

GET TO KNOW OUR PRODUCTS

SSAS Loanback Facility

One of the unique features of a Small Self-Administered Scheme (SSAS) is the ability to lend money to the sponsoring employer. This is also known as a 'loanback'. The member trustees may use their SSAS funds to inject cash into their business by making a secured loan to a sponsoring employer. This allows the business to access finance by borrowing money from their pension scheme instead of the bank. Arranging a SSAS loan requires less underwriting than applying for a bank loan and the interest rate is often lower. The loanback interest is paid to the SSAS instead of the bank.

Doherty Pension Administration (DPA) have been involved in pension fund management since 1994 and have built up a wealth of experience in this specialist area. We have a dedicated professional team who can support and guide you every step of the way.

There are five key tests that a loanback must satisfy to qualify as an authorised employer loan;

1. Maximum Amount of Loan

50% of the net fund value at the point the loan is made, taking into consideration any existing loans/borrowing.

2. Security

The loan must be secured via a first charge and the security must be of at least equal value to the amount of the loan and interest. There can be no other charge that takes precedence over the charge of the pension scheme.

3. Interest Rate

Interest must be charged at no less than 1% above the average base lending rate of the six leading high-street banks and rounded up to the nearest 0.25%.



4. Term of Loan

The maximum term is 5 years. If at the end of this term the outstanding balance has not been paid, the outstanding amount plus interest can be rolled over for a further five years. This can **only be done once** and will not be treated as a new loan.

5. Repayment Terms

All loans must be repaid in equal instalments of capital and interest for each complete year of the loan.

A SSAS loan will fail to qualify as a loan if:

- It fails to meet any of these five tests
- The loanback is not documented properly

Failure to meet one or more of these tests at any point can result in significant tax charges. Professional help and guidance is therefore essential.

WANT TO KNOW MORE?

Contact us

For more information on our SSAS Services or to arrange a meeting with a Financial Planning Consultant, please:

call
02890 533350

email
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visit
www.dohertypic.com

Using our many years of experience, our SSAS Specialists and team will ensure that you gain all the benefits of a SSAS Loanback facility whilst adhering to compliance with HMRC regulations.