WealthBuilders
Top 10 SSAS FAQs

Got questions about SSAS? We're sure you have. So, we've put together a Top 10 FAQs which we hope will answer most of the commonly asked questions.

This should dispel most of the common myths about SSAS too.

Of course, if you still have any further questions we'd be delighted to answer any queries about SSAS and our hugely-empowering SSAS Trustee Member Programme too.

1 What is the difference between a SIPP and a SSAS?

A **SIPP** or "self invested personal pension" is a type of individual personal pension, most commonly based around contract law. They are regulated by the Financial Conduct Authority (the FCA).

The FCA stipulate that you (the pension Member) must never be fully in control of your own SIPP scheme and by law, the professional Trustee (normally the company providing the SIPP) must be, meaning that the eventual say over investments, retirement options and how you leave your scheme as a legacy is largely down to them.

Wealth is a journey, and the vehicle you choose to build your pension wealth is key to the speed and success of your journey.

Therefore, the easiest way to think about the key differences is by thinking "**C.A.R**":

- *Control;*
- *Access;*
- *Regulation*

CONTROL

To control the types of investments you may wish to make, all SIPPs will have a predefined investment mandate, of "cans" and cant's" where investments are concerned.

It's a bit like being the passenger in a car reading the map and giving directions; you can never truly influence the direction if the driver doesn't follow your directions.

A **SSAS** is a "small self administered scheme", which is a type of occupational pension is based on a Trust Deed and law.

Because it is occupational, there must be a company to "sponsor" the scheme from outset - this would be a company you are a director (and most likely a shareholder) of.

Unlike with a SIPP, you are both a Member of a SSAS and a Trustee, which puts you firmly in the driving seat of your pension and therefore in complete control, and able to make decisions about all aspects of investment choice, retirement options and how you pass on your pension as a legacy.

A SSAS can also have multiple members and can be set up differently depending on who those members might be, so that not everyone has to invest in the same things at the same time.

This makes it perfect for families and business owners.

With a SSAS you are firmly in the driving seat, most likely taking direction from an experienced Independent Trustee to guide you through pension law.

ACCESS

A SIPP can never lend money to a company which you have control of. The only time you can get access to your benefits is by taking them in the traditional way – tax free cash lump sums, income which is taxable, and in either case (and with very few exceptions) from age 55 only.

A SSAS has a unique and incredibly powerful tool in its armory – the ability for the company sponsoring the scheme to borrow money from the scheme directly; it's a bit like having your own personal bridging company!

This means you, the business and SSAS owner, get to choose how and when you utilise the capital value of your SSAS to help your business (and therefore you) achieve your wealth goals.

REGULATION

SIPPs must be governed by the SIPP provider, who is in turn governed by the FCA. The SIPP provider completely determines what legislative changes are applied to your contract, or even if they wish to apply changes in the way that pensions are run.

SSAS are run by you, the Trustee, and although you must always follow the pension legislation, you can determine how you implement changes that you want to affect the Members (also you but other Members too).

SSAS are regulated by The Pension Regulator (TPR) who have a very different approach to governance of SSAS schemes, largely concentrating on making sure that the Trustees of schemes are "fit and proper" and less so about the investments the Trustees make.

It is now a **legal requirement** to have taken relevant training to allow you to be deemed competent, fit and proper as a Trustee of a SSAS.

create, build and protect your wealth

2 What happens if my company needs to close whilst I have my SSAS?

Simple - a SSAS is not required to have a sponsoring company throughout its entire life, and if your company is sold, winds up or needs to close or cease trading, this has no impact on the ability of the SSAS to continue investing and providing retirement benefits.

The SSAS always runs independently of the company which sponsors it, and the balance sheets and assets/ liabilities of the two never cross over (unless you have made a loan from the SSAS to the company, in which case this must be repaid).

Your SSAS just becomes orphaned. It is also possible to change the sponsoring company and add more sponsors.

In most cases it is advantageous to have a sponsor.

However, it is very important that you never let the sponsoring company of a SSAS become dormant for any period whilst it is connected to the SSAS – this could result in a deregistration by HMRC and a 40% minimum deregistration penalty.

3 Can I pay the costs of creating and running a SSAS from my SSAS?

Yes, this is can be done, though in most cases it is better to have the company sponsoring the scheme pay the fees, because they would nearly always be tax-deductible costs for the business, and so makes the overall cost of running the scheme lower.

It is also worth bearing in mind that until a SSAS has funds, it cannot meet invoices and charges, and the costs of creating a SSAS are mostly up-front costs. This also includes the training required to prepare you for being a Trustee.

However, your business could "bridge" the cost of these fees temporarily until your SSAS is created and has funds available, and them reimburse your business for these costs.

4 How much can my SSAS lend to my company?

We already explained that one of the most unique and empowering features of a SSAS is the ability to lend to the sponsoring company (or companies if more than one sponsor) – this can be up to **50%** of the net scheme value (excluding borrowing) as long as it is for the legitimate trading purposes of the company.

As the director of the company, you are free to determine the best use of those funds within your business which gives you huge potential to boost the profits of your business, no matter whether you are a property company, business coach or manufacturer.

5 Is it true that I can never invest in residential property in my SSAS?

This is slightly more complex than just a "yes".

A SSAS can never directly own or have an interest in "habitable residential property".

However, as always, the devil is in the detail, and this means that with the right level of investigation and due diligence, it is possible to consider using your SSAS to invest in lots of different types of property, so long as they are not both residential and habitable.

6 I don't want to spend time filing returns and pushing paper - can my accountant help run my scheme for me?

If your accountant understands pension tax legislation they might well be able to run the accounting and reporting for your SSAS.

However, in most cases, it is lower cost, quicker and simpler to have a Scheme Administrator or a Scheme Practitioner provide these services, leaving you free to be the person finding opportunities for investment.

7 Do I have to have an Independent Trustee as part of my SSAS?

No, you don't. By law, you can act as a Board of Trustees without an Independent Trustee.

However, unless you have experience in running a pension scheme, a detailed knowledge of pension tax law and the Pension Tax Manual or are a financial advisor or other pension expert, it's rarely advisable to try and run your scheme on your own.

An Independent Trustee brings with them many years of experience, a detailed knowledge and a skill to be able to interpret pension law (a bit like your accountant interpreting tax law), and the cost of working with one will nearly always be more than made up by them helping guide you away from severe financial penalties if you do not keep within pension law.

It is possible to remove them in the future if you no longer need their services, but in most cases, this relationship will continue to add value for the entire time you have your SSAS.

8 How long will it take to create my SSAS?

It can take HMRC between 1 and 6 months to register a new scheme, though typically it takes around 3 months.

There is a single team within HMRC that deals with all SSAS registrations from the whole of the country, and so like a small business it doesn't take much for them to get backlogged.

Once your scheme has been formally approved, if you need to transfer any existing pensions into your SSAS, you need to account for the time it takes to formally request a transfer, and the due diligence that your existing pension providers must do to before they will be able to release your existing scheme.

This can also take anything from 2 to 8 weeks, with occupational pensions (especially final salary schemes) tending to be towards the end of this timescale.

9 How long does it take for an investment to be made once my SSAS is registered?

Assuming that you have cash funds available, this really depends on how long it takes the Board of Trustees (all Member Trustees and the Independent Trustee) to do the necessary due diligence to satisfy themselves that the investment is legitimate, financially sound, appropriate and meets their objectives.

Due diligence should never be rushed, because poor due diligence could end up in a significant tax penalty if it turns out that the investment was made in the wrong way, to a person or entity it shouldn't have or of course significant losses of the investment fails.

10 Can my SSAS lend money to people I like and trust?

As long as you do not lend to "connected parties", then you are able to lend in a lot of different ways, to both companies and individuals.

This could be short term bridging where your SSAS is the "bank" for somebody or longer term secured or unsecured lending.

This makes it a very powerful tool, allowing you to get several types of ROI or Return on ...... - for example you could "lend and learn" where you can get a Return on Investment with a % interest rate but also get a Return on Intellect, where the borrower teaches you something at the same time.

Or you could simply just lend to get high returns on your investment.

The reason for the loan mostly determines when and how a loan can be made, and it must fit within some key criteria laid out by HMRC, which means that it is very important that you understand the rules before considering lending money from your SSAS.

It is also possible to lend to most crowd funding and peer-to-peer platforms too.