

Small Self-Administered Scheme

Platinum SSAS

Guidance notes for solicitors
SSAS Loan to Sponsoring Employer

You have been asked to advise in relation to a loan that is to be made by the trustees of a Small Self-Administered Scheme (SSAS) to a Sponsoring Employer. We have prepared some guidance notes to assist you in drafting the offer letter and loan documentation whilst ensuring that the terms of the loan will enable us to meet the requirements of HM Revenue & Customs (HMRC).

Please note that by accepting an appointment to act for the trustees of the SSAS, you are acting for all of the trustees, including Platinum Trustees Limited. We do not appoint separate legal advisers and whilst we request that all commercial negotiations are carried out directly with the member trustees, you must notify us immediately of any issues that you believe we should be aware of.

You should correspond directly with the member trustees of the SSAS, or their appointed agent, although copies of all relevant correspondence and draft documentation should be sent to us.

1. Background

The SSAS is a small self-administered pension scheme registered by HMRC under Chapter 2 of Part 4 of the Finance Act 2004. The members of the scheme and Platinum Trustees Limited are the trustees of the scheme.

You will be advising the trustees of the SSAS. You should be formally appointed in writing by the trustees before providing them with any legal advice. For all purposes the trustees will be your client, and any advice should be addressed as such.

Any invoices in relation to work undertaken, e.g. legal expenses, should be addressed to the trustees of the SSAS unless you are specifically advised otherwise.

You will be responsible for agreeing your fees with the member trustees.

2. Scheme documentation

A copy of the Trust Deed and Rules will be available from the member trustees or alternatively we can provide copies upon request.

3. Legislative requirements

Any loans made from the SSAS to a Sponsoring Employer must satisfy the terms of section 179 of Finance Act 2004.

There are five key tests contained in this legislation and you must consider these when drafting the loan documentation. The loan documentation must also reflect the details in the completed loan application, a copy of which is enclosed.

Security

The loan must be secured throughout its full term by a first charge on a real asset of at least equal value of the face value of the loan, plus interest. There must be no other charge of the asset that is to be used as security. You will need to confirm with us whether or not the asset that is to be proposed as security is acceptable to us.

Interest rate

Interest charged must be at least equivalent to the rate specified in The Registered Pension Schemes (Prescribed Interest Rates for Authorised Employer Loans) Regulations 2005.

Term of loan

The term of the loan must not be longer than five years.

Maximum amount of loan

The amount of loans made from a SSAS cannot exceed 50% of the net asset value of the cash sums and assets held under the scheme.

Repayment terms

Repayments must be made in equal instalments of capital and interest for each complete year of the loan. The above is only intended to be an outline of the legislative requirements surrounding loans made to a Sponsoring Employer. You must ensure that you are familiar with the relevant areas of the legislation.

4. Requirements

Many of the above conditions are imposed on us by law and if these requirements are not acceptable to you, then the loan cannot proceed.

5. Further information

For further information, please contact:

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