SMALL SELF-ADMINISTERED SCHEME

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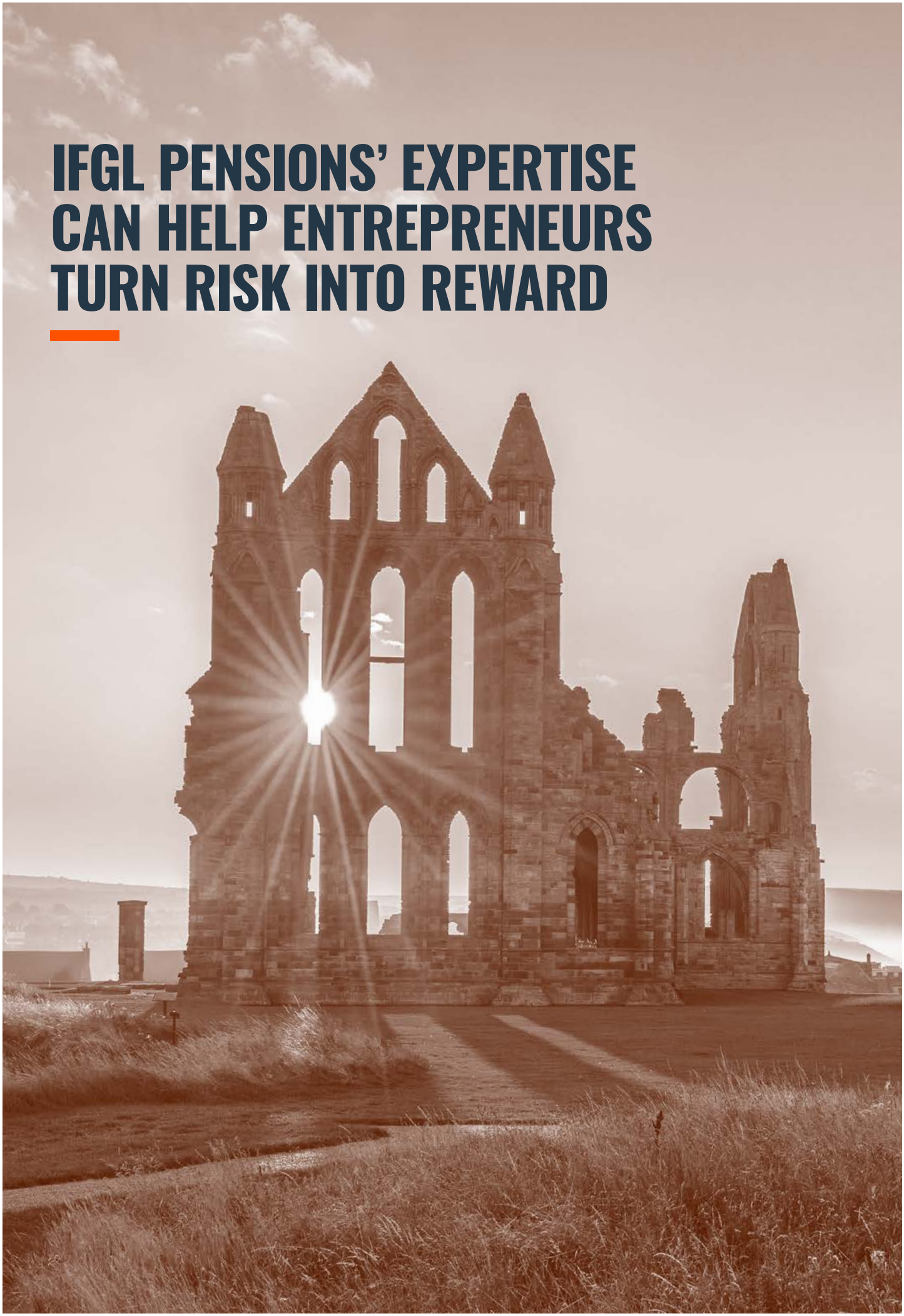
IFGL PENSIONS' EXPERTISE CAN HELP ENTREPRENEURS TURN RISK INTO REWARD



SMALL SELF-ADMINISTERED SCHEME

What is a Small Self-Administered Scheme ("SSAS")?

A SSAS is an individual Occupational Pension Scheme and has been available in the UK since the 1970s. It is established under an individual irrevocable trust by the Directors of a Company registered in the UK (the Scheme's Principal Employer) usually for the provision of Retirement Benefits for the owners and directors of that employer and sometimes their family members.

A SSAS is designed to have less than 12 members, all of whom need to be trustees and all of whom will control investment strategy.

A SSAS is not regulated by the UK Financial Conduct Authority but instead is regulated by The Pensions Regulator.

Who can benefit?

Owner/directors of Small and Medium-sized Enterprises (SMEs), registered in the UK, who like the idea of having more control over their own pension arrangements (subject to meeting HMRC rules).

Due to its ability to transact with the Principal Employer, a SSAS can assist with injections of cash into that Company by acquiring Company assets such as commercial property (including the Company's trading premises), as well as being able to offer a commercial lending facility (see page seven for more details).

This ability to interact with the Principal Employer means a SSAS can not only assist with retirement planning, it can also be an effective business tool, making it the pensions savings vehicle of choice in the UK for Entrepreneurs and owners and directors of SMEs.

WHAT CAN A SSAS INVEST IN?

It is a Registered Pension Scheme under the UK's Finance Act 2004 and has wide-ranging investment capabilities, including a unique ability to provide a secured lending facility to the Principal Employer or other Employers participating in the Scheme. It can also acquire commercial property, including the Principal Employer's trading premises and then lease it back on commercial terms.

The perception of increased control comes from the fact that the members of a SSAS will all be appointed Trustees and play a mandatory part in the scheme's investment strategy.

Other investments include, but are not limited to:

- Bank and Building Society cash deposits
- National Savings and investment products
- Stocks and shares traded through regulated exchanges
- Regulated Unit Trusts and Collective Investment Schemes
- Real Estate Investment Trusts
- Investment Grade Gold Bullion traded via recognised exchanges (e.g. The Royal Mint)
- Trustee Investment Plans and Trustee Investment Bonds
- We can also consider investments into FCA defined non-standard assets, such as unquoted shares and loans to unconnected unquoted UK limited companies, subject to due diligence and limits on the value of the investment held.

IFGL PENSIONS SSAS

An IFGL Pensions SSAS has all of the benefit flexibility you would expect from a Registered Pension Scheme in the UK.

Transfers-in from other registered Pension Schemes (including SIPPs) are permitted, as are transfers from QROPS. Conversely, it is possible to transfer out to such arrangements.

Pension benefits may be accessed from the age of 55, or earlier in the case of ill health.

An IFGL Pensions SSAS is subject to the normal allowances that apply including the Annual Allowance and the Lump Sum Allowance (LSA) and Lump Sum and Death Benefit Allowance (LSBDA), which have replaced the Lifetime Allowance (LTA). Non taxable benefits will be tested against both the LSA and LSDBA and where these are exceeded, a tax charge will apply. Members who have one of the lifetime allowance protections may be entitled to a higher LSA and LSDBA allowance.

AN IFGL PENSIONS SSAS PROVIDES FREEDOM AND FLEXIBILITY.

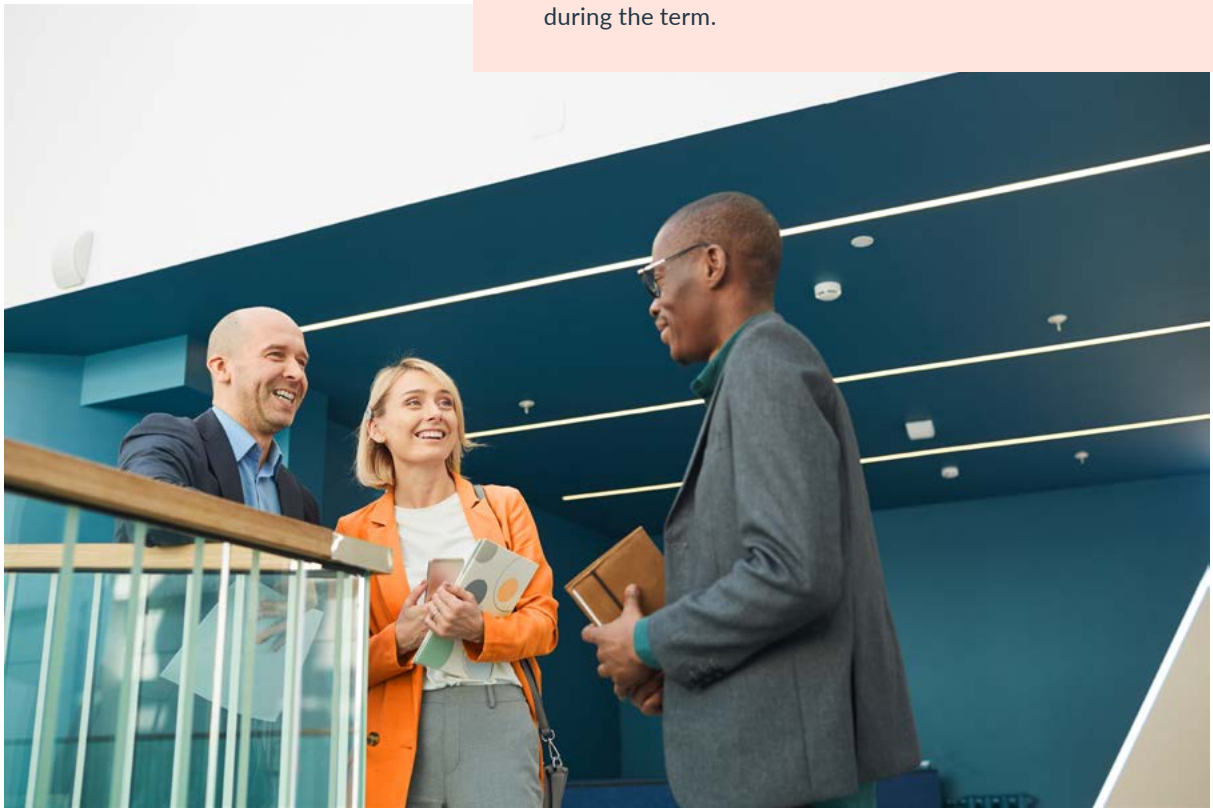
INVESTMENT FLEXIBILITY THAT CAN HELP YOUR BUSINESS

Cash is often considered the lifeblood of any SME and despite the ability to claim corporation tax relief against the value of any contributions it pays to the SSAS, the thought of the depletion of those cash reserves often presents the owners/directors with a headache.

One of the key features of a SSAS that sets it apart from other pension schemes, particularly SIPPs, is the unique ability to offer a secured lending facility to the Scheme's Principal Employer.

To be an "Authorised Employer loan", the facility must comply with five "key tests" laid down within Finance Act 2004:

1. Maximum loan amount - is limited to 50% of the net asset value of the SSAS.
2. Loan Security - the loan must be secured by way of a first legal charge.
3. Interest Rate - a commercial interest rate must be charged, subject to a minimum of 1% over the average base rate of the six main clearing banks.
4. Term - a maximum term of five years is permitted. There is no minimum term.
5. Repayments - regular payments of capital and interest are required during the term.



SCHEME FEATURES SUMMARY

Investment flexibility
Including equities, unit trusts, commercial property, authorised employer loan facility, cash deposits and bonds

Pension Commencement Lump Sum
25% (capped at 25% of Lump Sum and Death Benefit Allowance)

Flexible Options
Flexi-Access Drawdown,
Uncrystallised Funds Pension Lump Sum (UFPLS)

Access
From the age of 55

Death Benefits (if member dies before age 75 and claim settled in 2 years
Lump sum not subject to UK income tax (up to LSDBA), income stream not subject to UK income tax, with no limit

Death Benefits (if member dies after age 75)
Lump sum or Income Stream (taxed at recipient's marginal rate of UK income tax)

WHY CHOOSE IFGL PENSIONS?

BASED IN LIVERPOOL, IFGL PENSIONS IS A LEADING SIPP AND SSAS ADMINISTRATOR AND OPERATOR. IFGL PENSIONS HAS 20 YEARS' EXPERIENCE IN THE TRANSFER AND PROVISION OF PENSION SCHEMES FOR COMPANIES, ENTREPRENEURS, PRIVATE INVESTORS AND HIGH NET WORTH INDIVIDUALS.

IFGL Pensions – formerly called Sovereign Pension Services (UK) Limited – is now part of International Financial Group Limited (IFGL).

IFGL companies have been providing investment, savings, protection and professional trust services to expatriate and affluent local national customers around the world for over 40 years. Other companies within IFGL include RL360, Friends Provident International, RL360° Services (previously called Clerical Medical International) and Ardan International.

IFGL administers USD27 billion of assets for 214,000 customers and employs 610 staff.

IFG Pensions Ltd is regulated by the UK Financial Conduct Authority.

To discuss anything contained within this brochure or for any SSAS related queries, please contact the team:

ssastrustees@ifglpensions.com

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