

## Client Scenario

### Charlotte expands her business

Establishing a Rowanmoor SIPP (single investment option), allows this entrepreneur to access discretionary fund management services and future-proofs her business growth strategy as she can switch to a full investment SIPP at a later date, to invest in commercial property.

- Self-employed woman changing employment status.
- Requires more control over her existing pension fund wealth.
- Wishes to consolidate her pension funds into a single investment.
- Wishes to utilise greater investment flexibility at a later date.
- Longer term, looking to finance the purchase of an industrial unit.

#### Self-Invested Personal Pension (SIPP)

- For individuals looking to build and control their pension fund investments.
- Tax efficient environment for investment.
- Flexibility provides facility to switch between single and full investment options.
- Benefits can be taken in stages and not all at the same time.
- Comprehensive, flexible benefit options enable retirement income to be phased.
- Provides flexi-access drawdown, scheme pension and uncrystallised funds pension lump sum.
- Administration is of a truly bespoke nature and each plan has a dedicated administrator.

#### Transfers

Personal Pension Plan A	£ 80,000
Personal Pension Plan B	£ 27,000
Personal Pension Plan C	£ 12,000
<b>Total</b>	<b>£ 119,000</b>

#### Funding

Transfers A, B and C	£ 119,000
Borrowing	£ 59,500
<b>Total</b>	<b>£ 178,500</b>

#### Property investment

Property	£ 145,000
VAT @ 20%	£ 29,000*
Fees and disbursements	£ 7,000
<b>Total funds required</b>	<b>£ 181,000</b>

\*VAT is reclaimed.

**Financing is insufficient at establishment to purchase the property.**

## Meet Charlotte...

Charlotte Hebridge set up a small business as a landscape gardener working on a self-employed basis twelve years ago. She enjoys the outdoor life but is very poor at keeping records and relies heavily on her boyfriend Joe to keep her financial paperwork and ordering of stock up-to-date. They have plans to get married and expand the business next year.

Charlotte has several personal pensions with various pension providers, but has long term plans to purchase a commercial property from which to operate her business. She is advised to establish a single investment option SIPP, which will provide her with the chance of consolidating her existing pension funds into one arrangement. Use of a discretionary fund management arrangement for the investment will allow the diversity of assets she is looking for and will cater for the level of investment risk she requires. Regular contributions can continue to be maintained and this should increase the value of the fund over the coming years.

Charlotte has managed to obtain a contract that should last for four years to provide gardening services for a large residential agency, belonging to her long-term friend Ali. There is the promise of further contracts at a later date, for other sites, if she is successful at providing a good service.

When speaking to a financial adviser Charlotte outlines her aspirations to expand the business and establish a company, which she would run with Joe. The guaranteed income from the contract will help reduce the risk of such a venture. As Charlotte has little working capital available, she is advised that she could use her pension fund to purchase a small industrial unit for use as an office and to store her equipment and stock in the near future, provided all goes well.

The type of industrial unit that would meet her requirements is currently valued at around £145,000, plus VAT of £29,000. Other costs associated with a property purchase are estimated to be around £7,000, giving a total cost of £181,000. With an expected rental return of £19,000 per annum, Charlotte's pension fund would benefit from a healthy return. With total transfer values of £119,000 from her existing arrangements, the SIPP, once established could also borrow 50% of the net assets, which at a total of £178,500 is insufficient to fund the purchase at present. Within a few years Charlotte should be able to upgrade her single investment SIPP to a full investment option and proceed with the property purchase.

Should her business venture prove successful, longer term Charlotte could establish a small self-administered scheme (SSAS), for her new limited company, to take advantage of a secured loan to the company from pension funds. She could also bring in Joe as a member of the scheme to provide him with a retirement income. Using this method could also prove to be a tax-efficient method of protecting the business for each of them in the event of an untimely death.

A Rowanmoor SIPP gives those who are reaching the age of retirement and no longer require full investment flexibility the choice to convert to the single investment option. It is also available for members of a SSAS, who may wish to sell their company but retain a level of control over their investments.

The flexibility offered by the Rowanmoor suite of products ensures that there is a solution for most scenarios when it comes to providing retirement and death benefits in a tax-efficient manner.

This scenario illustrates some of the features of a Rowanmoor SIPP. It is based upon our understanding of current pensions law and taxation and is correct at the time of publishing. Professional advice from a suitably qualified adviser should always be sought when considering retirement planning.

For more information on Rowanmoor's products and services please visit our website [www.rowanmoor.co.uk](http://www.rowanmoor.co.uk), call 03445 440 550, or email [enquiries@rowanmoor.co.uk](mailto:enquiries@rowanmoor.co.uk).



Rowanmoor is the trading name of Rowanmoor Executive Pensions Limited (No. 5792242), Rowanmoor Personal Pensions Limited (No. 2268900) and Rowanmoor Trustees Limited (No. 1846413). All the aforementioned companies are registered in England at Rowanmoor House, 46-50 Castle Street, Salisbury SP1 3TS and are part of the Embark Group.

Rowanmoor Personal Pensions Limited is authorised and regulated by the Financial Conduct Authority.

**If you require this document in audio, large print or Braille format, please telephone 03445 440 550 or fax 03445 440 500.**