InvestAcc

Small Self-Administered Scheme

SSAS

Key Features

www.investaccpensions.co.uk

SSAS Key Features

Please read this document carefully, it is designed to help you decide if the InvestAcc SSAS is right for you.

A Small Self-Administered Scheme (SSAS) is a type of pension scheme aimed primarily at company directors and certain key employees, who require more flexibility and control over their pension arrangements. SSAS can offer a cost-effective, tax-efficient solution to your pension planning needs in a way that can also be very useful to your business. If you are unsure about which pension is best for you, please seek advice from a suitably authorised financial adviser before proceeding. Note that InvestAcc does not provide financial advice.

InvestAcc Pension Administration Limited performs the day-to-day administration, and InvestAcc Pension Trustees Limited will normally act as both professional trustee and scheme administrator, dealing with HMRC on your behalf. You, and any fellow scheme members, will each be appointed as managing trustees and will co-own scheme investments with the professional trustee on behalf of the beneficiaries. Note that any decisions made by the managing trustees must be made on a unanimous basis.

In the case of new SSAS arrangements, there must be an actively trading sponsoring employer when the scheme is established.

Note that the structure of InvestAcc SSAS means that there is one common investment fund, and all members will have an interest in a share of this fund, which may change over time. In other words, InvestAcc SSAS is for close groups of individuals who want to share the same investment strategy.

The InvestAcc SSAS is designed to be a registered pension scheme, which qualifies for all tax advantages available to UK pension schemes and operates as a trust governed by a set of rules which may change from time to time.

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Aims

The InvestAcc SSAS is designed to provide you with:

- A means to save in a tax efficient way for your retirement.
- The option to take a pension commencement lump sum at retirement in exchange for part of your pension.
- The opportunity to take your benefits in stages or all at once.
- The option to take income withdrawals from your SSAS as flexi access drawdown or uncrystallised funds pension lump sums as an alternative to buying a guaranteed pension, which is often called an annuity and is explained in greater detail later in this section.
- Flexibility in buying an annuity if you wish, with some or all of your fund.
- Flexibility over provision for your beneficiaries in the event of your death.
- The ability to continue to invest your pension fund whilst withdrawing income, until it runs out.
- The ability to make investment decisions in conjunction with your fellow managing trustees and your investment manager and / or your financial adviser.
- The opportunity to invest in a broad range of investments.
- The benefit of the tax incentives available to registered pension schemes.
- The opportunity to grow your fund, free from capital gains and income taxes, unless your investment is regarded as taxable property or trading by HMRC.

Your investment

- Your SSAS can receive previously accumulated pension rights from other registered pension schemes.
- You and / or your employer can normally make contributions to the scheme up until age 75, within applicable limits.
- There is no commitment on your part to continue making contributions and no penalty for ceasing or reducing contributions to a SSAS.
- It is an HMRC requirement that you will not be able to take your benefits prior to age 55 unless you retire early due to ill health or have a protected early retirement age. Note that the earliest retirement age will rise to 57 from 6th April 2028 and may rise again in the future.
- The level of income withdrawn must be within any applicable HMRC limits, if your funds are subject to capped drawdown rules.

Risk factors

- Benefits due to you are not guaranteed and may be lower than you expect if growth in your investments and interest rates are lower.
- Inflation can erode the value of your investments, and the benefits available from them.
- Some investments may take longer to sell than other forms of investments.
- The value of your commercial property investments will be based on a valuer's estimate.
- Higher income withdrawals are unlikely to be sustainable, particularly if investment returns are lower than the withdrawals plus charges. They will also reduce the level of any potential future annuity.
- The higher the level of income withdrawals, the less you will have available to provide for beneficiaries, or to buy an annuity in the future.
- Investment growth can be lower than you expect, and capital values can rise or fall.
- Annuity rates can change substantially over short periods of time, both up and down. They could be worse if you buy an annuity later than they are now. If you do decide to buy an annuity, the longer you wait before buying an annuity, the greater the risk you bear of lower levels of income if you live longer than expected.
- As a pooled investment, your investment decisions are made jointly with any other members of your SSAS, and you may not always reach agreement.
- Our charges may change in the future, but we will always write to you to let you know in advance.

SSAS questions and answers

What is a SSAS?

A Small Self-Administered Scheme is a type of pension scheme which allows you to make your own investment decisions, in conjunction with your financial adviser and/or investment manager. If you appoint an investment manager or financial adviser, they must be suitably authorised and regulated by the Financial Conduct Authority.

You, or someone on your behalf, including your employer if you have one, can pay contributions regularly into the SSAS each month or year and/or pay single contributions. You may also be able to transfer funds from other registered pension schemes into a SSAS.

What are the tax advantages?

You and your employer may be eligible to make tax-relieved pension contributions. You should speak to your accountant or your financial adviser about the relevant allowances. Note that personal contributions after age 75 are not eligible for tax relief.

The funds invested are free from UK taxes on the income and gains, unless an investment is regarded as taxable property.

Death benefits are normally paid free of inheritance tax.

Tax benefits may change in the future which could affect the amount of benefits you receive.

What are the investment options?

All contributions and transfer values received are paid into a specifically designated pension scheme bank account.

The trustees may then invest these funds in a wide range of assets such as stock market shares and securities, collective investment schemes, commercial property or land. It may also be possible to lend money to the sponsoring employer, on commercial terms. For full details of the investment options, please see our ‘SSAS Permitted Investments’, which is published on our website and is reviewed from time to time.

Note that all investments are held in a single investment ‘pool’ invested for the benefit of all members of your SSAS. In some cases, we may agree to earmarking specific investments to specific members, which will incur additional fees.

Remember the value of your investments, and the income from them can fall as well as rise.

Investments may need to be sold to pay benefits, and to pay charges and any taxes that are the responsibility of the SSAS.

Note the requirement of Part 36 of the Pensions Act 1995 that the trustees must obtain professional advice upon the suitability of any investment transaction and consider the need for diversification. That advice must be provided in writing and made available to all the trustees by an expert who is suitably qualified. The adviser must be appointed by all the trustees, including any independent or professional trustee. We reserve the right to refuse any investment for which appropriate advice has not been obtained.

What is investment pooling?

For schemes with more than one member, all investments are made jointly on a pooled basis, meaning that all growth, losses and expenses are shared between you in proportion to your interest in the total scheme assets. Any payments to or from the scheme will result in an adjustment to each member’s share of the pooled investments. Examples of such payments include, but are not limited to, contributions, transfers in or out, and benefit payments. All investments under InvestAcc SSAS are deemed to be pooled investments, except where we have agreed to allow the ‘earmarking’ of specific investments to specific members, in which case additional fees apply (see our SSAS Guide to Services and Fees for more information).

What benefits can I have from the SSAS?

You can take benefits from your SSAS from age 55 (rising to age 57 from 6th April 2028), whether you have retired or not. Under current rules, you cannot normally take the proceeds before age 55, unless you retire early due to ill health or have a protected early retirement age as defined by legislation.

When you take benefits from your SSAS, the Pension Commencement Lump Sum and / or the untaxed element of any Uncrystallised Funds Pension Lump Sum will be tested against your available Lump Sum Allowance.

Subject to remaining allowances, you are entitled to use your funds to provide:

- A pension commencement lump sum of normally up to 25% of your share of the SSAS fund value and the remainder taken as flexi access drawdown.
- If you already have capped drawdown funds then you may be able to retain this so long as your income stays within the applicable limits, calculated using your age together with the government actuary’s department (GAD) rates to create a ‘basis amount’. You can then take anything up to this basis amount limit each year. The basis amount is reviewed every three years up to age 75 and every year after age 75.

- A pension commencement lump sum of normally up to 25% of your share of the SSAS fund value with the remainder of your pension fund used to purchase an annuity on the open market.
- A payment, or series of payments, of any amount from your uncrystallised funds, 25% of which will usually be tax free and the balance subject to income tax. This is known as an uncrystallised funds pension lump sum (UFPLS).
- You can elect to take a combination of phased annuity and income drawdown and phased income drawdown and phased annuity purchase. This allows you to phase your retirement.

If you exceed the available allowances, tax charges will apply.

The size of your fund will depend on how much you have invested, the length of time over which funds have been invested and the return from the investments after charges. This may also be reduced by the effects of inflation.

For further information about the possible benefits from your SSAS please discuss the options with your financial adviser.

How much income can I withdraw from the SSAS?

For flexi access drawdown payments, there is no minimum or maximum amount of withdrawal.

Your financial adviser can explore alternative levels of income with you and the implications of taking different amounts. You need to think about the level of income you need, bearing in mind any other sources of income you may have, as well as rises in the cost of living and the need to provide for your dependants or beneficiaries.

For existing capped drawdown arrangements, set up prior to 6th April 2015, there are limits laid down by the Government as to the maximum annual income that can be taken from your fund. This maximum limit aims to avoid excessive depletion of your fund but cannot guarantee it.

You can vary the income level at any time but if you are using capped drawdown then you must not exceed the maximum income limit each pension year.

If you are taking capped drawdown your age will determine when the maximum level of income is recalculated:

- If you are under 75 and taking income drawdown as capped drawdown, we must recalculate your maximum levels of income at least every three years.
- If you are 75 or over and taking capped drawdown, we must recalculate your maximum and minimum levels of income every year.

This recalculation may mean your maximum level of income may reduce or increase.

At each review, your financial adviser can provide an indication of the annuity that could be secured at that time.

Can I buy an annuity?

Although there is no longer a requirement to purchase an annuity, you may do so at any time from age 55 (rising to age 57 from 6th April 2028).

You should speak to your financial adviser about this option, as beyond a certain age you might not get as much from an annuity as you were taking in income withdrawals. This is particularly true if you have taken high levels of income. Generally, the older you are the more annuity you can buy for your money. Annuity costs can change all the time, up or down. Remember you can use your funds on the open market to take advantage of the best rates available from the whole range of insurance companies that offer annuities.

An annuity can provide a fixed amount of income, or it can increase each year. It is also possible to buy an annuity, which will continue to be paid to your spouse, dependants, or beneficiaries if you die. The income can be paid for life, or for a fixed period of time.

InvestAcc is not an annuity provider.

What happens if I am a member of a SSAS and I die?

You can nominate beneficiaries to receive benefits. In common with most UK pension schemes, payments to beneficiaries are made at the discretion of the trustees, which usually avoids Inheritance Tax. Benefits may be in the following forms:

A lump sum, **or**
A flexi access drawdown pension (for a dependant or nominated beneficiary), **or**
An annuity purchased on the open market (for a dependant or nominated beneficiary), **or**
A charity of your choice (provided you have no surviving dependants at the time).

Please see the section on ‘Are there any possible tax charges?’ for more information.

What happens if I am a member of a SSAS and stop paying contributions?

The fund in your SSAS will remain invested, but your benefits may be lower than you expected.

Can I make extra contributions to my SSAS?

Yes, provided they are within applicable limits.

How do I obtain tax relief on my contributions?

If you are a UK resident, your regular and single contributions are paid gross, and any tax relief should be claimed from HMRC by you personally. If your employer makes contributions, they will pay them gross. There is no tax relief on transfers from other pension funds into your SSAS. Note that personal contributions after age 75 are not eligible for tax relief. Remember that the rules on tax relief depend on individual circumstances and may change in the future without prior warning.

Can I transfer out?

Yes, but funds providing income withdrawals may only be transferred to registered pension scheme arrangements which have been set up for the purpose of receiving transfers from income withdrawal arrangements.

At our discretion, we may agree to a partial transfer out, although this will not be possible with any crystallised funds.

Can I change my mind?

There are no cancellation rights in respect of your SSAS.

Can I change my mind when electing to take benefits?

No.

What charges can I expect?

The charges for all transactions that take place in respect of InvestAcc are described in the Guide to Services and Fees.

How will I know what my share of the SSAS is worth?

Valuations are available from us on request.

Are there any possible tax charges?

Investments within the SSAS generally enjoy freedom from UK tax on their growth and income. However, if an investment is regarded as taxable property, it will be subject to tax charges prescribed by legislation.

Contributions in excess of the applicable limits will be subject to a tax charge at your highest marginal rate of income tax, unless this contribution is made in the same tax year in which you die or receive a Serious Ill Health Lump Sum.

If at any time you receive benefits which are not in accordance with current pension rules (including as a result of tax-free cash recycling) these will be regarded by HMRC as unauthorised payments and will be subject to any tax charges that are prescribed by legislation.

When you come to take your pension, income payments will generally be taxed under Pay As You Earn (PAYE) systems.

Death benefits may be taxed, depending on the type of payment and when death occurs; any lump sum payments made to a Charity nominated by you are not subject to tax.

Tax on lump sum death benefits:
If you die before age 75, lump sums up to your unused Lump Sum and Death Benefit Allowance are tax free to beneficiaries within two years of your death, or the Scheme Administrator becoming aware of your death, if later. This is known as the two-year rule.
If paid after two years, they will not be tested against your unused Lump Sum and Death Benefit Allowance but will be subject to the beneficiary's marginal rate of income tax.

If you die from age 75 onwards, lump sum payments are subject to the beneficiary's marginal rate of income tax.

Tax on income death benefits:
If you die before age 75, income payments tax free to your beneficiaries, provided the benefits are designated within two years of your death, or the Scheme Administrator becoming aware of your death, if later. Note that there is an exception to the two-year rule, where death occurs before age 75 and the deceased was already in drawdown, then funds can be designated to beneficiary drawdown at any time, and still be tax-free.

If you die from age 75 onwards, income payments are taxable at your beneficiary's marginal rate of income tax. No inheritance tax is normally payable.

How much will the advice cost?

Your adviser will give you details about the cost of their advice and services. Note that InvestAcc does not provide advice of any kind.

What if I have a complaint?

If you have any cause for complaint about the service you have received in respect of the administration of your SSAS, please contact:

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

You may also make a complaint to the Occupational Pensions Advisory Service and then to the Pensions Ombudsman. Details can be supplied on request.

Any complaint regarding the advice given to you by your financial adviser should be referred to them for review under their own complaints process, details of which should already have been provided by them.

If you have a complaint regarding an individual investment, this should be directed to the individual fund manager concerned and again, details should be provided by your financial adviser.

Making a complaint will not affect your legal rights.

Can I claim compensation?

Although the SSAS itself is not covered by the Financial Services Compensation Scheme, trustees may be able eligible to make a claim for the failure of certain investments, or regulated advice given by a financial adviser which has failed.

You can read more about this at **www.fscs.org.uk**

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