

Small Self-Administered Scheme

Platinum SSAS

Beneficiary's Guide

SSAS Beneficiary's Guide

Contents

1. Introduction and contact details	3
2. What is a SSAS?	3
3. Membership	3
4. Contributions	4
5. Transfers	4
5.1 Transfer of pension benefits into a SSAS	4
5.2 Transfers to another pension scheme	4
6. Investments	4
6.1 Overview	4
6.2. Commercial land and property	4
6.3 Trustee borrowing	4
6.4 Loans	5
6.5. Prohibited investments	5
7. Benefits	5
7.1 Beneficiary flexi-access drawdown	5
Lifetime annuity	5
7.2 Do I have to take benefits?	5
7.3 Do I have to pay tax on benefits?	6
Payments to your beneficiaries after your death	6
8. Miscellaneous	6
8.1 Services provided by InvestAcc	6
8.2 Complaints	6
8.3 Please note	7

1. Introduction and contact details

This guide has been produced to provide the beneficiaries of a deceased member of a Small Self-Administered Scheme (SSAS) with a summary of the main features of an InvestAcc Platinum SSAS.

In all situations, we would suggest obtaining independent financial advice before making a final decision on whether to draw benefits from the SSAS, receive a cash lump sum or transfer to an alternative pension arrangement.

If you require any further information, you may contact us at the following address:

InvestAcc

5th Floor, 4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Tel: 0345 25 05 610

www.investaccplatinum.co.uk

platinumssas@investacc.co.uk

2. What is a SSAS?

A SSAS is a registered pension scheme under Chapter 2 of Part 4 of Finance Act 2004, established by an employer to provide pension and death benefits for its directors and senior employees.

The scheme is established by the trust deed and rules, and all of the members together with Platinum Trustees Limited act jointly as trustees of the scheme and scheme administrator for the purposes of Finance Act 2004.

The trustees can invest scheme assets in a wide range of areas including cash deposits, quoted stocks and shares, fixed-interest stocks and unitised funds. The trustees can also purchase commercial land and property, assisted by external borrowing if required, to lease to the company or a third party, and can also lend money on commercial terms to the sponsoring employer.

The trustees are usually Platinum Trustees Limited plus the members – not beneficiary members. The member trustees make all investment decisions on a unanimous basis.

As a beneficiary of a deceased member of the scheme, you will not automatically become a member trustee of the scheme and therefore will not have any input into the investment strategy of the scheme.

There are tax benefits to retaining the benefits within the SSAS (or another pension arrangement), as investments accumulate free of Income Tax and Capital Gains Tax within pension schemes.

3. Membership

The company which established the scheme (the 'principal employer') is able to decide who will be invited to join the SSAS.

In general, any individual employed by the principal employer, or by any other employer who has executed a deed agreeing to participate in the scheme (a 'participating employer'), may become a member trustee of the scheme. In addition, family members who are not employed by the principal or participating employer may be members.

Whilst beneficiaries of deceased members can retain their beneficiary fund within the scheme, they do not automatically become member trustees of the scheme in their own right.

If you are invited to become a member trustee of the scheme, we will write to you separately to detail the additional requirements.

No individual under the age of 18 can become a member trustee of the SSAS, as they are legally unable to act as a trustee. However, a beneficiary under age 18 is able to join the SSAS in relation to the beneficiary fund.

4. Contributions

Contributions can only be paid to a SSAS on behalf of beneficiary if they are invited to become a full member trustee of the scheme.

5. Transfers

5.1 Transfer of pension benefits into a SSAS

Similar to contributions, transferring in benefits accrued in another UK-registered pension scheme is only possible if a beneficiary becomes a member trustee of the scheme.

5.2 Transfers to another pension scheme

You can transfer the full value of your beneficiary fund under the SSAS to another UK-registered pension scheme, at any time, subject to providing the trustees reasonable notice.

The transfer can either be in the form of a cash payment or, if agreed by the trustees, by a transfer of existing investments (an in specie transfer) held by the SSAS to the receiving scheme. The transfer will always be made directly to the trustees or administrator of the receiving scheme.

6. Investments

6.1 Overview

The SSAS is a separate legal entity to the company, and the trustees – normally with the assistance of professional advisers – are responsible for determining and implementing the investment policy.

The trustees can invest in a broad range of investments, all of which accumulate free of Income Tax and Capital Gains Tax. This includes:

- UK-quoted stocks, shares, gilts and debentures
- shares quoted on the Alternative Investment Market (AIM)
- stocks and shares traded on a recognised overseas stock exchange
- futures and options relating to shares quoted on a recognised stock exchange
- unit trusts, investment trusts and OEICs
- hedge funds
- insurance company funds
- bank and building society deposits

Shares and other investments must always be registered in the name of an appropriately authorised nominee company. Other areas of investment that are available to trustees of a SSAS are described in more detail in the following sections.

You can find our full range of permitted investments on our website at www.investaccplatinum.co.uk/ssas-permitted-investments.

6.2 Commercial land and property

The trustees can invest directly in commercial land and property but, apart from a small number of exemptions, there must be no residential element involved.

All property transactions must take place on an arm's-length basis. If the property is being purchased, sold or let to a sponsoring employer, a member, or any 'connected' person, the value of the property and the rental value must be confirmed by a chartered surveyor. 'Connected', for this purpose, is defined in section 993 of the Income Tax Act 2007. The definition is quite complicated, although it does include the member, close members of their family and any business with which they are associated.

6.3 Trustee borrowing

The trustees can borrow funds to assist in the purchase of an asset or to create liquidity for the provision of benefits.

Trustee borrowing is restricted by HMRC to 50% of the net asset value of the SSAS immediately prior to the borrowing taking place. This limit includes existing borrowing and any amount borrowed to finance VAT on the property purchase.

The Trustees can borrow from any commercial lender, subject to their agreement to the terms.

6.4 Loans

The trustees may make loans to the principal employer, or any other company participating in the scheme, subject to the conditions laid down by HMRC. These conditions are:

- maximum amount – in aggregate, 50% of the net market value of the assets of the SSAS
- security – a first charge over property which is of at least equal value to the loan
- interest rate – at least equivalent to the rate prescribed for this purpose by HMRC (i.e. 1% above bank base rate, rounded up to the nearest quarter percent)
- term – no longer than five years
- repayment – in equal installments of capital and interest for each year of the loan.

The trustees cannot make loans to members of the scheme, or anyone connected with a member.

6.5 Prohibited investments

Certain categories of investment are not permitted for an InvestAcc Platinum SSAS and these include:

- residential property and associated land
- ground rents
- tangible, moveable property (i.e. things that you can touch and move, including assets such as art, antiques, jewellery, fine wine, classic cars)
- loans to members and anyone connected with a member

7. Benefits

7.1 Beneficiary flexi-access drawdown

The benefits you receive will be entered into a beneficiary flexi-access drawdown fund. This means that the fund remains invested but allows you to draw an income from the fund (income withdrawal) at any time. There is no minimum or maximum level of income, so you can elect to receive a 'nil' pension, a fixed regular amount, one-off payments or take your whole fund in one go if you wish.

Payments you receive from drawdown pension may be subject to tax. You should make sure that you understand how much tax you may have to pay when deciding how much income to take. Taking a high level of income in a short period of time may mean you have to pay more tax than you were expecting.

Lifetime annuity

It is possible to purchase a guaranteed lifetime pension, known as a lifetime annuity, prior to the funds being entered into a beneficiary flexi-access drawdown fund or at any stage afterwards, subject to the agreement of the trustees.

Purchasing a lifetime annuity involves passing the value of your fund to an insurance company, chosen by you, which will then provide you with a regular income throughout your life.

The annuity available will depend on the value of your fund and the annuity rates at the date of purchasing the annuity. It may also be possible to obtain 'impaired life' rates, which will provide a higher income if you are in poor health.

When you purchase your annuity, you can decide whether you want the payments you receive to stay level, go up in line with inflation, or decrease at a later time. The last option may be useful if you have other sources of income that will only be available at a later date.

You may also purchase an annuity where the income is guaranteed (i.e. paid irrespective of whether you are alive) and may continue, normally at a reduced level, to a surviving spouse or dependant.

If an annuity is purchased, the trustees will cease to have any involvement with the investment of your pension fund. This may be a price worth paying if security of income is an important issue.

7.2 Do I have to take benefits?

No. You are not forced to take lump sum or pension benefits from the SSAS at any time.

7.3 Do I have to pay tax on benefits?

Payments to beneficiaries are normally paid tax-free from the funds of individuals who died before age 75, regardless of whether that individual was accessing their pension or not, and can be paid as a lump sum or pension. Where the deceased was over 75 on death, payments will be taxed at the marginal rate of Income Tax of the beneficiary in most cases.

Visit www.investaccpensions.co.uk/inheritance-tax for guidance on how Inheritance Tax may affect your pension scheme.

The funds are also able to grow free of Income Tax and Capital Gains Tax within the pension scheme.

Payments to your beneficiaries after your death

In the event of your death while you are in receipt of a beneficiary flexi-access drawdown fund from the SSAS, the benefits available to your beneficiaries will be the same as if you were a member of the scheme, i.e. your beneficiaries will have the choice of receiving a lump sum, purchasing an annuity or using the funds to receive a beneficiary flexi-access drawdown either within the SSAS or an alternative arrangement.

Payments to beneficiaries are payable at the discretion of the trustees of the SSAS. You may nominate the individuals you wish to receive benefits and your wishes will be taken into account. You may complete a new nomination at any time.

8. Miscellaneous

8.1 Services provided by InvestAcc

InvestAcc provides the full range of administration and trustee services required to operate a SSAS, and full details of the services available, and our charges are available on request.

On an annual basis, InvestAcc will provide all beneficiaries with a copy of the scheme accounts, along with confirmation of their share of the fund.

Neither InvestAcc Pension Administration Limited nor PlatinumTrustees Limited can provide you with any investment or financial advice, although we will be delighted to work in conjunction with your other professional advisers.

The administration of SSAS schemes is not currently regulated by the Financial Conduct Authority. Platinum Trustees Limited do not conduct any regulated activities and are, therefore, not regulated under the Financial Services and Markets Act 2000.

The SSAS is responsible for its own running costs, unless the Principal Employer chooses to discharge these. If not settled by the Principal Employer, the costs will usually be split between all members and beneficiaries on a proportionate basis. A copy of the terms of business outlining the fees payable to InvestAcc can be provided upon request.

8.2 Complaints

Customer satisfaction is very important to us. If you do have any cause to complain about the services provided, please contact us in the first instance at:

Compliance Manager

InvestAcc Pension Administration
Solway House Business Park
Kingstown
Carlisle
CA6 4BY

Tel: 01228 538 988

Email: compliance@investacc.co.uk

If you are not satisfied with our response, you may refer your complaint to the Pensions Ombudsman, if your complaint concerns the administration of your SSAS.

The address and contact details for the Pensions Ombudsman are as follows:

Pensions Ombudsman

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
www.pensions-ombudsman.org.uk

Help is also available from The Pensions Advisory Service (TPAS), which can advise you on how to complain, and which may be able to sort the matter out without the need for the Ombudsman to get involved.

The address and contact details for TPAS are as follows:

Money and Pensions Service

120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
www.pensionsadvisoryservice.org.uk

All other complaints may be referred to the Financial Ombudsman Service free of charge at:

The Financial Ombudsman Service

Exchange Tower
London
E14 9SR
Tel: 0800 023 4567 or 0300 123 9123
www.financial-ombudsman.org.uk

Making a complaint will not affect your right to take legal proceedings.

8.3 Please note

The information contained in this Beneficiary's Guide is provided based on our understanding of current law, practice and taxation, which may be subject to change.

The laws of England and Wales will apply in all legal disputes.

If you would like a copy of this or any other item of our literature in large print, Braille or in audio format, please contact us on 0345 25 05 610 or by email: platinumssas@investacc.co.uk.

All our literature and future communication to you will be in English.



InvestAcc Platinum
5th Floor, 4 Exchange Quay
Salford Quays
Manchester
M5 3EE

0345 25 05 609
platinumsipp@investacc.co.uk

www.investaccplatinum.co.uk

