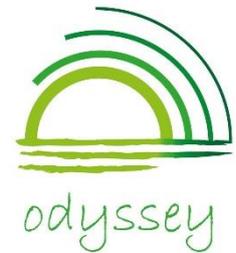


case study



commercial property & borrowing

Raymond is looking for new business premises for his company. Having talked through the position with his Financial Adviser and Accountant, he is considering the use of his pension scheme to help acquire the property. Unfortunately, the value of his pension is below that required to purchase the building outright and so he is looking at further options.

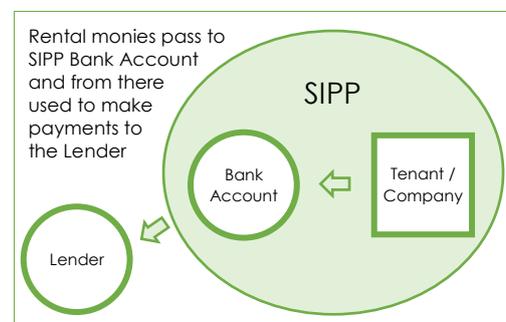
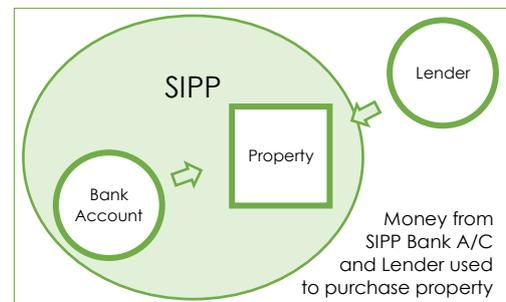
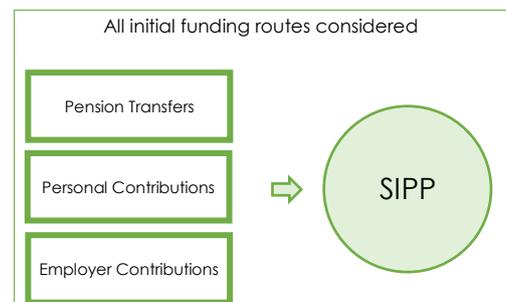
Raymond's Financial Adviser discusses various options with him regarding funding the acquisition. His pension is worth £200,000 but the property he wants is being marketed for £275,000. Looking at other options, the company cannot afford to make pension contributions at present as it has earmarked the monies for expansion.

His Adviser informs him that it would be possible to consider the purchase through a Self-Invested Personal Pension (SIPP) by using a combination of the existing pension monies plus borrowing.

SIPPs can borrow up to 50% of their net assets. In this case, borrowing of up to £100,000 would be available. At that level, there would be sufficient funds to acquire the property, and also pay for additional costs such as fees and stamp duty.

The Adviser explains that borrowing should be available via most high-street lenders, although some tend to specialise in the area, making the process easier. The lender would require a charge on the property, and would be repaid over time from the rental monies due from the company.

The solicitors complete the purchase and arrange for a commercial lease to be drawn up. The rent monies are paid into the SIPP Bank Account and the borrowing is repaid over time.



part of your journey

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