Vanguard Personal Pension. It is your responsibility to ensure that you have sufficient assets to support your retirement needs.
- We will disinvest the assets in your Pension Account on a proportionate basis. Where you opt to draw part of your Benefits, we shall aim to disinvest a sufficient amount to support the tax free lump sum you have requested whilst attempting to mitigate any market movements that may affect your investments during the time elapsed between your request and settlement of your Benefits. This may result in a small cash balance resulting in the crystallised arrangement of your Vanguard Personal Pension which will be the lesser of 10% or £10 of the tax free lump sum required. This is to avoid delays in processing and paying your tax-free lump sum. You may re-invest any residual cash left in your Pension Account but please be aware that until it's re-invested it will not benefit from any market returns.

- When you move more money into the part of your Pension Account that is designated for flexi-access, and opt to invest this into new investments, you will need to update your disinvest strategy within your Account to allow us to continue to pay your income.
- For Flexible Income (Drawdown) withdrawals you may specify which assets you may wish to sell down to cash to provide your Flexible Income (Drawdown) payments. There is no upper or lower level to the amount of income that can be drawn – hence it is possible to draw only the tax free lump sum and no income, cash in the full fund of which up to 25%, capped at £268,275 across all of your pensions will be tax free subject to the cap across all your pensions) or somewhere in between to suit your circumstances.
- In order to draw Benefits from your Vanguard Personal Pension for the first time you must have reached age 55, increasing to 57 from 6th April 2028.
- Transfer to another pension provider to meet your retirement needs.

You should note that once you have taken income from your pension, your maximum Annual Allowance in respect of future Contributions reduces to £10,000 per Tax Year.

MoneyHelper Service

Deciding what Benefits to take from your Vanguard Personal Pension is an important decision to make. Consequently we recommend that you seek relevant guidance or advice to ensure you can make an informed decision regarding the Benefits you plan to take.

MoneyHelper is a Government backed service where you are entitled to receive free and impartial guidance in a variety of formats, including online, by telephone or face to face. Go to www.moneyhelper.org.uk or call 0800 011 3797 (or +44 20 7932 5780 if you're outside the UK).

The objective of MoneyHelper is to help educate and inform people as they near retirement such that they can make informed decisions on how best to use their pension savings from the date these come into payment.

You should note that the guidance does not replace professional financial advice provided by authorised financial advisers.

What happens to my Vanguard Personal Pension investments if I die?

Upon receipt of your death certificate, we will sell all investments held in your Vanguard Personal Pension and place the proceeds in cash while the decisions are made on the nominee distribution. The cash will remain within the Vanguard Personal Pension rather than forming part of your estate. All applicable charges will continue to be deducted. We will, however, cease to collect any further direct debits if you were investing under a regular savings plan, and we will cancel any regular withdrawal facility which you may have set up.

The treatment of benefits payable on your death largely depends on whether this takes place before or after age 75.

If you die before age 75, then your remaining Vanguard Personal Pension can normally be paid out as a tax-free lump sum to your beneficiaries (up to the value of the Lifetime Allowance). Alternatively, your remaining Vanguard Personal Pension can be used to provide a tax-free income for your beneficiaries aged 18 or over. This may be provided by purchasing an annuity, drawing an income from a new Vanguard Personal Pension or by transferring to another pension provider. Where a beneficiary is under the age of 18 an income can only be provided by transferring to another provider.

If you die after age 75, then the same options as outlined above are available to your beneficiaries. However, the recipient of such Benefits will be taxed at their marginal rate of tax.

Other information

Client status

If you open a Vanguard Personal Pension, we will treat you as a "retail client" for the purposes of the FCA Rules, which gives you certain rights and protection. These rights include access to compensation and our complaints procedure, as noted further below.

Terms and Conditions

These Key Features give you a summary of the Vanguard Personal Pension. Full details are set out in Vanguard's Client Terms, which you should read carefully and which you must accept as part of the account opening process. These terms form a legal agreement between you and Vanguard, governed by English law.

Compensation

Vanguard is covered by the Financial Services Compensation Scheme ("FSCS"). You may be entitled to compensation from the Scheme if we are unable to meet our financial obligations to you. This may apply separately to both your investments and any cash held in your Vanguard Personal Pension and the maximum amount of compensation available depends on the type of investment business, the FSCS compensation limits applying at the time of any failure and the circumstances of your individual claim.

Further information on compensation under the Scheme is available as follows:

FSCS 10th Floor,
Beaufort House
15 St Botolph Street
London EC3A 7QU

Telephone: 0800 678 1100
Email: enquiries@fscs.org.uk
Website: www.fscs.org.uk

Complaints procedure

Should you wish to complain about any aspect of our services, please first inform us using any of the contact methods described in the "How to contact Vanguard" section below.

Information about our complaints procedure is available on request.

If you are not satisfied with our handling of your complaint, you may refer it to either of the following:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR

Telephone: 0800 023 4567 (call charges will vary)
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London E14 4PU

Telephone: 0800 917 4487 (call charges will vary)
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Making a complaint will not affect your right to institute legal proceedings.

Who regulates Vanguard?

Vanguard Asset Management, Limited is authorised and regulated in the UK by the Financial Conduct Authority (FCA). You can view the Financial Services Register for our details by going to <https://register.fca.org.uk/>.

The FCA's contact details are:

The Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768 (call charges will vary)
Website: www.fca.org.uk

How to contact Vanguard

We recommend that you contact us through secure messaging via your online account at www.vanguardinvestor.co.uk. Alternatively, you may email us at personalinvestors@vanguard.co.uk. Please do not include any account details if you contact us by email.

You can also call us on 0800 5870460. (Please refer to our website for details of our opening hours).

Important Information

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