

Pensioner Trustee Services

Pensions and property



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Grant Thornton Pensioner Trustees Limited specialise in providing in-depth, informed and practical pensions based solutions to intermediaries and their clients. One of the key areas where a Small Self-Administered Pension (SSAP) differs from the traditional pension structure is its ability to accommodate the purchase of residential and/or commercial property both directly and indirectly. Our SSAP scheme offers you the opportunity to take control of one of your most valuable assets in a transparent and cost effective manner that has your retirement goals at its core. With our self-administered Approved Retirement Fund (ARF) our team continues to look after and manage these funds into retirement for you.

Direct property investment:

- residential rental property for buy and hold;
- commercial retail and industrial rental property for buy and hold; and
- borrowing to finance purchase of direct property investment is available.

Indirect property investment:

- property funds;
- Real Estate Investment Trusts (REITs); and
- property Exchange Traded Funds (ETFs).

Key Revenue guidelines

Some key Revenue rules must be met in order to avail of the direct property investment option:



Sole purpose

The purchase of the property must be for the sole purpose of providing benefits on retirement.



Liquidity

The scheme must be able to discharge all fees and liabilities including ill-health and early retirement benefits.



Arm's length

A pension scheme cannot buy or sell property from the member, their employer or anyone connected with the scheme member. Furthermore, the property cannot be let to the member's relatives, their employer, directors or to associated companies of their employer. Personal use of the property is prohibited under Revenue rules.



Trading

It is not permissible for trustees of pension schemes to trade. A transaction which involves the scheme trustees acting directly in the acquisition and development of property with a view to its disposal is not permitted.

Why Grant Thornton?

Our pensioner trustee service can offer business owners, directors and/or employees the opportunity to manage their own retirement choices without the investment restrictions, high charges and lack of transparency many pension providers apply to their pension policies.

As the pensioner trustee of your SSAP we will advise you on the legal and technical aspects of your pension, the level of funding allowable and keep you informed of any significant legislative changes affecting your pension. Our SSAP may be the best option for your future if you wish to:

- use pension assets to purchase a property in Ireland or the UK;
- have the option to invest in a broad range of international funds;
- plan a tax efficient exit from your own business;
- consolidate existing pension arrangements under one structure;
- reduce the cost of your existing pension contracts;
- diversify the risk within your pension fund; or
- take control of your investment fund for the future.

If you are interested in investing in property or other asset classes with your pension fund please speak to your financial advisor and we will work in tandem with them to provide you with the most suitable solution for your circumstances.



Property case study

You identify a buy-to-let property which is on the market for €250,000 and generating rent of €1,200 per month. When all expenses (agent, solicitor, stamp duty, etc.) are included the total cost would be circa €259,500. In order to purchase the same property personally (outside of a pension fund), a personal investor paying tax, USC and PRSI at the higher rate would require approximately double this amount in pre-tax income.

The annual rental income after agent's fees, eg 8%, of rents on this property would be approximately €13,248 a year. As the property is held by a pension fund there is no tax liability on this income within the pension fund. The excess rental income can be used to pay down debt or be reinvested through the pension plan.

If the property was held personally by a higher rate tax payer they would be left with €6,359 rental income per annum (after tax, USC and PRSI are paid), a saving of €6,889 per annum by investing through the pension fund. Also on the sale of the property the pension fund is not liable to Capital Gains Tax (CGT), whereas the personal investor is.

Contact

If you have further questions on our pension services and the best route for your future contact a member of the Grant Thornton pensioner trustee team.



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