

Investment Selection

There is no restriction on any investment choice however certain investments are taxable. In summary, you can invest in any area you deem appropriate for the scheme however residential property in the UK and/or overseas are both taxable investments. Personal chattels such as antiques, fine wines, work of art, etc... are taxable and must be avoided. Personal loans are also taxable in addition to any loans to family or “connected” persons. If you invest in unquoted shares, then provided that the company is not connected to you this is acceptable, under certain circumstances; please ask us for more details on this. A list of the main investment categories which meet most client requirements are given below:

Quoted equities on recognised worldwide stock exchanges

Gilts, Bonds and Fixed Interest Stocks

Investment Trusts

Quoted equities

Futures and options

Image rights

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Unit Trusts and OEICS

Investment companies

Insurance company funds

Institutional deposits

Shares in the principal employer (please seek advice prior to this investment)

Shares in private companies (unconnected rules apply)

Secured loans to the employer

Secured or unsecured loans to unconnected parties

Offshore funds

Land

Commercial Property

Industrial property

Taxable investments

Residential property

Unsecured loans to the business

Fine wines

Works of art

Vintage/classic cars

Antiques

Rare books

Stamps

Yachts

Gold Krugerrands

Loans to member trustees or their families

Jewellery and gemstones

Property purchase

Buying and investing in property is very tax efficient. Where property is acquired from a connected party or the business, an independent valuation is required. That property must be acquired on commercial rates. The property can be sold or “contributed” to the scheme, the usual tax concessions apply. A business looking to raise cash, could sell the property to the

scheme if it held assets such as other pension investments arising from transfers in, the property once sold allows the members/directors of the business to retain assets in the scheme. If there are insufficient funds available within the SSAS, the trustees can borrow up to 50% of the net value of the SSAS's funds to buy the property. The trustees take on the borrowing, which is not reflected in the employer's accounts. The property held by the scheme is typically leased to the business at normal commercial terms. The growth in the value of the property is free from CGT and income tax.

Off plan “residential” investments

There has been much speculation about off-plan residential investments. Off-plan residential property investment can be transacted via pensionpractitioner.com. However the land must not have been previously used for residential purposes and the property must be disposed of prior to the property being fit for purpose in a certain manner. Where the investment is for a short term profit, the transaction is likely to meet the badges of trade test and as such the scheme will need to pay the income tax due. Due to the complexity of this transaction, specialist advice must be sought.

Loans

Loans are restricted to a maximum of 50% of the net SSAS fund. Such loans must be secured against assets by way of a first charge. The maximum term permitted is five years, with the interest being at least 1% above the average base-lending rate of the six main high street banks. It is not possible to make loans to the member or anyone connected to them, unconnected third party loans are acceptable. Loans to third parties are not restricted to 50% of the fund and need not be secured.

Share in the Principal Employer

Investment in the shares of the principal employer or any other associated employer is restricted to less than 5% of the fund in any one such employer; and less than 20% of the fund in shares in all such employers.

Borrowing

The maximum the SSAS can borrow is 50% of its net fund value at the date of the loan.

There is no restriction from whom the lending may be made from or the terms of the loan.

Important Note:

As the registered Practitioner, we fulfil all those functions imposed upon the scheme administrator. In carrying out those functions you must advise us in advance any borrowing, loans, unquoted shares, property transactions made. Further, any taxable investments made of any nature must be reported to us. Failure to provide us with this information may have taxable consequences on the Scheme. You are recommended to read our disclaimer document which is available on our website.