



InvestAcc
PENSION
ADMINISTRATION LTD

Small Self-Administered Scheme

SSAS

Loan Application 

SSAS lending

If you wish to make a SSAS loan, then please read the following information before completing the application later in this document.

Your pension scheme may make a loan to the sponsoring employer, or a participating employer, on the following terms:

Condition	Requirement
Maximum amount of loan	50% of the net asset value of your SSAS.
Maximum term	5 years.
Interest rate	Market rate (cannot be less than 1% over base rate, rounded up to nearest quarter percent).
Security	First legal charge over tangible assets - see later.
Repayments	Equal instalments of capital and interest.
Frequency of repayment	Monthly, quarterly, half yearly or annually.

We look at each in more detail below.

Maximum amount of loan

This cannot exceed 50% of the net asset value of your SSAS, which is effectively the value of the scheme's assets minus its liabilities.

This condition only needs to be met on the day the loan is made.

Whilst there is no limit to the number of loans which may run concurrently, any additional loans must be within the overall limit, taking into account any existing loans that have not yet been fully repaid.

Maximum term

The term cannot exceed 5 years. There is no minimum term, and it is possible to repay a loan early without penalty.

You may agree to allow a borrower to repay a loan, then replace it with a new loan for up to 5 years.

All new loans must meet the requirements detailed in this document at the time they are made.

Interest rate

This must be a market rate, typically 3% over base rate.

The regulations also specify that the rate cannot be less than 1% over the average base rate of six clearing banks specified by HMRC, rounded up to the nearest quarter percent. The current rate is published by HMRC on the 6th working day of each month, using the average base rate which is determined 12 working days before.

Interest rates are typically fixed for the duration of the term.

Security

This must be a first legal charge over tangible assets.

The legal charge must be capable of being registered, which limits the types of assets which can be used to secure the loan.

The value of the security must be at least equal to the amount of the loan plus all interest payable over the term. If the security is of a depreciating nature, then we will require an additional 50% over and above this amount.

A solicitor is required to draw up the legal charge and this must be in place at the time the loan is drawn. The cost of the security valuation and solicitors fees must be borne by the borrower. We also require a copy of the borrower's latest accounts. The borrowing company must be actively trading.

If the borrower's bankers (or another party) have a floating charge (debenture) over all company assets then it would be necessary for the borrower to arrange to remove this from any items specifically being used to secure this loan, before making this application.

We will require evidence that the asset being used as security is insured at all times, with the specific interest of the pension scheme trustees noted on the insurance documentation.

We continually review the types of security we consider, the following list is indicative only and we may decline certain assets as security, even though they may be included in the following list:

Security	Acceptable if owned by sponsoring employer (or another UK registered company)?	Acceptable if owned by anyone else (e.g. person) who is UK resident?
UK commercial property or land	Yes	Yes
UK residential property*	Yes	Yes
Tangible moveable property*	Considered on a case-by-case basis	No
Anything else	No	No

***Caution:** The items marked with an asterisk are deemed taxable property; with this type of security if the borrower defaults on the loan this will trigger unauthorised payment tax charges for your pension scheme. It is therefore preferable to use UK commercial property or land as loan security.

Repayments

The loan must be on a repayment basis, meaning that it must be repaid in instalments of capital and interest throughout the term.

The loan cannot be 'interest only' or 'part and part'.

Borrowers will need to be able to afford the loan repayments.

Payment frequency

Payments can be monthly, quarterly, half yearly or annually.

They should be made by a regular standing order directly from the borrower's account to the SSAS trustee bank account.

Costs

Provided this loan application meets our requirements, InvestAcc Pension Administration Limited provides the loan agreement, members agreement, standing order mandate for repayment and the repayment schedule.

Our fee for this service can be paid by the scheme, all other fees are the responsibility of the borrower.

Restructuring an existing loan

If you are part way through the loan and wish to replace the loan with one on new terms, it will be necessary to firstly repay the existing loan before the new one can be put in place, unless the value of both loans and the security covering them is within HMRC and our limits. The first legal charge which provides security for the loan will need to be reviewed by a solicitor to ensure that it remains valid, otherwise a new legal charge will be required. The security asset(s) will need to be revalued or new replacement security assets put in place.

Rollover of an existing loan

All loan conditions must be met, but in exceptional circumstances where there are arrears at the end of the term, HMRC rules permit the rollover of an existing loan. The terms of any rollover will be identical to the original, including the length of the loan, repayment frequency and interest rate. Provided the asset(s) securing the loan are still available, there will be no need to obtain a fresh valuation of the security asset. The first legal charge which provides security for the loan will need to be reviewed by a solicitor to ensure that it remains valid, otherwise a new legal charge will be required. Note that HMRC only allows one rollover.

Lending decision

Remember that like any investment, you should only consider making the loan if you expect it to be an appropriate investment for your pension scheme, for the purpose of providing pension benefits for the scheme members.

You must also be a responsible lender, making sure that the borrower is comfortably able to meet its repayment obligations.

Next steps

Please complete the following section if you wish us to consider a proposal to make a loan to the sponsoring employer.

SSAS name

Borrower details:

Company name	Company reference number
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Please provide a copy of the latest company accounts. If the company is new and has not yet filed accounts, please provide a copy of the business plan instead.

Is the borrower an actively trading company?

Yes No

Purpose of loan
Proposed date of loan drawdown

Amount of loan:

£

Rate of interest
(fixed rate)

%

Term
(years)

Repayments:

Monthly

Quarterly

Half yearly

Annually

Rollover of existing loan (see previous page for details):

Yes No

Current SSAS fund value:

£

Details of asset(s) to be offered as security

Who owns the asset(s) being used as security for this loan?

Current value of security to be offered:

£

Please attach an independent valuation of the security, noting:

- For property or land valuations, they must be done by a RICS qualified surveyor, dated within the last 6 months.
- For non-property valuations, they must be done by a company with appropriate knowledge to provide their opinion of the sale value of the asset on their company's letter headed paper, signed by an official of that company. The valuation must be dated within the last 6 weeks.

Do you want InvestAcc to appoint a solicitor on behalf of the borrower? Although you can choose any firm, it is important to appoint a solicitor that has the required level of experience and expertise in dealing with this type of transaction.

Yes No*

If No, please provide solicitor details:

Solicitor name	
Contact	
Solicitor address	
	Postcode
Telephone number	Email address

If the loan is approved, funds will be transferred where possible by electronic transfer.

Please provide the borrower's bank details:

Borrower account name
Borrower account number
Borrower sort code
Borrower bank name

All trustees to sign:

Signature	Date
Signature	Date
Signature	Date
Signature	Date



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Service Beyond The Call of Duty

