

# case study



## group property purchase

Three Directors of a business, David, Alex and Heather, are considering buying a new property to allow for expansion. They are coming to the end of their existing lease, and the current property is not suitable for them. They find a potential property on the same estate that they could move to fairly easily, valued at £300,000.

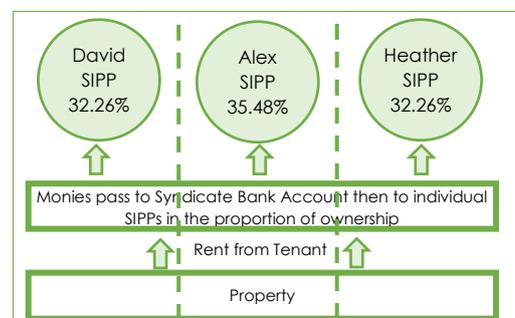
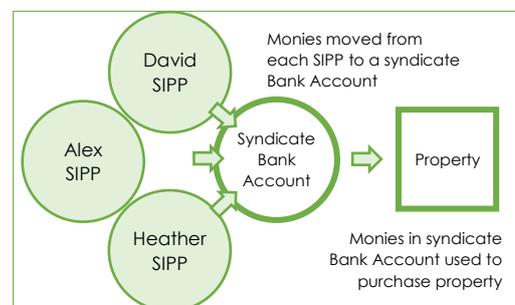
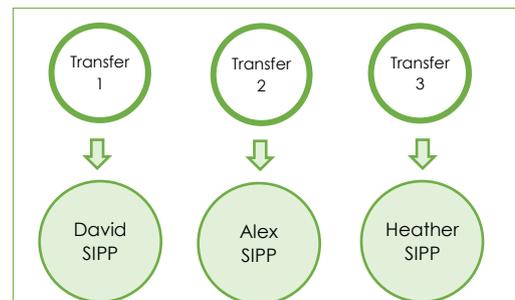
The Directors speak to their Financial Adviser who discusses a number of options with them. They could look at financing the acquisition through the business, but they are not keen to commit too much capital to the project.

The Financial Adviser advises them that it would be possible to consider the purchase through Self-Invested Personal Pensions (SIPPs) set up for each of them. The SIPPs would acquire the property as an asset, with each SIPP owning a proportion of the property as an asset.

The adviser identifies that each Director has a personal pension plan which are collectively worth £350,000. The adviser arranges for the transfer of these plans into new SIPPs for each of the Directors to use the funds to purchase the property.

Of the total funds available, David has £100,000, Alex has £110,000 and Heather has £140,000. The total cost, including all fees, is £310,000. David and Alex commit all of their money to the project, and Heather commits the balance.

The adviser explains that the property will be owned based on how much they commit: David will own 32.26%, Alex has 35.48% and Heather also has 32.26% plus her remaining £40,000, which is initially kept in her personal SIPP Bank Account.



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O-CS 2.01 (05/18)