

## Case study **SSAS Property Purchase**

Assisting clients in using Small Self-Administered Schemes to make the most of their existing assets.

With the right planning, a Small Self-Administered Scheme (SSAS) can produce opportunities that may better a company's financial position. Purchasing a commercial property through a pension scheme, or selling your own property to your pension scheme, could enable you to turn existing real estate into a source of income by renting the property on a commercial basis.

# In this fictional case study, clients **Paul and Richard** are directors of a company.

Paul and Richard are company directors looking to grow their business. Unfortunately, due to the current approach that the high street banks have to lending, many businesses struggle to secure funding. Being the case for Paul and Richard, they have to find an alternative. They're informed of SSASs and how to purchase a new property through their business.

## The possible solution

Paul and Richard's best option may be to invest their personal pensions into a property purchase through a Small Self-Administered Scheme (SSAS). This option will allow them to release cash into their company; allowing the funds for Paul and Richard to embark on company expansion.

Walker Crips Pensions can assess if Paul and Richard are eligible. To ascertain the suitability of a property or plot of land's purchase by a SSAS, various aspects need to be considered:

- ☐ The existing personal pension must cover the cost of purchase.  
A SSAS can borrow up to 50 % of the pension schemes net assets, meaning the total funds available could be 150 % of the SSAS's value.
- ☐ The property being purchased must be *commercial*.  
To purchase property through a SSAS it must be commercial, though properties with residential elements may be permitted if they adhere to guidelines.
- ☐ The purchase price must be in line with a RICS Surveyor's valuation.  
This criteria is only applicable in the case the property is being bought from a connected party.
- ☐ The property should be leased out at a *commercial rental value*.  
Whether purchasing new property to lease to the company or a third-party, the tenant must be charged commercial rental value.
- ☐ The property should be assessed for environmental risks.  
Before its purchase, an environmental screening must be conducted to provide a risk rating for the property.
- ☐ *SSAS members should decide on an amount to invest.*  
A SSAS member can choose to invest up to 100 % of their pension fund into commercial property, or as much as needed to expand their business.

## Suited to pension funds of all sizes

Property Purchase through a SSAS can be utilised for a range of circumstances. In the case that a personal pension is too small to buy a property outright, some specialist providers permit part property purchases, also known as shared ownership, where the company and the pension scheme will both part own the property.

Through it all, Walker Crips Pensions will provide Paul and Richard with guidance and assistance on how to plan for the intricacies of a SSAS property purchase. From there, Walker Crips Pensions will handle the setting up of the SSAS and the ongoing requirements including the following:

- ↳ Take on the Scheme Administrator role
- ↳ Registering the scheme with HMRC
- ↳ Setting up a Trustee bank account
- ↳ Dealing with all HMRC reporting requirements
- ↳ Provide an annual valuation
- ↳ Conduct an annual Trustee meeting

## Contact us

**Contact us today to find out if this case study is suitable for you.**

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