



*A GUIDE TO LOANBACK FROM YOUR SSAS  
(INCLUDING SSAS LOAN QUESTIONNAIRE AND DECLARATION)*

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## A Guide to Loanback from your SSAS

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The SSAS from @sipp has been designed to offer full flexibility for the member trustees when choosing suitable investments for scheme funds. The member trustees may use their SSAS funds to inject cash into their business by making a secured loan to a sponsoring employer (“Loan”).

However, their initial considerations should be the following:

- A Loan can only be made to a sponsoring employer. A Loan to any other connected employer is not an authorised investment
- If not all members of the scheme are member trustees, a Loan cannot be advanced to a sponsoring employer
- It can take up to 2 months to complete a Loan from a SSAS. All parties need to be aware of this likely timescale
- During the period of the Loan, will there be a requirement to provide retirement options for any of the members. If so, will there be sufficient liquidity to fund these benefits
- In the event of death benefits becoming payable, would the Loan need to be repaid early to help fund these benefit payments
- The services provided by @ssas (Pension Trustees) Limited or Alfa Trustees Limited (“Professional Trustee”) and @sipp Limited do not constitute financial or investment advice and it is strongly recommended that advice is sought from a suitably qualified financial adviser.

This guide has been written to help you understand the conditions governing the provision of Loans by the scheme and the process we follow. It will also explain the five key tests which must be met for an employer loan to be classed as an authorised payment.

These tests relate to the following:

- Security
- Interest Rates
- Term of Loan
- Maximum Loan
- Repayment Terms

If any of these tests are not met, unauthorised payment charges may apply on the full value of the Loan.

## Security

Loans must be on a secured basis. The SSAS must be in a position to register a first Legal Charge over the asset offered as security. The most common security offered is commercial property. Although HMRC legislation will allow the security to be held over plant and machinery or any other tangible moveable asset.

The value of the security must be an amount equal to or in excess of the value of the Loan capital plus the total interest payable over the entire period of the Loan.

The use of any assets as security will require prior agreement by the Professional Trustee and an independent open market valuation, providing the estimated value at the end of the Loan term, taking into account a commercial depreciation rate. It is imperative that the valuer is qualified in the specific field of the proposed asset.

The security must be fully in place and registered prior to the advancement of the Loan. The fees and costs associated with the creation of the first legal charge must be met by the borrower.

## Interest Rates

All Loans must charge an interest rate based on the published HMRC rate at the time of the advance. This rate must be at least 1% above the average base lending rate of the main High Street Banks.

## Term of Loan

The repayment term of the Loan cannot be more than 5 years and the total amount owing, including interest, must be repaid by the Loan repayment date.

## Maximum Loan

The maximum amount which may be loaned is 50% of the net market value of the assets held by the scheme, immediately prior to the Loan being made. This limit is applied on the date the Loan is made and is not re-tested unless the terms of the Loan are to be altered. The limit would not be tested in the event of terms being extended where the employer is in financial difficulty.

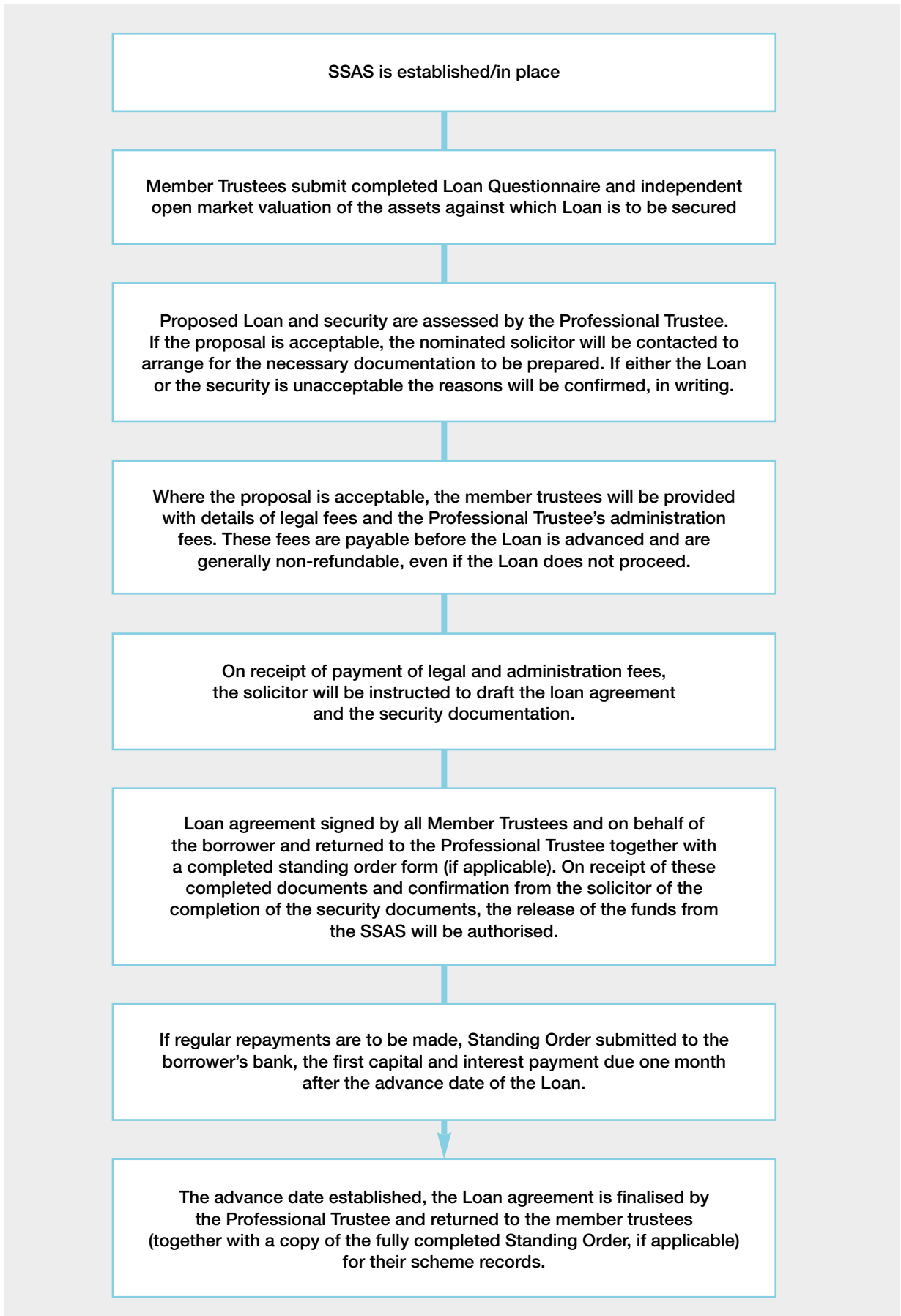
## Repayment Terms

All Loans must be repaid in equal instalments of capital and interest for each complete year of the Loan, the amount being established at the outset of the Loan. For example, a Loan of £100,000 over a 5 year period which has total interest payable of £7,500 must be repaid at £21,500 per annum ( $(£100,000 + £7,500)/5$  years). The repayments may be made on a monthly, quarterly, half yearly or yearly basis as long as the full amount due is repaid within each Loan year.

Failure to repay capital and interest in the amounts and due dates as stipulated in the Loan agreement will result in an unauthorised payment charge being levied against the scheme. At the end of the 5 year term the unauthorised payment charge will be levied at 40% of the amount of the largest underpayment in any single year of the Loan term. In addition, the scheme will also be subject to a scheme sanction charge of up to 40% of the same underpayment.

## Arranging a New Loan – A Summary

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# Part B Details of the Loan

<b>Amount of Loan</b>	£
<b>Purpose of Loan</b>	
<b>Term of Loan</b> <small>(max 5 years)</small>	
<b>Frequency of Repayment</b>	<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Half Yearly <input type="checkbox"/> Annually
<b>Actual Interest Rate</b>	<input type="text"/> %

The interest rate charged will be a minimum of 1% above the average base rate of the following six high street banks: the Royal Bank of Scotland, Barclays Bank, HSBC, Lloyds TSB, National Westminster and the Bank of Scotland.

If a different rate is requested, the rate must be on commercial terms, evidenced by a known lender.

<b>Proposed Completion Date</b>	<input type="text"/>
<b>Details of asset to be used as security</b>	
<b>Current Owner of Asset</b>	
<b>Value of Asset</b>	£
<b>Date of Valuation</b>	<input type="text"/>

Are there existing legal Charges held over the assets?

Yes     No

## Part C Details of Solicitor to be Instructed (to Act on Behalf of the Scheme)

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Name of Firm

Contact Name

Address

Postcode

Telephone Number

Email

## Part D Details of Solicitor Acting on Behalf of the Borrower

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Name of Firm

Contact Name

Address

Postcode

Telephone Number

Email

## Part E Details of Independent Valuer

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The valuer must hold a relevant qualification.

Name of Firm

Contact Name

Address

Postcode

Telephone Number

Email



# Part F Declaration

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I/we hereby declare that:

- All relevant information has been provided and it is true and correct to the best of our knowledge
- The Professional Trustee and @sipp Limited as administrators will not be responsible for any fees or charges levied as a result of any loan or proposed loan from the scheme or for repayments of the loan
- Any loan from the scheme which would be classed as indirect investment in taxable property will be used for the sole purpose of the borrower's trade and no member or connected persons will have use of it
- I/we have received no financial or investment advice in respect of this arrangement from either the Professional Trustee or @sipp Limited as administrators.

Signature
Name

Date 

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Signature
Name

Date 

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Signature
Name

Date 

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Signature
Name

Date 

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Name

Date 

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**T** 0141 204 7950 – Option 2  
**E** mail@atssas.co.uk  
**W** atsipp.co.uk

@sipp Limited | @ssas (Pension Trustees) Limited | Alfa Trustees Limited  
Company Numbers: SC217126 | SC221202 | 02826804  
Correspondence Address:  
1663-1669 London Road, Leigh-On-Sea, SS9 2SH  
Registered Office Address:  
6th Floor, Mercantile Building, 53 Bothwell Street, Glasgow, G2 6TS