

Business Rewards



“as a Director of your own company, a senior key employee or a partner of your own firm it is important to consider which type of scheme will best suit your needs.”

SSAS, EPP, SIPPS AND FURBS

Having decided that it is important to make retirement provision because of the declining levels of state benefits, as a director of your own company, a senior key employee, or a partner of your own firm, it is important to consider which type of scheme will best suit your needs.

Small Self Administered Schemes (SSAS), and Executive Pension Plans (EPP), and Self Invested Pension Plans (SIPPS) offer you tremendous flexibility and countless opportunities to dovetail your personal financial planning with that of your business. Indeed, the use of SSAS, EPP and SIPPS can actually assist your business.

SMALL SELF ADMINISTERED SCHEMES (SSAS)

So what can be done within a SSAS? Within a SSAS you can:

- Purchase commercial property and if you wish lease it back to your company.
- Lend money to your company.
- Purchase shares in your company.
- Invest in a wide range of other areas.

How does this assist a business whilst at the same time help your own financial planning?

Take for example the purchase of commercial property. If your company already owns the property in question and your SSAS buys it from the company then the following is a likely sequence of events:



Business Rewards



“Mardon Financial Advisers will give expert advice to guide you through what is one of the biggest financial commitments.”

Whatever your requirements, Mardon Financial Advisers have the answers

- Your company makes a payment into the SSAS as a pension contribution for you. Immediately you benefit by having money set aside in a pension scheme for the future.
- Your company benefits from full corporation tax relief on the contribution allowing you as a Director to mitigate corporation tax liability in full or in part. As an individual you are not taxed on the company's contribution on your behalf and if you make a personal contribution it will be relieved against your own tax liability at your highest rate.
- With the money which is now in a SSAS, you, as a Trustee, can buy the property from the company provided that this is done on a normal commercial terms.
- This releases cash into the company's hands which might be needed elsewhere in the business. For example, it might be used to help fund expansion of the business.
- The company now pays rent to the SSAS (its new landlord) which is itself an allowable business expense and attracts corporation tax relief. Although the company now has a landlord as you are a Trustee of the SSAS you still control the property simply with a different hat on.
- The rent which is being paid is boosting your pension fund as is the underlying value of the property and the growth in the property value is free of income and capital gains taxes.
- The property (as with any pension scheme asset) is ring fenced from creditors in the event of a liquidation or wind-up of the company because it has legally been set aside for your future to provide tax free lump sum and pension benefits.
- Even when you come to retire, you do not necessarily have to sell the property. In certain circumstances you can hold the property for a considerable period of time before you retire. In fact in some circumstances the property could be effectively passed down a generation without any inheritance tax implications.

Sounds too good to be true!

Although it sounds almost too good to be true, the fact is that this type of arrangement is perfectly in order and thousands of directors have benefited from the availability of SSAS.



MARDON
CORPORATE SOLUTIONS

Business Rewards



“Mardon Financial Advisers will give expert advice to guide you through what is one of the biggest financial commitments.”

Pensions specifically for you

Property purchase is just one of the exciting ways to dovetail your own financial planning with that of the company and the others mentioned above can be equally tax efficient.

SELF INVESTED PERSONAL PENSION SCHEMES (SIPPS)

The first Personal Pension Schemes were wholly insured, i.e. their funds were invested with Life offices. In 1989 the Chancellor's budget statement directed that it should be made easier for individuals to control their own pension fund investment. Later in 1989 the fully Self Invested Personal Pension Scheme (SIPPS) came into being with the publication of memorandum No. 101. This has provided the opportunity for a self-employed partner, for example, to purchase commercial property such as offices which can be let on an 'arms length' terms to the partnership. The purchase could be funded not just from the fund itself but from borrowings or a transfer payment brought in from a previous retirement contract.

SIPPS like all other types of approved pension schemes enjoy tax advantages of various kinds. They, as Personal Pensions, are assisted by their simplicity, their income drawdown facility and their flexibility with the various options available on the approach to retirement. Other permitted investments within a SIPP include:

- Stocks and Shares (e.g. Equities, Gilts, Debentures etc) quoted on the UK Stock Exchange including securities traded on the unlisted securities market including the AIM but not OFEX and in open ended investment companies (OEICs).
- Stocks and Shares traded on a recognised overseas Stock Exchange.
- Unit Trusts and Investment Trusts.
- Policies or funds of UK Insurance Companies
- Deposit Accounts.



MARDON
CORPORATE SOLUTIONS

Business Rewards



“Mardon Financial Advisers will give expert advice to guide you through what is one of the biggest financial commitments.”

Are you aware of all
your options?

- Commercial Property.
- Futures and Options traded through a relevant exchange.
- Foreign Currency only for the purposes of other investment
- Second hand Endowment Policies.
- Building Society and Bank Accounts may be included under deposit accounts.

“It has become increasingly popular for Directors and Senior Executives to accrue benefits up to the maximum permissible level.”

FUNDED UNAPPROVED RETIREMENT BENEFIT SCHEMES (FURBS)

For reasons of tax efficiency, these schemes are normally set up under trust for individual members. Under a FURB it is possible to provide a wide range of benefits on a very flexible funding basis.

These benefits can include the payment of a large tax free lump sum. Furthermore, FURBS enjoy a refreshing lack of formal control over their investments and administration and they are a particularly attractive form of benefit provision for directors.

It has become increasingly popular for directors and senior executives to accrue benefits up to the maximum permissible level under an approved scheme and then to accumulate additional benefits under a FURBS on their other income from the same employment.

One of the main advantages of a FURB is to enable a company to continue an established policy for its directors and/or senior executives to receive a pension of two thirds of final remuneration at normal retirement age. This was possible regardless of income level for pre 1987 members under an approved scheme if the



MARDON
CORPORATE SOLUTIONS

Business Rewards



“Mardon Financial Advisers will give expert advice to guide you through what is one of the biggest financial commitments.”

Speak to one of our advisers and find out what we can do for you

member had 10 or more years potential service to normal retirement age. (A period of which for other members has now been extended to 20 or more years)

The restrictions which have been imposed on benefit accrual and pensionable remuneration levels since that date have severely curtailed such benefit provision under approved schemes resulting in unequal treatment of new and existing employees, with the earnings cap in all cases restricting the amounts that can be paid into pension schemes for such persons benefit provision, therefore approved schemes are becoming less able to meet the full benefit expectations of an increasing number of senior employees.

Call now on **01743 285777**

and speak to one of our specialist advisers or email us **corporate@mardons.co.uk**



MARDON
CORPORATE SOLUTIONS