Key features of the HSBC Flexible Retirement Account

Important information you need to read

keyfacts®

HSBC UK

The Financial Conduct Authority is a financial services regulator. It requires us, HSBC Trust Company (UK) Limited, to share this important information to help you to decide whether our Flexible Retirement Account 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.

Contents

Key features of the Flexible Retirement Account

What is the purpose of this document?

To provide you with important information about our Flexible Retirement Account. In this document each Flexible Retirement Account you have with us is referred to as an 'Account' for simplicity.

You should read this document along with the other important documents listed below so that you understand what you are buying, and then keep it safe for future reference. This document only outlines the key features so it's important that you also read the Flexible Retirement Account Terms and Conditions. We can provide these either electronically or by post.

Aims of the Flexible Retirement Account

- To help you save money for later life, in a tax efficient way, by building up a pension fund that you can use to provide a lump sum and/or an income, normally from age 55, or age 57 from 2028.
- To give you a wide choice of how and when you access benefits, this includes pension drawdown or annuity purchase.
- To provide benefits on your death to beneficiaries.

Your commitment

- Pay one or more contributions into the Flexible Retirement Account and/or transfer in monies from other registered pension schemes.
- Take advice from a financial adviser before converting some or all of your account to pension drawdown.
- Regularly review your pension contributions and income to ensure they meet your needs.
- If you take benefits from any other pension scheme that you'll let us know.
- Complete an Expression of Wish form so the Trustee can take your wishes into account when deciding who to pay benefits to on your death.
- Tell us if you move abroad.
- Comply with the HSBC Flexible Retirement Account Terms and Conditions.
- Maintain an HSBC bank account in the UK so you can make or receive payments to and from your Flexible Retirement Account.

Risks

General

- Charges and other costs of running the Flexible Retirement Account may increase in the future and be higher than expected.
- The tax treatment and governing law for registered pension schemes may change in the future. How this affects you depends on your individual circumstances.

On setting up your Account

- If you cancel your Account (see 'Can I cancel the setting up of my Account?') within the 30-day cancellation period you may not get back all you invested.
- If you transfer benefits from another registered pension scheme there may be penalties and/or loss of valuable benefits, including guarantees from the transferring scheme. In addition, there may be higher costs associated with the Flexible Retirement Account than those that applied under the transferring scheme.

Contributions

- If you stop paying contributions into your Account, take a payment break or start taking your pension earlier than your chosen retirement date, your target pension income level may not be achieved.

Investments

- Your Account may invest in a range of investment schemes that fall as well as rise in value and you may not get back what you invested. Past performance is not a reliable indicator of future returns.
- Various factors including changes in exchange rates, political and economic situations may impact the value of pension you receive.

When you take benefits

- When you take benefits from your Account these may be lower than expected and are not guaranteed. This could happen for a number of reasons. For example, if:
  - Investment performance is lower than expected.
  - You stop making contributions.
  - You take income directly from your Account as Capped Drawdown and the statutory limits applying are lower than expected.
  - Annuity rates change over time.
- Taking lump sums and/or a regular income will reduce the value of your Account.
  - If large lump sums or a high income are taken, this may not be sustainable and you may have to reduce the amount you can take in the future.

- Depending on your personal circumstances, any pension benefits you receive from your Account may reduce your entitlement to means-tested state benefits.
- If you take the whole of your Account at once as a lump sum this may affect your standard of living in the future.

Questions and answers

About your Flexible Retirement Account

What is the HSBC Flexible Retirement Account?

It's a pension product that forms a part of and is subject to the rules of HSBC's Self Invested Personal Pension (SIPP).

It allows you:

- And your employer (if you have one) or someone on your behalf to make tax efficient monthly, annual and one-off contributions up to age 75.
- To make transfers from other pension plans to your Flexible Retirement Account if these have been recommended by HSBC's Retirement Advice Centre of Excellence or HSBC Wealth Manager or Wealth Adviser.
- To choose the investments you hold in your Account from a range of investments that have been recommended by your financial adviser.
- To choose the retirement benefits you will receive from a range of options.

Is this a Stakeholder Pension?

No, this is not a Stakeholder Pension. Stakeholder Pensions are generally available and may meet your needs at least as well as this Flexible Retirement Account.

Is this a workplace pension scheme?

No, this is not a workplace pension scheme and an employer may not operate it as one.

Who can take out a Flexible Retirement Account?

Anyone who:

- Is age 18 or over.
- Is a UK resident and subject to UK tax.
- Is not classified as a US person.
- Has an HSBC UK bank account you can make or receive paymentsto and from your Flexible Retirement Account.
- Has been given a recommendation by an HSBC adviser.

What companies are involved in the Flexible Retirement Account?

The company that operates the Flexible Retirement Account is HSBC Trust Company (UK) Limited. HSBC Trust Company (UK) Limited is also the trustee of the registered pension scheme under which your Account is set up.

The investments in your Account are held in the name of HSBC Trust Company (UK) Limited or a nominee appointed by HSBC Trust Company (UK) Limited to hold the pension scheme's investments in accordance with requirements of the Financial Conduct Authority.

What happens to the money paid in?

Contributions and pension transfers are received into and income payments paid out of a bank account known as the Cash Account.

The Cash Account is a bank account operated by HSBC Trust Company (UK) Limited. Credit interest is paid on cash until it's invested.

What can my Account invest in?

One of the most important choices you make about your pension plan is how to invest your money.

Your HSBC adviser will work with you to understand your current circumstances, your financial goals and the level of risk you're comfortable taking.

They'll recommend investments from a carefully selected list of funds chosen using HSBC's global investment expertise. You'll then have the final choice on whether to proceed.

What are the costs of the Flexible Retirement Account?

HSBC Trust Company (UK) Limited will not charge a fee for setting up or administering your Flexible Retirement Account, however, where investment is made into the HSBC Life Co Trustee Investment Plan, they make a 0.25% product charge. HSBC Life Co will pass half of this fee back to HSBC Trust Company (UK) Limited. Where investment is made into HSBC Premier Investment Management Service, the only charges are those that apply to the discretionary management service.

There are no additional charges for accessing your pension benefits by pension drawdown.

Investment management charges will be deducted by the investment providers, and these will depend on your chosen investments. Please refer to the Key Information Document or Key Features Illustration for details of the investment that has been recommended by your adviser.

We may introduce a reasonable level of fees in the future if there is a valid reason for doing so.

You may also have to pay advice fees to your HSBC financial adviser for any advice specifically relating to your pension.

You will be given a quotation in advance for any fees payable for any advice you may need.

Contributions

How much can be paid in?

As long as you are under 75, contributions can be made by you, your current employer or a third party, such as a spouse. Regular contributions can be paid monthly or annually. The minimum contribution is £150 per month or £1,800 per annum (net of tax relief).

Lump sums can be paid at any time. The minimum lump sum contribution is £1,000 (net of tax relief) and must be paid by electronic transfer.

The maximum you may personally contribute to all pensions tax efficiently each tax year is the higher of:

- £3,600 (gross) or;
- 100% of your UK earnings (gross), subject to the £60,000 annual allowance (or £10,000 Money Purchase Annual Allowance if you have previously taken benefits flexibly).
  - Employer contributions may use some of your annual allowance (or Money Purchase Annual Allowance) which will reduce what you can contribute personally.

These limits include basic rate income tax relief that will automatically be added to any contributions that you or any third party (except employer) pay into your pensions.

You may have unused reliefs that could be used, which your financial adviser can give more information on if applicable.

What about tax relief?

This means that for every £100 you pay into your Account as a net contribution, your Account will be credited with tax relief of £25, which we will automatically claim on your behalf. If you pay income tax over the basic rate (for example if you are a higher or additional rate taxpayer, or you pay income tax at Scottish or Welsh rates), you can claim additional tax relief from HM Revenue & Customs (HMRC). For further information, please visit hmrc.gov.uk. You will not receive tax relief on any contribution paid by your employer.

Can I stop contributing?

You can stop and restart contributions at any time.

Transfers

Can I transfer my existing pension benefits into my Account?

We'll only accept a transfer of pension rights if you have received advice from an HSBC Wealth Manager or Wealth Adviser, or the HSBC Retirement Advice Centre of Excellence that the transfer is right for you. We won't accept a transfer from a defined benefit pension scheme.

Transferring between pension schemes is not guaranteed to improve your benefits and you could end up worse off.

What if I am already receiving an income from my pension?

As long as your existing pension scheme will allow the transfer, subject to our consent, the value can be transferred.

If the pension fund you wish to transfer is in drawdown, all of the amounts in the relevant drawdown fund must be transferred to your Account.

Can I transfer out to another pension plan at a later date?

Yes, but only to another UK registered pension scheme or to a Qualifying Recognised Overseas Pension Scheme (QROPS) and subject to HMRC and legal requirements.

There will usually be a 25% tax charge when you transfer your Account to a QROPS. There will be exceptions for certain categories of people deemed to have a genuine need to transfer their pensions.

Transfers often involve complex issues and can adversely affect both the benefits available and their tax treatment. Please take financial advice before deciding to transfer.

Benefits on retirement

When can I take benefits?

Benefits can currently be taken at any time from your 55th birthday onwards. The minimum age rises to 57 from 2028.

You may be able to take benefits earlier if you are in ill health and we receive suitable medical evidence or if you have a protected pension age.

There is no upper age by which you must have started taking your pension benefits.

You do not have to take your benefits all at once – you can take benefits in stages to suit your circumstances.

Do I have to retire before taking benefits?

No, you can carry on working, if you wish.

How do I take my benefits from my Account?

There are a number of ways in which benefits can be taken from your Account. These are:

- Small Pots Payments.
- Pension drawdown – either Flexi-Access Drawdown or Capped Drawdown (if you were already in receipt of Capped Drawdown before 6 April 2015).
- Uncrystallised Funds Pension Lump Sum (UFPLS).
- Guaranteed Lifetime Income.

If you opt for any pension drawdown, money left in your Flexible Retirement Account will remain invested in the investments you have chosen. You may change where your Account is invested at any time. If you choose to take a regular income, using one of the below options, you can receive the income monthly, quarterly, half yearly or annually. Income is paid on or around the first of the month. You can vary the amount you receive at any time and start and stop payments when you wish.

Where can I get impartial information?

To help you make retirement saving and benefit decisions, the Government has a free and impartial pensions guidance service known as Pension Wise. You can find out more about this service at moneyhelper.org.uk/pensionwise. This service offers you guidance, but not advice about your retirement options. We recommend you seek advice about your retirement options in all circumstances.

Small Pots Payment

If your pension pot is less than £30,000 and you have not yet taken any benefits from it, you can take up to three separate small cash sums of no more than £10,000 each. A quarter of each lump sum will be paid free of tax and the remainder will be paid after the deduction of income tax at the UK basic rate (if you pay a different rate you'll need to include this in your self-assessment or contact HMRC directly).

Flexi-Access Drawdown

This option allows you to take a tax-free lump sum and then draw a regular income and/or take one-off taxable lump sum payments from the remainder of your Account. The payments you take will be liable to income tax at your marginal rate.

Under current HMRC rules, when you take benefits, you can usually take some tax free. This will usually be 25% of the amount of fund being used to provide benefits or, if lower, your remaining Lump Sum Allowance (LSA) or your remaining Lump Sum & Death Benefit Allowance (LSDBA).

Outside of what you can take tax free, payments will be liable to income tax at your marginal rate. There is no restriction on the number of withdrawals that can be made under flexi-access drawdown and you may even withdraw the whole of your Account at any time. There is also no minimum amount that you have to withdraw.

You can use the money remaining in your Account to buy a lifetime guaranteed income at any time.

Capped Drawdown

If you transfer from a scheme where you were using Capped Drawdown before 6 April 2015 you can continue to draw a regular income and/or take one-off taxable lump sum payments from your Account, up to the maximum allowed. The payments you take will be liable to income tax at your marginal rate.

You can use the money remaining in your Account to buy a lifetime guaranteed income at any time.

Phased Drawdown

This option allows you, on an annual basis, to take lump sums out of your Flexible Retirement Account until your money runs out or you choose another benefit option.

You can decide how much to take out. Under current HMRC rules, when you take benefits, you can usually take some tax free. This will usually be 25% of the amount of fund being used to provide benefits or, if lower, your remaining Lump Sum Allowance (LSA) or your remaining Lump Sum & Death Benefit Allowance (LSDBA). The rest will be taxed at your marginal rate.

Uncrystallised Funds Pension Lump Sum

No matter the size of your pension fund, it may be possible to receive a lump sum as an UFPLS payment.

Under the HSBC FRA, you may receive up to two UFPLS payments every 12 months.

You can only receive an UFPLS if your right to a tax-free lump sum is not greater than 25%. It’s not available if you have an enhanced lump sum, or any other factor has altered your lump sum rights. The amount you receive tax free will be limited to the lower of a quarter (25%) of the UFPLS payment, your remaining lump sum allowance (LSA) and your remaining lump sum & death benefit allowance (LSDBA). The remainder is taxed using an emergency tax code. If you have no LSA or LSDBA remaining, the whole lump sum will be taxable.

You can reclaim overpaid tax from HMRC through your Self Assessment tax return or by completing an online P55 form or via post. If you use UFPLS, the maximum you can pay into any pensions in the future will be limited to the money purchase annual allowance. Please refer to the MoneyHelper guide "Your pension: your choices". If you decide to take an UFPLS, you will not be able to change your mind.

Guaranteed Lifetime Income

This option provides you with a guarantee that you'll receive a regular income as long as you live. It allows you to choose an income that increases each year and/or continues to provide an income or pays a lump sum to your beneficiaries when you die.

This option means that you would use all or part of your Account to buy an annuity from the provider of your choice on the open market, known as an 'Open Market Option'.

Each annuity provider will normally ask for information about your health and lifestyle and use this to decide how much income they'll pay in exchange for the monies from your Account. It's worthwhile shopping around as the income an annuity provider will pay can vary considerably.

It's not possible to cover the choices in detail in this document. Further information will be provided nearer to your intended retirement date.

Under current HMRC rules, when you take benefits, you can usually take some tax free. This will usually be 25% of the amount of fund being used to provide benefits or, if lower, your remaining Lump Sum Allowance (LSA) or your remaining Lump Sum & Death Benefit Allowance (LSDBA).

What is the Lump Sum Allowance (LSA) and Lump Sum Death Benefit Allowance (LSDBA)

Lump sum allowance (LSA)

The standard LSA is £268,275 but may be reduced if you started receiving pension benefits before 6 April 2024.

Lump sum and death benefit allowance (LSDBA)

The standard LSDBA is £1,073,100 but may be reduced if you started receiving pension benefits before 6 April 2024.

A check is made against these allowances when benefits are paid and will impact the amount you can receive tax free.

> Note – your individual allowances may be higher if you have lifetime allowance protection in place.

Pension commencement lump sum (PCLS)

This is the tax-free lump sum you can receive when you access your pension benefits. The amount of PCLS you can receive is usually 25% of your pension pot, or the amount of your remaining LSA or LSDBA if lower.

Tests against the LSA and LSDBA

Your LSA is reduced by the amount you receive as a tax-free lump sum from a pension, which includes PCLS but also includes other tax-free lump sums. The deduction may not be the whole of the tax-free amount received though. This might be because you were entitled to receive more than 25% of your pension pot tax free or you've received a serious ill health lump sum before age 75.

Your LSDBA is reduced by the whole amount you receive as a tax-free lump sum from a pension. It will also reduce by the amount your beneficiary receives tax free as a lump sum death benefit if you die before age 75.

If the lump sum received is more than your remaining LSDBA, the excess amount is added to you or your beneficiary's other taxable income (depending on who's receiving the lump sum) in the tax year of payment. It is then chargeable to income tax.

Some small lump sum payments are not tested against either allowance. This includes where the lump sum received is £10,000 or less and paid as a small pot lump sum. You can use this rule three times for personal pensions. The limit on workplace pensions is different.

The Lifetime Allowance is expected to be abolished in April 2024.

From 6 April 2023, no tax charge will be applied to amounts exceeding the Lifetime Allowance, but any excess over the Lifetime Allowance will be taxed at the recipient's marginal rate of income tax when it's withdrawn.

Benefits on death

What happens to my Account if I die?

You can nominate who you would like to receive benefits in the event of your death. This may be an individual or multiple beneficiaries. Whilst the Trustee is not bound to follow your nomination, they will take your wishes into consideration when making a decision on who to distribute your pension to and in what form.

You should complete our expression of wish form to nominate who you would like to receive benefits. It's important that you keep your nomination up to date. The form can be found in the application form for the Flexible Retirement Account and you can get extra copies by calling Wealth Retirement Services.

We'll let each beneficiary know the options that are available to them after your death. These options may include:

- Taking remaining benefits as a lump sum.
- Buying an annuity.
- Using the benefits to provide a drawdown income.
- Benefits being paid to a trust as a lump sum.

Payments made to beneficiaries will not normally be subject to inheritance tax.

If you die before age 75

Benefits can normally be paid out tax free. Tax will normally be payable at the beneficiary's marginal rate of income tax in the following circumstances:

- If benefits are more than your remaining LSDBA, the excess will be taxed if taken as a death benefit lump sum.
- If benefits are not paid out within two years of the Trustee being notified of your death.

If you die after age 75

Benefits can normally be paid out tax free. Tax will normally be payable at the beneficiary's marginal rate of income tax in the following circumstances:

- any payments will be taxed at the beneficiary's marginal rate of income tax; or
- the fund can be paid to a trust as a lump sum less a 45% tax charge.

Where there are no dependants and a charity is nominated as a beneficiary, this is paid tax free.

If a beneficiary chooses to take Flexi-Access Drawdown, they can either transfer the monies they receive from your Account to another registered pension scheme or they can apply to set up a Flexible Retirement Account for themselves. If they do so, the account will be restricted to reflect that it's set up to provide access to these benefits only.

Each beneficiary must receive advice from a financial adviser before establishing a Flexible Retirement Account to provide drawdown pension.

Important information

Can I cancel?

Yes. After you've returned the forms to set up your Account, you'll be given a 30-day 'cooling off' period in which you can tell us that you wish to cancel your Account.

However, where the money paid in has been transferred from another pension scheme, it may not be possible to return the money to the transferring scheme. In that case you would have to arrange for a further pension arrangement to accept the transfer.

If you cancel and the value of investments has fallen before your cancellation notice is received, you'll only get back the amount paid in less the fall in value.

How to contact us

Email hsbc.retirement.team@hsbcib.com

Write to us at: HSBC Wealth Retirement Services
HSBC Trust Company (UK) Limited
Customer Service Centre
BX8 7HB

Telephone us on 0800 032 4110

Terms and conditions

This key features document gives a summary of the Flexible Retirement Account and is based on our understanding of current law and regulations, as well as tax rules and HMRC practice at the time it's written. It does not include all the definitions, exclusions, terms and conditions which apply to your Flexible Retirement Account and you will need to read the complete set of documents comprising the contract between you and us, which includes the Terms and Conditions, the application and this key features document.

Under the Flexible Retirement Account Terms and Conditions, we reserve the right to make changes to your Account in certain circumstances. We will notify you of changes.

How to complain

Our aim is to resolve all complaints directly with you, fairly and quickly. Therefore, please contact us using the details shown below if you feel that you have grounds for complaint against us at any time.

Email customer.care.team@hsbc.com

Write to us at: The Customer Care Team
HSBC Bank plc
PO Box 6125
Coventry
CV3 9GW

Telephone us on 0345 740 4404

If you're not satisfied with the way we deal with your complaint, you can contact the Financial Ombudsman Service (FOS) at:

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

Telephone: 0800 0234 567 – free for people phoning from a 'fixed line' (for example, a landline at home).

0300 1239 123 – free for mobile phone users who pay a monthly charge for calls to numbers starting 01 or 02.

Email: complaint.info@financial-ombudsman.org.uk

Website: financial-ombudsman.org.uk

Making a complaint will not affect your right to take legal action. You can ask us for details of our complaints procedure.

MoneyHelper

MoneyHelper provides free and impartial debt advice, money guidance and pension guidance to members of the public.

It also helps people who have problems, complaints or disputes with their company and personal pensions.

If you have a complaint you can write to them at:

MoneyHelper
Holborn Centre
120 Holborn Road
London
EC1N 2TD

The Pensions Ombudsman

The Pensions Ombudsman can be asked to adjudicate between a member and the trustees or scheme administrator for an occupational pension scheme or personal pension where MoneyHelper hasn't been able to assist.

The dispute may relate to maladministration or a dispute over a fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Law

The HSBC Flexible Retirement Account and any legal disputes relating to it are governed by the laws of England and Wales.

The contract between us that constitutes the HSBC Flexible Retirement Account and all communication during the course of the Flexible Retirement Account contract will be in English.

Compensation

We are covered by the Financial Services Compensation Scheme, although what you may be entitled to will depend on the type of investments held within your Flexible Retirement Account. If you have a valid claim against us and we are unable to meet our liabilities, further information about compensation arrangements is available from:

Financial Services Compensation Scheme
10th Floor, Beaufort House
15 St Botolph Street
London
EC3A 7QU

Telephone: 020 7741 4100

Website: fscs.org.uk

Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak to us using the live chat on our website, by visiting one of our branches, or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service. To find out more please get in touch. You can also visit: hsbc.co.uk/accessibility or: hsbc.co.uk/contact.

hsbc.co.uk/shares

HSBC UK Bank plc. Registered in England and Wales with number 09928412. Registered Office: 1 Centenary Square, Birmingham, B1 1HQ, United Kingdom. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 765112.

Protected