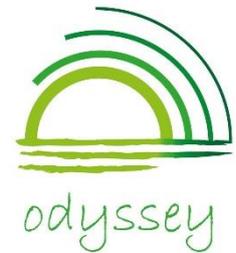


# case study



## sponsoring employer loan

Gareth's limited company is in a very healthy position financially and is having a year that is set to be quite profitable. Gareth is looking to expand and grow the business further, while taking advantages of available tax planning. Ideally, he would like to combine the two strategies to ensure that his pension is looked after, but also that his company retains its flexibility.

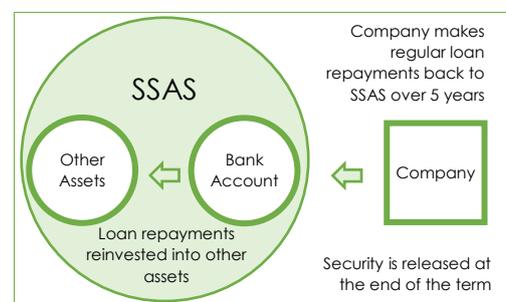
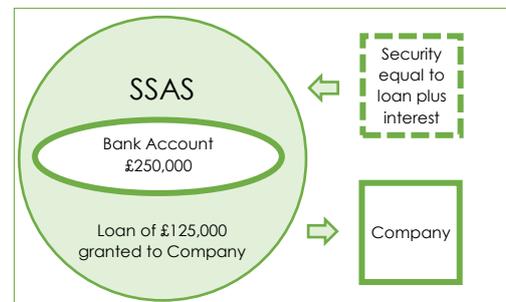
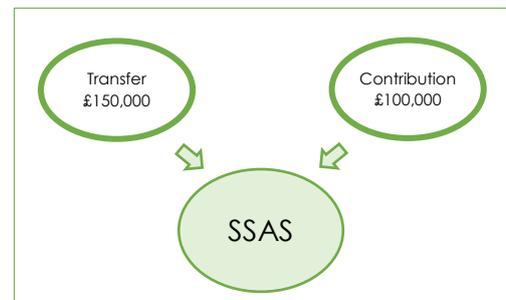
Gareth's Accountant confirms the company can make a pension contribution of £100,000. The Accountant agrees that it passes the 'wholly and exclusively' test, and that Gareth has sufficient Carry Forward available to make the contribution.

Gareth's Financial Adviser recommends using a Small Self-Administered Scheme for his pension planning. This is because Gareth's scheme will be able to facilitate a loan back to his company to assist with expansion plans.

Gareth has a personal pension policy of £150,000 and the adviser arranges for the SSAS to be established, and the contributions and transfers made to the new Scheme. This gives a combined total of £250,000.

Gareth's company acts as Sponsoring Employer, which means that the Trustees can grant a loan of 50% of the Scheme Value to the company. The loan is subject to a legal agreement that requires it to meet HMRC rules: no greater than a 5-year term, interest at least 1% above base rate, equal instalments of capital and interest, and a first charge on assets equal to the loan plus interest.

Gareth offers a privately held property as security, and the loan is drawn down. The remaining funds are invested by the adviser onto a platform.



## part of your journey

Authorised and Regulated by the Financial Conduct Authority

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