

Takeover Factsheet

Why Move to a Rowanmoor SSAS?

Rowanmoor is the UK's largest independent small self-administered scheme (SSAS) provider and a provider of bespoke self-invested personal pensions (SIPPs) and Family Pension Trusts (Family SIPPs) and is well renowned for its expertise in the field of self-administered pensions. We specialise in self-administered schemes and provide unrivalled, first class support to our clients and introducers by offering innovative retirement and business financial planning solutions and award-winning administrative services.

Under the Rowanmoor SSAS the principal employer appoints Rowanmoor Executive Pensions Limited as the scheme Administrator and Rowanmoor Trustees Limited as independent trustee.

The independent trustee and scheme Administrator roles are central to the successful management of any scheme. This is primarily because of the complex nature of pension and taxation legislation and the need to have a detailed knowledge of HM Revenue & Customs' (HMRC) compliance and audit regime.

We provide our SSAS clients with a personal, portfolio based service. A named administrator, who works as part of a larger team, is assigned to the SSAS. The administrator deals with the day-to-day running of the SSAS, backed up by colleagues on the team. This system of shared support complements the close working relationship that grows between clients and our administrators.

By understanding and meeting the members' requirements, we endeavour to minimise the time and effort that member trustees have to spend on their SSAS, while ensuring the member trustees maintain the control and flexibility they require.

We have a team of pensions technical specialists who review and interpret changes in legislation to ensure the company and the member trustees are kept up to date. They also work closely with our administrators. Experienced consultants are on hand to provide guidance to ensure member trustees gain full advantage from their SSAS.

We will advise the member trustees on the regulations affecting their SSAS and the requirements of legislation and help them and their advisers maximise the opportunities available to them.

We can take over any scheme, which:

- is registered with HMRC; and
- has been established under an individual trust; and
- has fewer than 12 members, all of whom wish to be members of the SSAS; and
- has a trust deed and rules which allow amendment to a SSAS; and
- successfully meets the requirements of our investigation process.

To ensure that the existing scheme can be successfully taken over, we will undertake a thorough review of the documentation provided by the outgoing Administrator and if necessary, meet with the member trustees to discuss their arrangement.

Our aim is to fully understand the requirements of the member trustees and their objectives for their SSAS and at the same time, to ensure the member trustees comply with regulations and meet all the requirements of legislation.

SSASs which have been administered without the involvement of a professional scheme administrator or practitioner may be facing significant issues including fines as a result. Under these circumstances a scheme takeover may not be possible but we can support schemes such as these by offering our experience and expertise through our SSAS practitioner service, to ensure the scheme is compliant and run correctly going forward.

The takeover process

When taking over a scheme, we endeavour to minimise the time and effort required from the member trustees and take a two stage approach.

Stage one – Investigation

- The member trustees complete a Rowanmoor SSAS Takeover Questionnaire and provide authority for us to request scheme information from the appropriate contacts.
- We contact the existing scheme Administrator, requesting the necessary information to check that the scheme complies with HMRC regulations and has met all the requirements of relevant legislation.
- We write to the outgoing actuary, if one is appointed, to ensure there are no professional reasons for not accepting the actuarial appointment.
- We undertake a comprehensive review of existing scheme documentation and also assess whether the assets of the SSAS require further investigation by other professionals for compliance with any relevant legislation. We also check that the scheme is not subject to potential liabilities that may affect the member trustees.

Once the review has been successfully completed, we will move to:

Stage two – Appointment as Scheme Administrator and Independent Trustee

- We will provide all the documentation to effect the takeover including a Deed of Appointment and Removal, a Definitive Trust Deed and Rules and will liaise with the existing scheme Administrator to transfer the scheme to us.

Once the Deed and Rules have been executed and Rowanmoor Executive Pensions Limited has been formally appointed as scheme Administrator with HMRC, we will bring any outstanding scheme issues up to date. This will ensure administration in the future is efficient, enabling the member trustees to concentrate on their own priorities for their business.

When taking over a scheme we endeavour to minimise the time and effort required from the member trustees.

Our SSAS services

As Administrator, Rowanmoor Executive Pensions Limited is responsible to HMRC for the running of the SSAS. Our other services include:

- accepting the appointment as scheme Administrator and confirming this with HMRC;
- accepting Rowanmoor Trustees Limited's appointment as independent trustee;
- providing technical and administrative services;
- maintaining scheme records and preparing annual scheme accounts;
- preparing and filing certain HMRC reports;
- assisting advisers and trustees in the purchase and sale of scheme assets;
- giving guidance on complex scheme assets such as property purchase, borrowing and loans;
- operating the scheme bank account;
- administering the payment of scheme benefits;
- specialist actuarial advice and calculations.

Features of the Rowanmoor SSAS

A Rowanmoor SSAS is established under discretionary trust. This provides the member trustees with considerable tax advantages. The members, together with Rowanmoor Trustees Limited, are the trustees of the scheme. This means the members, as trustees, control the scheme and its investments.

The funds within the SSAS may be used by the member trustees to invest in their company or associated companies through secured loans, or by purchasing property to lease back to the company at an open market rent. This is known as self-investment.

With good business financial planning advice, the innovative entrepreneur can make their SSAS work for their business whilst building up a substantial pension fund to benefit them, and their family, in retirement.

Opportunities available

The common trust gives members the right to benefit from the scheme, but the assets do not belong to any particular member.

The assets of a Rowanmoor SSAS can be allocated to members to provide them with benefits. For example, rental income from a commercial property held by the SSAS can be allocated by the trustees to provide a member's pension benefits. Once the member dies, the property remains an asset of the scheme for the benefit of the remaining members.

Secured loans

Up to 50% of the net assets of the scheme can be lent to the establishing or any participating employer and secured against assets of equivalent value. Unlimited secured loans may be made to a third party but it is not possible to make loans to the member trustees or anyone connected to them. This means a SSAS established by a self-employed business owner or partnership may not lend money back to their business.

Property

The SSAS can buy commercial property from any party including the establishing (or participating) employer, or the members themselves. Once the property is an asset of the scheme it can be leased back to the business at a commercial rent. This could be particularly useful for partnerships such as accountants, doctors or solicitors, as well as small limited companies.

Borrowing

The scheme can borrow up to 50% of its net assets at the date of the loan. Borrowed funds can be used for investment, or to help finance other commitments such as the payment of pension or death benefits.

Prohibited investments

Assets likely to give rise to additional tax charges against the scheme are not permitted in the Rowanmoor SSAS. These include, for example, residential property in the UK and overseas, jewellery and antiques.

Shares

Investment in listed or unlisted shares is possible, however, HMRC restricts investment in companies connected with the scheme. The restrictions are designed to ensure that members do not receive any non-relevant benefits or indirectly invest in prohibited assets, such as residential property. Please refer to us if the trustees are considering such an investment.

Scheme benefits

The Rowanmoor SSAS offers members comprehensive, flexible retirement options, allowing them to phase their retirement income to suit their own circumstances.

In the event of the death of one of the SSAS members, funds can be passed on to other scheme members. This way pension wealth can be retained in the scheme for multiple generations of nominated beneficiaries until capital lump sums or income are required; particularly useful for a family owned business. Any funds passed on in this way, by a member who dies before age 75, will be paid tax-free to nominated beneficiaries, or their successors, when they are taken. This offers succession planning and keeps funds within a tax efficient environment to provide ongoing financial security.

The information contained in this document is based on our understanding of current pensions law and taxation and is correct at the time of publishing.

Full details of all the features of a Rowanmoor SSAS can be found on www.rowanmoor.co.uk or by calling our Sales Support Team on 03445 440 550.