



Emily McAlister <emily@retirement.capital>

Re: Michael and Janet Pension Scheme

1 message

gavin mccloskey <gavinm@retirement.capital>

28 June 2024 at 20:21

To: Mike Holmes <mikemholmes@outlook.com>

Cc: Emily McAlister <emily@retirement.capital>

Hi Mike,

Further to our previous comms, I have reviewed the email trail and the current rules in place for the fund. The pension scheme can acquire the property from Autumn House Care Ltd either partially or in whole. One question that needs clarification is whether the property is opted for VAT, as this will impact our calculations.

Autumn House Care Ltd can sell any share of property to the pension scheme for cash, or even contribute it as an "in-specie" which would generate tax relief on the business. This transaction can be done in chunks and would be formalised through a declaration of trust between the pension scheme and the company, offering more flexibility in timing and reducing the cash drain on the pension scheme.

My initial advice is to draw the lump sum from the pension scheme. There is scope to pay contributions in, and you will note from my previous calculations that I have maximised your tax-free sum under HMRC rules. I suggest the pension scheme pays you the lump sum and then, with an updated valuation, we look at the SSAS purchasing the property via a declaration of trust. We can then move the remaining share in time. This is a paperwork exercise and as the property has no mortgage it is v straightforward.

There would be stamp duty payable on the transfer, and the pension scheme would enter into a rolling five-year lease with the company on the rent.

I hope this provides some clarity. I am available tomorrow, so please feel free to give me a ring on my mobile if you want to discuss this further.

Regards

Gavin

On Sun, 9 Jun 2024 at 11:37, Mike Holmes <mikemholmes@outlook.com> wrote:

Dear Gavin,

Good to catch up the other day.

My current position with the pension is that I have been unsuccessful in acquiring a suitable commercial property and I have let time slip away.

We have the betting shop in Newport let to Bet Fred which with the floors above and the stand alone building to the side (currently empty) on which we have a revised rent of £40,000pa.

I would have to say that it is now probably worth less than we paid for it and would do well to get £600,000 for it,

In the bank we have about £1,300,000 cash.

I am currently looking to purchase a small engineering works in Poole for £550,000. Plus SDLT and legals say £575,000. This is split into two leases one a FIR lease until 2027 at £32,000

And the other on a licence at £12,750 pa.

This leaves us approximately £725,000 in the fund which we would like to purchase the bricks and mortar building from the operating company Autumn House Care Ltd.

This company is owned by myself and Janet as 50% shareholders.

The FRICS valuation for bricks and mortar only is about £600,000, so plus SDLT and legals say £640,000 That will leave us with just £85,000 plus the incoming rents. The rent on the care home on a licence is going to be £68,000pa.

Taking any tax free lump sum will be difficult initially until rental monies have built up or we put in some more funds. We are looking to put in another £120,000 this year.

I am 74 years old at the end of this year am I right that I have to take any tax free lump sum before I reach 75? Am I right in thinking that as the fund has 4 trustees then if the combined total is say £2,000,000 then we have £500,000 in each so any tax free lump sum would be for Janet and myself £125,000 each? What happens to my share when I die, does it stay in the fund and is split between the others?

Please come back to me if you require any further information.

KR

Mike