

help &  
information



## managing your ssas

This document explains some of the requirements that can be involved when individuals want to manage their own small self-administered scheme (SSAS).

### what is a ssas?

Okay, so let's quickly go back to basics. A SSAS is a type of registered pension scheme. The name itself stands for 'Small Self-Administered Scheme' which, as it implies, is the type of pension scheme that allows for, and indeed requires, the involvement of the Scheme Members in the operation of the Scheme.

A registered pension scheme is a pension scheme that has been registered with HM Revenue & Customs (HMRC), and which then benefits from various tax incentives. Those tax incentives range from tax relief on pension contributions to tax-free investment growth.

A SSAS can offer a wide range of investments, such as the more traditional forms like stock market equities or collective funds, to commercial property or lending monies back to a Sponsoring Employer.

The membership of a SSAS is usually limited to no more than 11 individuals.

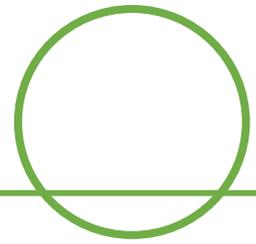
### how do you establish a ssas?

A SSAS is usually established as a Trust. The various parties involved will create the Trust and operate the SSAS based on a set of Rules adopted at the same time. Those Rules describe how the SSAS is to be operated and will usually follow the rules set out by legislation relating to registered pension schemes.

Once the SSAS Trust has been established, it must be registered with HMRC in order for it to operate as a registered pension scheme. Any monies paid into the SSAS prior to its registration will result in a tax charge.

A Scheme Administrator is the person, or entity, responsible for registering the SSAS with HMRC. This is undertaken online, and various details have to be provided to HMRC initially, such as details of the Sponsoring Employer, the Trustees and so on.

HMRC will then typically write to the Scheme Administrator requesting further information which helps them to determine whether the SSAS should be registered. This process can take a number of months to complete.



## who operates a ssas?

There is no specific 'operator' in relation to a SSAS as there is, for example, for personal pension schemes. A SSAS is typically set up by individuals who act in a number of capacities: as Directors of the Sponsoring Employer, as Members, as Trustees and as a Scheme Administrator.

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## what are the roles and responsibilities?

There are a number of parties involved in the operation of a SSAS.

Firstly, there is a Sponsoring Employer. This is often a Limited Company, though it can be any entity that acts as an employer. The Sponsoring Employer establishes the SSAS on behalf of employees, who become members of the SSAS.

The Sponsoring Employer can choose who to invite to join the SSAS, and while this is normally certain of its employees (such as the Company Directors) it can extend the invitation to other individuals who are not employees.

The Sponsoring Employer will then, in accordance with the Rules, have a number of responsibilities given to it, and will also be given various powers (such as appointing or removing Trustees).

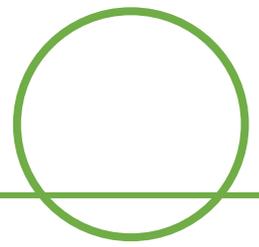
Secondly, there are Trustees of the SSAS. The Trustees are normally split into two categories: Member Trustees and a Professional Trustee.

Member Trustees are those individuals who are Members of the SSAS who also act as the Trustees of the SSAS. The Trustees are also given various powers and responsibilities in accordance with the Rules, but broadly their duty is to manage the SSAS impartially for the benefit of all of the Members.

A Professional Trustee can also be appointed to act in relation to the SSAS. There is no legal requirement for a Professional Trustee to be appointed, and thus a SSAS can be managed by its Member Trustees alone. A Professional Trustee is usually appointed to provide additional guidance and management and will be conversant with various rules that operate for pension schemes.

Finally, there is the Scheme Administrator. The Scheme Administrator is the person, or entity, responsible for making reports to HMRC, and will also have been responsible for registering the SSAS in the first place.

The Scheme Administrator is also liable to HMRC for any tax penalties that might arise as a consequence of actions or activities that are 'unauthorised'. Authorised actions are those that are allowed for in legislation that are broadly expected within a pension scheme, such as making valid investments, paying pensions and so on. Unauthorised actions are those that fall outside these rules and create a tax penalty.



## *who do I have to report to?*

The Scheme Administrator of the SSAS will be required to undertake a number of reports to HMRC each year:

- Pension Scheme Return – this is an annual report and provides HMRC with details of the assets and asset movements of the SSAS.
- Event Report – this is also an annual report and must be submitted to HMRC when various events occur during the year. This could range from the payment of pension benefits that are subject to certain conditions, to reporting to HMRC if there has been an unauthorised payment.
- Accounting for Tax – this is a quarterly report and is submitted to HMRC when there is a taxable event that occurs within the SSAS.

The Trustees of the SSAS will also normally be required to make an annual report to The Pensions Regulator. Again, this report consists of providing them with information relating to the administration and management of the SSAS, such as confirming numbers of members, details of the various parties involved, and certain other specific declarations or information.

There are no reports required to be made to the Financial Conduct Authority (FCA – the financial services regulator) as a SSAS is not regulated by the FCA.

In addition to this, the Trustees have an obligation to provide the Members of the SSAS with certain information and reports each year. Even though the Trustees and Members might be the same individuals, they must still comply with these requirements to produce and record information.

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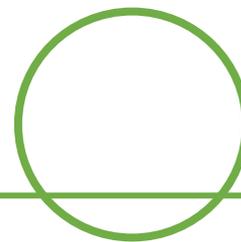
## *how do you become a scheme administrator?*

Anybody in theory can apply to become a Scheme Administrator. Both individuals and corporate entities can apply. The process is undertaken online where the person registers as a Scheme Administrator with HMRC.

The process involves providing certain necessary information to HMRC, and then making a number of declarations to them concerning fitness and propriety – basically, statements that will confirm that you will be a fit and proper person.

Only the person applying to become the Scheme Administrator can make these declarations to HMRC. It is not possible for another party to make these declarations on the person's behalf.

A Scheme Administrator can appoint a Scheme Practitioner to assist them with the reporting requirements for HMRC, but the responsibility for the information provided to HMRC will always rest with the Scheme Administrator.



## *what is a scheme practitioner?*

A Scheme Practitioner is someone who has been appointed by a Scheme Administrator to act on their behalf to manage a pension scheme. A Scheme Practitioner must also register first with HMRC, and once they are registered, the Scheme Administrator may appoint them to act in relation to a specific pension scheme.

A Scheme Practitioner is authorised to provide HMRC with information and can complete and submit the various returns that they require for a pension scheme.

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## *what is a practitioner ssas?*

A Practitioner SSAS is the name sometimes given to a SSAS that has been set up by individuals (in their capacity as Sponsoring Employer, Member Trustees and Scheme Administrator) where those individuals wish to employ another person or entity to provide assistance with the operation of the SSAS.

In these circumstances, the individuals still retain full responsibility for the SSAS, including all decision-making, but the Scheme Practitioner will assist them in making the relevant reports to HMRC and will likely also provide them with help and assistance relating to the day-to-day management of the SSAS.

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## *where can I obtain further information or help?*

Odyssey Pensions provides a full range of Consultancy and Practitioner services and can assist individuals with the operation of a SSAS where they do not wish to appoint a Professional Trustee.

In addition, a considerable amount of resource and information is available both on the HMRC website, by referring to the Pensions Tax Manual, and also on The Pensions Regulator website.

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