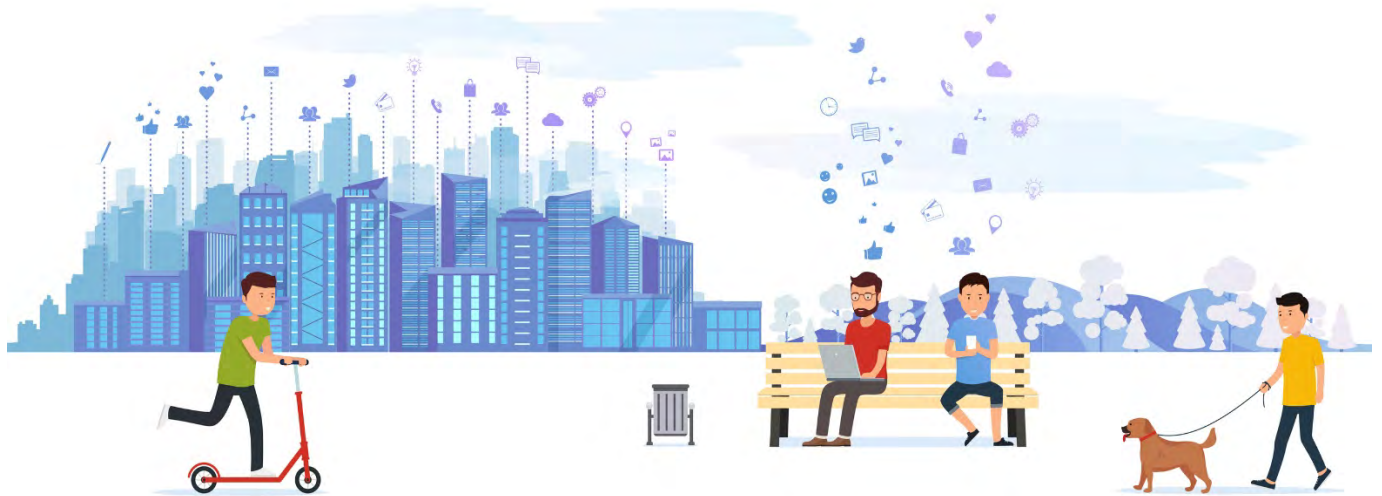


A comprehensive member guide to your Small Self-Administered Scheme (SSAS)



Contents

1. Snapshot of a typical SSAS account
2. Introduction
3. Funding your SSAS
4. Transfers
5. Investing SSAS funds
6. Pension and Benefits Access
7. Death Benefits
8. Other information

1. Snapshot of a typical SSAS account

Retirement Capital is the first SSAS administration provider that aggregates all your investment holdings in your SSAS into one smart, intuitive dashboard updating in real time the value of your holdings.

Whether you are an active member or are drawing pension benefits, you can manage your SSAS and access your banking and secure documents in a better way through your online account.

Test Retirement Benefits Scheme

Current value

£480,000.00

Asset Breakdown

A retirement forecast updates as your SSAS grows, with your most recent valuation of all holdings.

Crowdfunding

Cash

Properties

Loans

Deposits

A snapshot of where your money is invested

Projected value

Based on your current share of (uncrystallised) fund plus the current contribution rate if any in this tax year, your future retirement capital at age 65 is calculated as:

Value

£485,324.45

This retirement capital could pay you a once off tax free lump sum of £121,331.11 plus an annual income on retirement of £28,937.47 from your SSAS.

To increase your retirement capital, set up a regular contribution through your dashboard to earn tax relief and build a larger pension pot.

Manage SSAS

Manage money & investments

Contribute

Invest

Manage Holdings

Request Withdrawal

Transfer

Account Management

Change beneficiaries

Document Centre

Manage your beneficiaries and securely access your documents

Nice navigation buttons to manage your SSAS and access your holdings

3

2. Introduction

In this comprehensive member guide we will explain how your SSAS works in depth and the benefits it provides. We also cover some of the tax rules on contributions and pay-out of benefits.

What is a SSAS?

A small self administered scheme (or SSAS) is a registered pension arrangement under Chapter 2 of Part 4 of Finance Act 2004. Pension schemes registered with HM Revenue and Customs qualify for tax relief on a range of tax benefits these include the following:

- Tax relief on member contributions up to certain limits.
- Tax relief on employer contributions
- Certain lump sums paid to the member (such as the pension commencement lump sum) or following the member's death will not be liable to income tax as long as they are within the member's lifetime allowance.
- Most investment income is exempt from income tax, and gains from the disposal of scheme investments are exempt from capital gains tax.

We will explore this in a little more detail in this guide.

Who is it for?

The Retirement Capital SSAS is available for directors of limited companies, senior staff members, their spouses and direct family members. All members of the Retirement Capital SSAS will also be co-trustees of the pension fund which means that all decisions, such as investing, will be taken unanimously.

As the Retirement Capital SSAS is for company directors and senior members of staff, it follows that there must be a company to establish the pension scheme. The company is also known as the principal employer and the scheme is therefore regarded as an occupational pension scheme.

Can a business which is not a company establish a SSAS?

The business must be trading and other businesses, such as a partnership or a sole trader (as long as they are offering this for their employees) may qualify. More than one business may participate in the same Retirement Capital SSAS, provided that they are interconnected.

What it means to be under trust

The Retirement Capital SSAS is established under a discretionary trust.

The principal employer will be settlor. The members of the pension scheme will be both beneficiaries and trustees of the SSAS. The settlor settles the trust and appoints the trustees to manage and hold the assets of the trust for the benefit of the beneficiaries of the scheme.

The rules of the SSAS under the terms of the deed sets out the benefits to be provided to the members of the pension scheme and are written in a way to be very flexible. The additional benefit of having a SSAS under a discretionary trust is that it separates the assets of the SSAS from those of the business.

Meaning of a Member Trustee

Each member of the scheme is appointed as a trustee of the SSAS. This provides control over how the fund is invested, managed and distributed, but is subject to the limitations contained in this guide (and any subsequent changes by the Pensions Regulator and HMRC).

The Independent Trustee

RC Trustees Limited is appointed as the Independent Trustee of the scheme and will hold the assets of the Scheme jointly.

The Scheme Administrator

RC Administration Limited acts jointly with the member trustees as the Scheme Administrator. RC Administration is recognised by HMRC as having pensions knowledge to act as a Scheme Administrator. This is to ensure that together with the member trustees we jointly are responsible to HMRC to ensure that the scheme is administered in accordance with their requirements. Any breach can result in tax charges and could jeopardise the tax status of the SSAS. The Trustees jointly appoint RC Administration Limited to act as Scheme Administrator.

Who can join the SSAS?

Under the Retirement Capital SSAS, membership is for directors, employees, partners and their respective spouses. Children can be admitted also provided that they are over the age of 18. The children and spouses do not need to be directors or employees of the business.

As the members of the scheme are also trustees, they cannot be bankrupt and must be of sound mind. We will require a copy of each members identity and address verification on joining the SSAS. The maximum number of members is eleven.

3. Funding your SSAS

Contribute

Introduction

Contributions can be made to your SSAS by your employer as well as by you personally. Please note that you will not receive tax relief on personal contributions after your 75th Birthday. If you have registered for protection against the lifetime allowance, you cannot make or receive contributions otherwise you will lose this protection.

Employer contributions

Contributions can be paid into the SSAS for the principal employer and any participating employer to provide benefits for their employees and directors. Whilst this is not a legal requirement under the Scheme rules, we do recommend a contribution rate.

Contributions can vary from one-off payments to regular payments, with the option to change or stop at any time. Employer contributions will be tax deductible provided that they are made “wholly and exclusively for the purposes of its business”.

Contributions will also need to be within the annual allowance rules, as otherwise excess payments will create a tax penalty on the member benefiting from the payment.

We always recommend that tax advice is taken before contributions are paid in and recommend that the accountant for the business provides this advice.

Personal contributions

Up to age 75, you will receive tax relief on personal contributions if you are UK resident to the higher of £3,600 gross per annum, and 100% of relevant UK earnings (subject to the annual allowance) each year. The annual allowance is currently £40,000 and there is also the option for carrying forward unused allowances from the previous three years. Some members may have a reduced annual allowance and we explain this in a bit more detail below.

As with employer contributions, we will recommend that tax advice is taken before contributions are paid in, to ensure that you are within the required thresholds. You are not required to contribute and payments can, like that of the employer, be regular, one off and stopped or varied at any time.

You will receive tax relief at your highest marginal rate of income tax. This is given by deducting the contribution from your salary before the tax is calculated. If this is not possible, then we can set the contribution up under relief at source, which gives basic rate relief at the net rate and any marginal relief is recovered via your annual self assessment.

It is very important that you stay within the annual allowance and lifetime allowance thresholds. HMRC provide a useful calculator to check your pension contribution status. The link can be found at. <https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

We will also monitor contribution rates to your SSAS, but you must ensure that we are notified if your tax position changes and for this reason we will require consent to tax payer information status that is held with HMRC.

How the annual allowance affects contribution amounts

The Annual Allowance is the maximum total amount of contributions (personal and employer) that can be paid each year which will receive tax relief.

The Annual Allowance is currently £40,000 and represents the total amount from all sources, which includes benefits under a final salary scheme. Amounts in excess of this threshold level, will be subject to taxation unless you can carry forward unused relief.

There are further caveats that you need to be aware of:

The annual allowance can be reduced through a method known as tapering. As of 6 April 2020 the tapered annual allowance applies for individuals with "threshold income" of over £200,000 plus "adjusted income" of over £240,000.

For the tapering to apply, the limits on threshold income and adjusted income must both be exceeded. In essence, for every £2 of adjusted income over £240,000, an individual's annual allowance is reduced by £1. The minimum annual allowance will be £4,000. If you think this applies to you, please consult your accountant for contribution guidance. In summary your "threshold income" is your:

- Taxable income for the tax year less
- Any taxable lump sum pension death benefits accruing in the tax year (ITEPA 2003 section 636A-4ZA) plus
- Employment income given up for pension contributions (i.e. salary sacrifice) made on or after 9 July 2015 less
- The gross amount of any relief at source pension contributions.

Your adjusted income is calculated in summary as:

your taxable income (as defined by the Income Tax Act of 2007) less any reliefs that qualify, plus the amount of any pension contributions that qualify. You also need to add in employer contributions also (inclusive of rights accrued in final salary schemes). From this figures, you deduct any taxable lump sum pension death benefit paid in that tax year.

Other ways your annual allowance can be reduced

Your annual allowance will also be reduced where you have flexibly accessed your pension benefits. This is also covered by the money purchase annual allowance rules (MPAA). It will only apply for contributions to a money purchase scheme (such as a SSAS or SIPP) in a period that exceeds £4,000.

All members who take drawdown of income under their Retirement Capital SSAS, will be flexible accessing their pension benefits There are limited exceptions to this. Accessing flexibly is referred to as a 'trigger event' and covers clients who take benefits in one or more of the forms below:

- **Uncrystallised Funds Pension Lump Sum (UFPLS)**
Where you access their pension fund via an UFPLS this is regarded as a trigger event and the MPAA rules will apply.
- **Flexi-access Drawdown Income**
Once income (or any lump sums from the designated pot) are taken from the funds designated to a flexi-access drawdown plan, the MPAA will apply.
- **Existing Flexible Drawdown**
Where a member had flexible drawdown funds immediately before 6 April 2015, you are treated as having accessed flexibility on 6 April 2015 as their drawdown became flexi-access on this date.
- **Stand-Alone Lump sums**
Where you have Primary Protection with protected lump sum rights i.e. lump sum rights in excess of £375,000 at 5 April 2006, the MPAA will apply if they are paid a standalone lump sum.
- **Flexible Annuity**
Where an entitlement to an annuity arises on or after 6 April 2015 and it varies in ways that are not currently permitted by SI2006/568 this will count as having accessed flexibility and the MPAA will be triggered.

Technical Information on the Money Purchase Annual Allowance Rules

The money purchase pension input amounts which are tested against the money purchase annual allowance for the tax year concerned are those which occur (or are treated as occurring) after you first flexibly accessed a money purchase arrangement in certain circumstances.

If the allowance for money purchase pension input amounts is exceeded, the individual has an 'alternative' annual allowance for any other pension input amounts (essentially, any pension input amounts for defined benefits arrangements) that have to be taken into account for the same tax year.

To ensure that the same pension input amounts are not subject to the annual allowance twice, any pension input amounts tested against the money purchase annual allowance will not be tested against the alternative annual allowance.

Under the Retirement Capital SSAS, flexibly accessing your pension savings will trigger the MPAA rules which will reduce your annual allowance from £40,000 to £4,000 per annum. The MPAA rules also prohibit the ability to carry forward any unused annual allowance. You can also be subject to the MPAA rules if you take an income under flexi access drawdown, an uncrystallised funds pension lump sum; a stand-alone lump sum with Primary Protection; a flexible annuity.

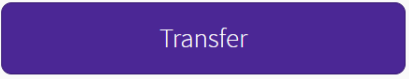
Unused Allowance from previous years

If you have been a member of any registered pension scheme for the three previous years (even if you or your employer did not pay in), you can "carry forward" any unused annual allowance. You will not be able to use carry forward if you have flexibly accessed your pension benefits.

You may carry forward a maximum of the annual allowance for any one of the previous three tax years, and this amount is reduced by the amount of the Annual Allowance you used during those years. So for example, if your unused annual allowance was £30,000 over the previous three years, this sum when added to the current annual allowance would mean £70,000 can be contributed in your SSAS (assuming of course there were no contributions being made into any other pension scheme).

Contributions in excess of the permitted allowances does carry as a tax charge on the excess. The tax charge is based on the marginal rate of tax relief received on the contribution.

4. Transfers



Transfer

Transferring in other pensions to your SSAS

You can transfer in most other types of pensions into your SSAS, but not annuities or certain final salary based schemes. We will put you in touch with a financial advisor to help guide you on the best choice if you wish to move in other pensions. Pensions in payment from money purchase schemes, such as a SIPP can also be moved.

Most pension transfers take the form of cash transfers, whereas some assets, such as property and shares can be transferred without selling them first. This is known as in-specie transfers and this can be actioned through your dashboard account. Please check with us first that the asset is transferrable.

Transferring out your SSAS to another pension scheme

You may transfer your SSAS funds to another registered pension scheme when you choose to. This can be as cash or in-specie. Please speak with your administrator to organise this. Partial transfers are not permitted where benefits have already been crystallised in your SSAS.

5. Investing your SSAS funds

A purple rectangular button with the word "Invest" in white text.

You can invest your SSAS funds in accordance with the rules of your pension scheme. If there is more than one member trustee in your SSAS, you will make investment decisions together and we will also validate that the investment is a qualifying one.

You will have online access to your SSAS bank account from which income and expenses will be received and payable. We also wish to ensure that you are not investing into anything that is a possible pension scam or creates a potential tax problem for you. We have therefore placed certain safeguards for your protection.

Your dashboard account allows you to access the following investments:

- [Cash Manager](#)
- [Funds, Stocks and Shares dealing through Interactive Investors and Saxo Bank](#)
- [Peer to Peer Lending via Sourced Capital for qualified investors*](#)
- [Employer Loan Facility](#)
- [Commercial and Industrial Property through Zoopla Search Engine](#)
- [Commercial Property connected to your business, such as your premises.](#)

We recognise that SSAS Trustees will have their own specific requirements, including that guided by their own investment manager or financial advisor. The following permitted investments can be held in your Retirement Capital SSAS.

- Bank and building society account deposits
- Cash
- Cash funds
- Permanent interest bearing shares (PIBs)
- Real estate investment trusts (REITs)
- Securities admitted to trading on a regulated venue such as stock exchanges and multi-lateral trading facilities.
- Bonds
- Exchange traded commodities
- Government and local authority bonds and other fixed interest stocks
- Physical gold bullion
- Investment notes (structured products)
- Shares in Investment trusts
- Managed pension funds
- National Savings and Investment products
- UK Commercial Property and Land
- Units in Regulated collective investment schemes

- Loans made by your SSAS to your business
- Certain crowdfunding and peer to peer lending platforms which are regulated by the FCA and you are a qualified investor.

Investments that are either taxed by HMRC, difficult to sell or are at a high risk for pension liberation or investor loss cannot be held in your Retirement Capital SSAS. We cannot set up a SSAS with this objective in mind at outset, or during the lifetime of your SSAS with us. These investments include:

- Overseas commercial property
- Hotel Rooms
- Land banking
- Storage Pods
- Carbon credits
- Residential property and any associated land
- Tangible moveable property (such as art, jewellery etc)
- Loans made by your SSAS to you personally
- Residential ground rents
- Unquoted shares - overseas
- Esoteric loan notes and bonds
- Unregulated Collective Investment Schemes (UCIS)
- Closed-ended investments which are not realisable within 30 days
- Intellectual property
- Second hand traded endowment policies
- Burial plots
- Contracts for difference
- Forex trading
- Structures which have the hallmarks of pension liberation, such as non-mainstream pooled investments which are not regulated by the FCA.

Loans

Loans to the principal employer or to any participating employer, are subject to the following five HMRC conditions:

1. The maximum amount is 50% of the net asset value of the SSAS (subject to any existing lending).
2. The loan must be secured by a first legal charge over an asset which is of at least equal value to the loan and interest.
3. The interest rate must be commercial and at least base rate plus 1%.
4. The term must be no longer than five years.
5. The repayment terms must be equal instalments of capital and interest for each year of the loan.

Borrowing

Your SSAS can borrow funds to purchase assets, such as property. The maximum amount that can be borrowed is 50% of the net value of the SSAS immediately prior to the borrowing taking place, any existing borrowing. This rule is inclusive of VAT rated property, and you cannot therefore exclude the VAT on the borrowing limit.

6. Pension and Benefits Access

Request Withdrawal

You can take benefits from your SSAS in a variety of ways. The first test will be against the lifetime allowance of £1,073,100 for the 2020/21 tax year. Unless you have protection, if the total value of your SSAS, plus other pensions funds crystallised exceed the threshold rates, there will be a tax charge on the excess.

The Pension Commencement Lump Sum

The maximum amount you can take is the lower of 25% of the fund you have crystallised and 25% of your available lifetime allowance. You can take this as one lump sum or in different chunks.

Timing your crystallisations

You can take benefits from age 55 and there is no requirement for you to stop working or 'retire' when you take your benefits. You may be able to take your benefits earlier than age 55 if you become seriously ill, or your SSAS is made up of funds transferred from an existing pension with a lower pension age, this is provided that the transfer complied with the transfer rules.

Benefit Choices

The options available are:

- A tax-free sum and pension income. This member guide is for persons retiring for the first time after 5 April 2020 and as such the income from your Retirement Capital SSAS will be recorded as Flexi Access Drawdown
- An Annuity
- An Uncrystallised Funds Pension Lump Sum

Flexi Access Drawdown

Flexi Access Drawdown allows you to continue to invest your Retirement Capital SSAS and drawing an income from it. There is no minimum or maximum limit on the amount of income that you can draw up to and including taking the whole fund.

Your income will be subject to income tax at source and we will set up and administer the PAYE scheme for you. You can draw your income via regular payments (either monthly, quarterly, half yearly or annually). One off payments are permitted at any time. To help you manage how long your income will last for from the fund, our online calculators provide a variety of tools to help you monitor your income.

Taking an income this way will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

Lifetime Annuity

The level of pension that you receive under a lifetime annuity will depend on the size of your fund, your age and annuity rates at the time you purchase it from the insurance company.

By adding certain provisions, such as an increasing pension or a spouse's pension this will affect the income payment amount.

Annuities are taxed as income and it is the responsibility of the annuity provider to support the pension in payment to you, which will be guaranteed under the terms of the annuity. This can be helpful for people who want security of income in retirement, as pensions from a flex-access pension scheme are based on the amount of funds prevailing in the scheme in a given period.

You can buy an annuity from age 55 at any time with any or all of your SSAS funds. You can convert from a flexi-access drawdown to annuity, but you cannot convert your annuity back to your SSAS, or any other pension scheme, such as a SIPP.

You are not subject to the money purchase annual allowance rules if at the point of crystallising your SSAS (or any other pension fund) to an annuity for the first time and the annuity meets certain HMRC requirements.

By choosing this method, your SSAS funds will be transferred as cash to your annuity provider. Annuities are regulated by the FCA and we will put you in touch with a financial advisor who will advise you on this to help you make an informed choice.

Uncrystallised Funds Pension Lump Sum (UFPLS)

An Uncrystallised Funds Pension Lump Sum (UFPLS) is a way of accessing your pension benefits which became available from 6th April 2015.

It can only be taken from funds not already in payment and you can take a one-off or a number of payments, but the balance of the pension is kept uncrystallised. When you take an UFPLS payment, 25% of the payment will be tax free and the balance of pension income is taxed at the marginal rate of income tax (once you take income).

Like a flexi-access income drawdown, benefits are payable from age 55 (or earlier if you have serious ill health or a qualifying early retirement pension) and you are not required to cease employment to qualify. Like a flex-access drawdown, taking this type of income will trigger a reduction in the lifetime allowance, which will reduce your annual allowance from £40,000 to £4,000 per annum for money purchase savings.

Getting Advice

It is very important you take regulated advice on setting up and creating an income as the decision you are making is usually irreversible. Only take advice from a regulated financial advisor, our panel or regulated advisors, who are independent of us, can help you.

A free help source is Pension Wise, which is a Government service that offers free impartial guidance on your benefit options. Their number is 0800 138 3944. You can also book an appointment online for free by visiting: [pensionwise](https://pensionwise.gov.uk)

Important information about the Lifetime Allowance

Whilst there is no limit on the amount of pension you can build in respect of funding, there is a limit on the sums that can be paid out which are not subject to a lifetime allowance charge. Your SSAS will be tested against the Lifetime Allowance when you take your benefits and your funds will be tested when you reach age 75. The Lifetime Allowance is currently £1,073,100 for the 2020/21 tax year. Please see our separate guide if you have registered for protection against the lifetime allowance.

There are two circumstances where a lifetime allowance charge arises following a benefit crystallisation event (BCE):

- where the amount crystallising at that BCE exceeds the available amount your lifetime allowance. A lifetime allowance charge arises on the amount that crystallises beyond the available lifetime allowance
- where a BCE occurs and you have no lifetime allowance available at all (as all of the lifetime allowance has been used up by earlier BCEs). A lifetime allowance charge arises on the whole amount crystallised at that event

There will be a tax charge of: either 25% on the excess if you take the excess as income (on top of your marginal rate of tax) or 55% on the excess if you take the excess as a lump sum. Liability for paying the lifetime allowance charge varies, depending on whether the charge arises during your lifetime, or following the death.

The lifetime allowance charge is a charge to income tax, but the amount on which it is charged is not income under the taxation provisions generally. The charge is, broadly, a recovery of tax relief previously given, measured against the value of your tax relieved pension savings. The charge is separate from any income tax due on any pension payments actually made.

This treatment means that you will not be able to set any allowances, losses or reliefs against the lifetime allowance charge, and that the amount will not count as pension income, or any other kind of income, for the purposes of the UK's bilateral double taxation conventions if you are in receipt of this payment abroad.

7. Death Benefits

[Change beneficiaries](#)

On death your fund remaining can be paid to your spouse/partner or whomever you nominate. Whilst this will be discretionary, the nomination of beneficiary can be updated at any time and this is available on your dashboard account.

Death benefits can be subject to the lifetime allowance charge in certain circumstances. Your beneficiaries can take their benefits as a lump sum or as income.

On death before age 75 the lump sum death benefit will be tax free providing that payment is made within 2 years of your death, otherwise it will be taxed at the beneficiaries' marginal rate of income tax. If you were over the age of 75 on death, then the lump sum is taxable at the beneficiaries' marginal rate of income tax.

Under the drawdown option, you beneficiaries can take their pension through an annuity or flexi access drawdown. If you were under the age of 75 on death, pension payments to a beneficiary will be income tax free if designated within 2 years, otherwise they will be taxed at the recipient's marginal rate. On death over the age of 75, the income is taxed at at the recipient's marginal rate. Where a claim is made on death by beneficiaries, we will be directed by the remaining trustees on distribution as per your nomination of beneficiary requirements and any provisions in your will.

If you have not made a will, we will recommend a qualified advisor at the time that you set up your SSAS.

8. Other information

SSAS administration is not an activity that is regulated by the FCA as the requirements for a Scheme Administrator fall within the scope of HMRC. We are registered with HMRC as a Scheme Administrator under number A2001880 for RC Administration Limited (companies house number: 12409200). We also provide administration services where we are not a Scheme Administrator through the Retirement Capital platform. Please ask us for further details of this.

It is important to know that we do not undertake any regulated activities, which require regulation by the FCA.

In the event of a complaint, please write to us at: 1a Park Lane, Poynton, Stockport, England, SK12 1RD where we are the scheme administrator and we will action this in accordance with our Complaints Policy, a copy of which is available on request. In the event that we cannot satisfy your complaint, you can refer it to: The Pensions Advisory Service or The Pensions Ombudsman Service. Their details are available on request. This referral does not affect your legal rights.

Keeping up to date is important and you should notify us of any changes to your personal circumstances, this can be actioned via your online account, or you can email your administrator. You should also be aware that regulations change and whilst we endeavour to keep our literature updated with those changes, this document is a guide and should only be used as such and not as basis to make a decision, for which regulated advice should always be sought.