WHAT IS A SSAS?

A SSAS (Small Self-Administered Scheme) is a specific type of pension scheme for owners, directors or senior members of a business.

The Members are appointed as trustees and each has a say over where to invest the money. The number of members is limited to 11, hence the term ‘small’. For this reason, they’re more common in family-run businesses and start-ups.

How does it work?

A SSAS is a very flexible type of pension scheme. Unlike other types of pensions, the trustees can invest money into the sponsoring employer. The SSAS can lend up to 50% of the total value of the fund to the sponsoring employer too, as long as the borrower has sufficient assets to use as security for the loan.

Like most defined contribution schemes, the employer and/or its members pay contributions, which are eligible for tax relief. Members can start withdrawing benefits from the age of 55 (57 from April 2028) in the usual way, with the same option of taking 25% as tax-free cash.

Why choose a SSAS?

- Your money grows free of UK income and capital gains tax.
- Greater control and flexibility over the pension fund and all retirement assets.
- Contributions can be made by more than one employer.
- Commercial property can be bought and leased back to your business (or any third party). This includes your own office.
- Loans can be advanced to your business.
- You can invest in your company by buying an equity share.

What can I invest in?

You have access to a range of investments, including bonds, shares (including shares of the company), unit trusts, investment funds, non-residential property, exchange-traded funds (EFTs) and exchange-traded commodities (ETCs). As mentioned above, a SSAS can also lend up to 50% of the total value of the fund to the sponsoring employer as long as the borrower has sufficient assets to use as security for the loan.

How do I draw from a SSAS pension?

Once you reach the age of 55 (57 from 2028) you can withdraw up to 25% of your share of the SSAS fund as a tax-free lump sum, but you do not need to do this immediately. You can withdraw the tax-free part in stages and over a number of periods. The remaining 75% of your pension will be taxed as income at your marginal rate when you draw from it.

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