
SSAS Technical Key Features Document

INDIGO

**THE AIM OF THIS DOCUMENT IS TO SUMMARISE
THE KEY FEATURES OF A SSAS ADMINISTERED
BY INDIGO TRUSTEES LIMITED**

A SSAS IS:

A Small Self Administered Scheme which is permitted to have up to 11 Members

A Collective Occupational Pension Scheme that is established by a UK Registered Employer

Established by a Trust Deed with an accompanying set of Scheme Rules

Governed by the provisions of its Trust Deed and Scheme Rules

Able to be registered with HMRC as a UK Registered Pension Scheme and to benefit from the associated Tax Status

THE PURPOSE OF A SSAS IS:

To provide Money Purchase (Defined Contribution) retirement benefits to its Members

To allow its Members to act as Trustees and to become actively involved in the Scheme's investment activities and management

To provide the most flexible approach, permitted by HMRC, in

- Making and accepting Contributions and Pension Transfers
- Available Investment Opportunities to build up the Pension Funds, including investments into the Sponsoring Employers
- Retirement Options available to its Members

WHO CAN ESTABLISH A SSAS:

As it's an Occupational Pension Scheme, a SSAS:

- Can only be established by a UK Registered Employer
- Must not be established by a Member
- In almost all cases, a SSAS will be established by a Limited company or Limited Liability Partnership that has a separate legal identity to its Directors or Partners
- Will almost certainly have its application for registration rejected by HMRC, if the Sponsoring Employer is a company, that has been dormant* for a period of at least 1 month within the last 12 months

*Dormant is defined by Section 1169 of the Companies Act 2006

WHO'S INVOLVED?

The Sponsoring Employers

This may be the original Employers that established the Scheme, or those who have subsequently been formally adhered to the Scheme by Deed

The Employers will have the ability to make contributions into the Scheme on behalf of their Employees and the Scheme is also permitted by HMRC to invest in its Sponsoring Employers (subject to prescribed limits and a qualifying criteria)

The Trustees

As with the Employers, the Current Trustees may be the original Trustees when the Scheme was established or they may have been formally appointed as Trustees of the Scheme by a subsequent Deed

The Trustees may be an **Individual** or a body **Corporate**.

The requirement for a SSAS to have a Professional Trustee authorised by HMRC, known as a Pensioner Trustee, was removed in April 2006

All Trustees must have the capacity to act as such, including the ability to contract and must not have been removed from doing so previously by either the Courts or The Pensions Regulator

Due to the nature of the SSAS and even without being a Member or Beneficiary, the Trustees are the legal owners of the SSAS and the Assets in its possession

It is the Trustees responsibility to ensure that the SSAS is run in accordance with all relevant Pensions Law. The Trustees are expected to act impartially, prudently, responsibly, honestly and in the best interest of the Members and Beneficiaries

The Members

A Member of a SSAS is a beneficiary of that SSAS. However, due to the nature of the Scheme, not all beneficiaries are offered Membership

With a SSAS being an Occupational Pension Scheme, membership can be offered to all past, present and future Employees at the discretion of the Trustees and Employer

Any potential Member is invited to obtain an application form from their Employer, which once completed, is to be submitted to the Scheme Administrator for processing

There are 4 categories of Membership:

Active - An Active Member is an individual who has benefits currently accruing for or in respect of that person under one or more arrangements in the pension scheme

Pensioner - A Pensioner Member is a member who is entitled to the payment of benefits from the scheme and who is not an active member

Deferred - A Deferred Member is an individual who has rights under a pension scheme and who is neither an active member, nor a pensioner member

Pension Credit - A Pension Credit Member is an individual who has rights in a pension scheme which are directly or indirectly attributable to pension credits

WHO'S INVOLVED?

The Scheme Administrator

This is the person or body appointed by the Trustees, to carry out the day to day administration and any Reporting duties required of the SSAS, in accordance with the Trustees wishes and the law. The Scheme Administrator must be registered with HMRC and from the 1st September 2014, must also meet HMRCs 'Fit & Proper Person' criteria

The Scheme Practitioner

A Scheme Practitioner acts for a Scheme Administrator in a similar way to how a 3rd party Accountant acts for your business, by compiling and filing reports with the relevant authorities on your behalf. In the case of a Pension Scheme Practitioner, they file on behalf of the Scheme Administrator who retains the full responsibility for any sanction charges (tax charges) levied by HMRC against the scheme

REGULATION & REPORTING

In order to be a UK Registered Pension Scheme, each SSAS must be registered with and comply with the rules prescribed by HMRC through the Finance Act 2004 tax regime, including the filing of an Annual Return

The Trustees of SSASs with more than a single Member must be registered with The Pensions Regulator and if the SSAS has more than a single Trustee or a single Member then it must also be registered with The Information Commissioner's Office

The Regulator may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties

TAX STATUS

The key benefits of a SSAS, is the ability for you to:

- Receive UK Tax Relief on qualifying Contributions made by you or on your behalf
- Permit the consolidation of UK Pension Benefits through Recognised Transfers of your accrued pension rights, both into the SSAS and from the SSAS to any other Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme
- Allow all funds (except those producing UK Dividend Income) held within the SSAS, to grow free of UK Tax
- Increase the growth of your funds further, by allowing your Sponsoring Employer to pay all Administration Expenses
- Take a Tax Free Pension Commencement Lump Sum which is normally up to 25% of your fund value, from the Minimum Pension Age which is currently 55
{You may be able to retire earlier than 55, if on the grounds of Ill Health}
- Receive an Income during retirement either directly from the SSAS or by purchasing an Annuity
- Upon your death, allow your funds to pass to your Beneficiaries free from Inheritance Tax

CONTRIBUTIONS

Contributions made by an Employer will be paid into the Scheme Gross and if deemed to be 'Wholly and Exclusively' for the purpose of trade of that Employer, will attract tax relief as an Operating Expense for its business.

Members have 3 options available when making contributions themselves:

- If their Employer's Payroll supports it, then they can make contributions using the **Net Pay** method.

Here, the Member's contribution is deducted from their Gross Salary before the deduction of any Tax and the contribution is then paid directly into the SSAS by the Employer.

- A Member may make **Gross** contributions directly into the SSAS and to claim the associated tax relief through their personal **Self Assessment**.
- The SSAS may register for and operate a **Relief at Source** Scheme.

With this method of contribution, the Member will pay a Net Contribution to the SSAS, the Scheme Administrator will apply for and receive the basic rate of tax relief on the contribution, then the Member's Basic Rate tax band will be increased by the sum of the Gross contribution to allow for tax relief at the higher or additional rates.

THE RISKS

As the SSAS provides retirement benefits to its Members on a Money Purchase (Defined Contribution) basis, the level of pension income achievable at the point you wish to retire will depend on a number of factors:

- The size of the fund attributable to you at the point you wish to retire.

This will be dependent on the amount you invest into your SSAS, through Transfers and Contributions, plus the performance of the underlying investments held by the SSAS, minus any fees and charges incurred along the way

- The timing of your retirement

The values of the underlying investments within the SSAS are likely to fluctuate with Market conditions. The value of an investment can go down as well as up and there is always the risk that you may not get back what you originally put in.

If you decide to purchase an Annuity with your retirement funds, then it's important to remember that Annuity Rates also fluctuate with Market conditions.

- Pension Tax Legislation

This is subject to change which could be more or less favourable to the growth of your funds within the SSAS and the options available to you at the point you wish to retire.

- Tax Rates

Tax Rates are also subject to change and may affect the Net Retirement Income that you receive. Some investments are a higher risk than others and you should understand the risk profile of the underlying investments

We offer an execution-only service, and as such we do not provide any form of regulated advice. We would recommend that anyone considering transferring existing pension benefits into a SSAS or carrying out their duties as a Trustee of a SSAS, seek advice from a suitably Authorised and Regulated Adviser.

COMPLAINTS

If you are not satisfied with any aspect of your SSAS, then please contact your Scheme Administrator in the first instance, who will endeavour to help where possible.

Indigo Trustees Limited
27-29 High Street,
Ewell,
Surrey
KT17 1SB

The Pensions Advisory Service is an independent non-profit organisation available at any time to assist members and beneficiaries with:

- pensions questions, and
- issues they have been unable to resolve with the trustees or managers of the scheme

Their contact details are:

The Pensions Advisory Service
11 Belgrave Road, London, SW1V 1RB

Telephone: 0845 601 2923
www.pensionsadvisoryservice.org.uk

You may also refer your complaint to the **Pensions Ombudsman Service** which is an independent dispute resolution service.

Their contact details are:

The Office of the Pensions Ombudsman
11 Belgrave Road, London, SW1V 1RB

Telephone: 020 7630 2200
www.pensions-ombudsman.org.uk