



Simply SSAS

SSAS LOAN TO LIMITED COMPANY

A SSAS can make a loan to Sponsoring Employers using up to 50% of the net market value of the SSAS fund. Mr and Mrs Finley run their own successful business, The Italian Café Co. but want to invest in new equipment and are considering using a loan from their occupational pension scheme to fund this.



FACTS

- Mr and Mrs Finley run their own café which specialises in small Italian dishes and want to expand by investing in a pizza oven
- Mr Finley has an existing pension scheme worth £40,000
- They each want to make a contribution of £40,000 each
- Their Italian café is a profitable limited company but has a tax liability.
- The Italian Café own its business premises, valued at £150,000 by an independent chartered surveyor
- The Italian Café Co. Ltd is the sponsoring employer, and paying a contribution of £40,000 for each Mr and Mrs Finley
- Loan documentation is drawn up between the SSAS trustees and The Italian Café Co. Ltd for a term of 5 years
- The Italian Café Co. Ltd grants the trustees a first charge over its business premises
- The trustees (the SSAS) transfers £40,000 to The Italian Café Co. Ltd to enable it to invest in the pizza oven and upgrades to other existing equipment for the business
- The Italian Café Co. Ltd pays equal instalments of capital and (fixed) interest to the SSAS each quarter and the loan is repaid in full at the end of the term.

THE PROCESS

- Documentation is completed to set up a new Small Self-Administered Scheme for The Italian Café Co.
- The SSAS is registered with HMRC and The Pension Regulator.
- A Cater Allan bank account is set up for the scheme.
- The SSAS Trustees are appointed and are Mr and Mrs Finley (Member Trustees). Mr Finley is appointed as the Administrator and Simply SSAS is appointed as the Practitioner.
- Simply SSAS are a co-signatory on the bank account.

THE RESULT

- Mr and Mrs Finley's SSAS has a secure investment with a fixed yield every quarter.
- The client can grow their business and their pension at the same time
- The client has a more willing lender, as opposed to a traditional bank lender
- The SSAS is building a tax favourable environment for when Mr and Mrs Finley retire