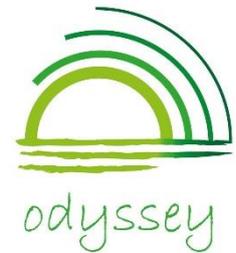


case study



mixed-use property

Alan runs a successful family business in the high street of his local town. He wishes to purchase the freehold of the property he trades from but is aware it includes a residential flat upstairs. Alan is considering using his pension scheme to purchase the commercial part of the property, valued at £150,000, but knows there might be a problem because of the flat.

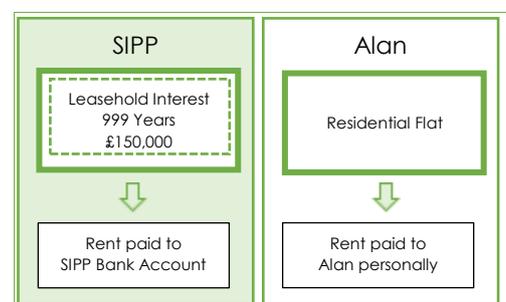
Alan's Financial Adviser confirms that the residential flat cannot be held by the pension scheme. An additional problem, however, is that any interest in the residential flat held by the pension scheme might be taxable.

Alan's Financial Adviser suggests looking at the various options with a solicitor. The solicitor clarifies that part of the property could be held on a long leasehold, which could solve the problem of ownership of the whole property.

The solicitor suggests a long leasehold interest could be created in the flat. This could be bought by Alan personally, or by his business. If a ground rent were payable to the pension scheme, however, it might be taxable.

The alternative would be for the long leasehold interest to be created in the commercial part, with the freehold and flat being bought by Alan personally (or by his business).

Alan decides on the second option, although the solicitor explains that either could work, especially if the ground rent was to be a peppercorn. Alan's adviser arranges for the transfer of his pension into a SIPP to allow for the purchase to proceed, in conjunction with funds that Alan has himself.



part of your journey

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