



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 bank 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 property or land which is in the United Kingdom.

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.

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, solicitor's fees and disbursements must be borne by the borrower. We also require a copy of the borrower's latest accounts and a letter from your accountant confirming that the borrower will be able to afford the loan repayments. The borrowing company must be actively trading. Once the loan has been fully repaid with all interest due, it is the borrower's responsibility to arrange for the legal charge to be removed from the security asset(s).

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*	No	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, rather than residential property.

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 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. The legal costs and disbursements will normally be automatically deducted from the amount of the loan but in exceptional cases could be paid separately by 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

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.

Has an FCA regulated financial adviser or investment adviser provided advice on this investment and the need to diversify the investments?

Yes No

IMPORTANT - Please provide a copy of the advice provided to the trustees, along with this application.

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. Please also provide a letter from the borrower's accountant confirming that in their opinion the borrowing company can afford the loan repayments.

Is the borrower an actively trading company?

Yes No

Purpose of loan
Proposed date of loan drawdown

Amount of loan: £ **Rate of interest** % **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 property and / or land to be offered as security

Who owns the above 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 that valuations must be done by a RICS qualified surveyor, dated within the last 6 months.

Do you want InvestAcc to appoint a solicitor on behalf of the pension scheme? 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

Note that the solicitor's costs and disbursements will normally be automatically deducted from the loan amount.

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

I/We confirm that we would like to make the loan noted above as an investment of my/our pension scheme.

I/We, acknowledge it is a legal requirement for the trustees to obtain professional advice on any investment transactions to be made (including purchase, sale, switch or transfer of any investments) and to consider appropriate diversification of the investments.

I/We agree that InvestAcc shall not be responsible for any failure to obtain professional advice, any decision which is against professional advice or to ensure appropriate diversification of the investments.

All trustees to sign:

Signature	Date

- Enclosed:** Latest Accounts (or copy of business plan if company is new and has not yet filed Accounts).
 Valuation of Loan Security. Accountant's letter confirming repayments are affordable.



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