



The individual SSAS



The SME Business Owners Pension Scheme

Background

Why we created the i-SSAS

Recent changes to pension legislation like Auto Enrolment and flexi drawdown have brought pensions back onto the radar for many company directors. In fact, many have had to have conversations with pension suppliers to ensure their business has a compliant workplace pension scheme in place for their employees.

This focus has resulted in a lot of directors reflecting on their own retirement provision and realising that is not adequate, which in turn has meant an upsurge in enquiries from directors to our sister company Enrolex, which provides an Auto Enrolment solution, and to ourselves at SSASCo.

The majority of our enquiries have been from business owners who are looking for a flexible pension scheme that will meet their current and future needs, and they are really attracted to some of the unique features of a SSAS - such as the loan back facility and the wide range of investment options - but don't think they need the multi member feature of a full SSAS.

What is an i-SSAS?

An i-SSAS is:

- A single member small self-administered scheme (SSAS)
- Recognised by and able to be registered with HMRC
- Each scheme will have its own PSTR (pension scheme tax reference number)
- A trust based occupational pension scheme
- The member is the trustee
- The scheme operates with a corporate trustee

What can be done with an i-SSAS?

An i-SSAS can:

- Accept contributions from a sponsoring employer (the members business)
- Accept transfers from other pension providers
- Accept in – specie contributions (typically commercial property)
- Buy commercial property with scheme assets
- Take a loan to purchase commercial property
- Loan back up to 50% of its assets to the sponsoring employer
- Invest funds in a wide range of investments

Who is an i-SSAS suitable for?

Directors of trading limited companies who wish to have flexibility with their pension funds and who want to take an active interest in the investment of the funds within the scheme.

What are the benefits of an i-SSAS?

Tax Efficiency

Contributions made from a sponsoring employer (usually the directors company) are classed as an allowable expense, so have the effect of reducing corporation tax. Also from age 55, when funds are drawn from the SSAS, the first 25% is tax-free (restricted by the Member's available Lifetime Allowance).

Contribution Flexibility

There are no fixed contributions – contributions can be made at any time depending on the business's performance and can be of any amount. Though tax relief is limited to £40k per annum, there are no restrictions of fixed monthly contributions.

Can be converted to a multi member SSAS

An i-SSAS can be converted at any time to a multi member SSAS (additional charges will apply). A multi member SSAS has a couple of additional features that may be useful in the future, either as part of inheritance planning, or if the sponsoring employer wanted to make contributions in excess of the director's personal contribution allowance



Control

With an i-SSAS the member can decide on their investments and investment strategy (provided they stay within HMRC guidelines). SSASs have a wider range of investment options than any other pension scheme.

Consolidation

Members can transfer in existing pension rights into their SSAS and those funds can be used for permitted investments, purchasing commercial property or providing a loan back to the sponsoring employer. By consolidating all their pensions the member will reduce their fees and increase their options.

Security

Because the i-SSAS is a trust, all assets within the trust are secure from creditors should the sponsoring employer hit financial difficulty in the future (providing there has been no fraudulent activity).

Help and advice

The i-SSAS will have the services of a corporate trustee. The role of the CT is to advise whether investments and transactions fall within HMRC guidelines (not to be confused with investment advice which is provided by a Regulated Financial Adviser). Although it is not a legal requirement to have a corporate trustee, SSASCo do not offer an administration service without one.

The i-ssas has been specifically designed for SME business owners.

Fees

A one off set up fee This is paid on application	£450 plus vat
This includes: <ul style="list-style-type: none">• The creation of the scheme• Scheme registration with HMRC• The bank account set up• Creation of scheme rules• Welcome pack	

Monthly management charge This is paid by direct debit which commence one month after application	£40 plus vat
This includes: <ul style="list-style-type: none">• Annual HMRC return• Corporate trustee service• Scheme maintenance• Managing contributions• Annual statement	

N.B Additional one off administration exercises such as commercial property purchase, transfers, in – specie contributions etc will be quoted for and charged separately. Paid for on request of administration.

It is usual for fees to be paid by the sponsoring employer, as these fees are an allowable expense.



FAQ's

Q Can a sole trader have an i-SSAS ?

A No, i-SSASs are only for Ltd companies and LLPs

Q Why should I have an i-SSAS instead of a SIPP?

A A couple of reasons

- 1) Increased flexibility – a SIPP can't provide a loan back and doesn't have as many investment options
- 2) SIPP providers are about to have increased regulation and operating costs due to recent FCA regulations; this has resulted in some uncertainty about the future of many SIPP providers

The important thing to remember is that SIPPS are designed for individuals where SSASs are designed for businesses

Q How much can a SSAS loan back to the sponsoring employer?

A 50% of the assets in the scheme; the loan must be secured (usually on the sponsoring employers shares) and repaid over a 5 year term with a commercial rate of interest (however the interest is going into your scheme)

Q What can the loan be used for?

A Any commercial purpose e.g. investment in plant machinery, paying off overdrafts, purchase of commercial property etc

Q How restrictive is the corporate trustee?

A Not restrictive at all, we are here to guide, advise and ensure compliance. We take a very practical view whilst ensuring you do not incur HMRC penalties.

Q Who do you set the pension scheme bank up with?

A We usually use Metro Bank, we have found them very efficient and provide online same day banking services

Q How do apply for an i-SSAS

A Contact SSASCo for an application pack or go to www.ssasco.co.uk/issasapplication and download the forms. Complete and return to us at the address below with your set up fee.

