

Why choose SSAS?

A Small Self-Administered Scheme (SSAS) is a type of occupational pension scheme designed for business owners and directors. It provides a range of benefits and flexibilities that distinguishes it from other pension options.

SSASs are bespoke products that are often overlooked, though they have been around since the early 1970s and are well established in the financial services industry.

Here are some key benefits of using a SSAS:

1. Greater control

One of the primary advantages of a SSAS is the level of control it offers. Members (usually business owners or directors) are trustees of the scheme and have significant control over all aspects of the scheme, including how the scheme's assets are invested. This control also extends to a all of the scheme's assets being registered in the member's names, in their capacity as trustees.

2. Tailored investment strategies

Unlike traditional pension schemes, a SSAS allows for a more personalised investment strategy. This flexibility enables members to align the scheme's investments with their specific retirement goals, risk preferences and business strategy. As scheme trustee, they have the autonomy to make investment decisions based on their expertise and market understanding.

3. Investment into commercial property

Like SIPP, SSAS can invest into commercial property. This means that the scheme can acquire property (existing or new business premises) that can then be leased back to the sponsoring employer. This provides an opportunity for the business to use the property premises while allowing the scheme to accumulate rental income within a tax efficient pension environment. Where the scheme buys existing premises from the business, this will release capital into the business.

4. Tax efficiency

Similar to other pension schemes, contributions made to a SSAS benefit from tax relief. Additionally, the growth of investments within a SSAS is sheltered from income tax and capital gains tax, enhancing the potential for compounded growth without tax deductions on profits or dividends earned from investments held within the scheme.

5. Estate planning and inheritance tax benefits

Assets held within a SSAS are typically outside an individual's estate for inheritance tax purposes. This makes it a useful vehicle for estate planning, allowing members to pass on wealth to beneficiaries within the SSAS outside the scope of inheritance tax upon the member's death.

6. Low-cost business funding

A SSAS can provide a source of funding for the sponsoring employer. A loan-back facility can be setup providing up to 50% of the scheme value to the business. There are a number of key tests to meet. It must be a maximum five-year term, must be secured on a first charge basis against an asset of equal value to the loan plus interest, and with an interest rate set at least 1% above the Bank of England base rate.

Who are the key parties involved in a SSAS?

Sponsoring Employer – Being an occupational pension scheme, the sponsoring employer will be involved in setting up the scheme for the purposes of providing benefits for its employees.

Member Trustee – The scheme can hold up to 11 members. These members are trustees in the scheme and, as such, have a significant role in managing the scheme. Trustees are responsible for ensuring the scheme complies with strict pension legislation, making investment decisions, and managing the scheme's assets.

Professional Trustee – Some schemes operate with a professional trustee. They can be individuals or firms that specialise in providing trustee services for pension schemes. They typically offer their services to ensure that the SSAS operates in compliance with the relevant legislation, regulatory requirements, and best practices.

Scheme Administrator – The scheme administrator is the person (or persons) appointed in accordance with the pension scheme rules to be responsible for carrying out certain duties, such as reporting to HMRC.

This role can be fulfilled by a scheme member, or they can ask the provider to act as formal scheme administrator.

Associated Scheme Practitioner – If the members are acting as trustee and scheme administrator, they can still employ the services of a provider who will offer professional guidance and administrative services but hold no legal liability in the running of the scheme.

Professional Advisers – SSAS trustees may engage with legal advisers, accountants, tax specialists, and FCA authorised financial planners for guidance on legal, accounting, tax, or financial matters related to the scheme.





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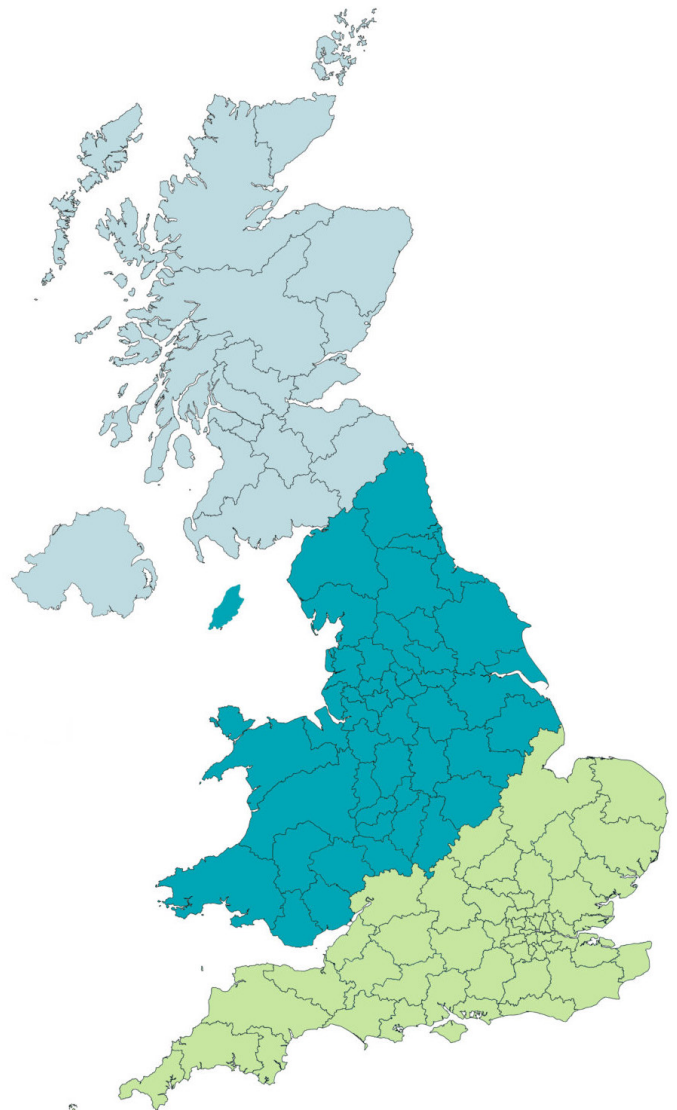
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