

When choosing your pension scheme you may have to decide between using a SIPP (Self Invested Personal Pension) or a SSAS (Small Self Administered Scheme).


SIPP (Self Invested Personal Pension)

Designed for individuals looking to control their pension fund investment. A SIPP is a personal pension that allows a much wider range of investment options than a standard personal pension. You control the investment of the fund.

SSAS (Small Self Administered Scheme)

Primarily designed for employers - company directors or owners. A SSAS allows flexibility, tax efficiency and control over your investments, with an even greater range of options for investment and scope for investment of the pension funds into the employers' business.

Note: This is provided for information purposes only and does not constitute a recommendation, implied or otherwise. You are recommended to take investment advice on any transfer to and from any pension scheme.



If you have any questions about which scheme is best for you or how we can help you keep control of your pension arrangements please contact us:

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More information and factsheets are available at www.wcgplc.co.uk/pensions

WALKERCRIPS
PENSIONS

SIPP & SSAS

COMPARISON GUIDE

Walker Crips Pensions is the trading name of Ebor Trustees Limited, who are authorised and regulated by the Financial Services Authority.

Whilst the benefit regime between SIPP and SSAS is now identical, there remain substantial differences between the two schemes.

But which one is best for you?

KEY SIMILARITIES

Membership	No restriction on membership for either SIPP or SSAS.
Borrowing	50% of the net fund value for both SIPP and SSAS.
Annuity Purchase	Not compulsory for either SIPP or SSAS.
Pension Commencement Lump Sum	Unless a member has a higher entitlement under pre A day rules, the lump sum is typically 25% of the fund value.
Death Before Taking Benefits	<p>Member's fund share, up to Statutory Lifetime Allowance (currently £1.8 million but reducing to £1.5 million from April 2012) may be paid as a tax free lump sum to a surviving spouse or nominated beneficiary/ies. Generally paid free of Inheritance Tax. Any fund share over the Statutory Lifetime Allowance is subject to a 55% tax charge, if paid as a lump sum.</p> <p>If a member dies aged 75 or over and has not taken benefits, any lump sum payment is subject to a 55% tax charge.</p> <p>Alternatively, survivors pensions can be paid for a dependant of the member.</p>
Death After Taking Benefits	<p>Remaining fund share held for the deceased member at the time of their death can be released net of a 55% tax charge to a surviving spouse or nominated beneficiary/ies.</p> <p>Alternatively, survivors pensions can be paid for a dependant of the member.</p>
Pension Drawdown	Yes. Available via Fixed or Flexible drawdown.

KEY DIFFERENCES

	SIPP	SSAS
Control	The SIPP provider is usually a financial house, such as a bank, building society, insurance company.	The employer usually acts as scheme provider. The definition of employer is now wider than the traditional definition.
Investments	<p>The investments are registered in the name of the SIPP trustee company and the member trustee. The member will be a signatory to the investments.</p> <p>The SIPP provider will tend to restrict investment classes, unquoted shares, overseas property are unlikely to be allowable.</p>	<p>The investments are registered in the name of all the trustees.</p> <p>As a SSAS is an individually registered pension scheme. The trustees are able to consider the widest range of investments.</p>
Loans	As connected party restrictions apply to SIPP, scheme lending highly unlikely to meet HMRC criteria.	Yes. Up to 50% of the net assets of the scheme to an employer. 1st charge security required. No limit for unconnected parties.

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PENSIONS

	SIPP	SSAS
Contributions	Basic rate tax relief at source only. Higher marginal rate secured via annual returns.	Can have full tax relief at source on personal contributions.
Administration	Not required to provide an annual return to the Pension Regulator nor the Pension Scheme Registry. Must provide an annual Statutory Money Purchase Illustration (SMPI) statement.	Required to provide an annual return to the Pensions Regulator and pay a levy to the Pension Scheme Registry (£33.00 annually for two members). Not required to provide a Statutory Money Purchase Illustration (SMPI) statement where all members are trustees.
Trust Structure	Mastertrust.	Common Trust.
Allocation of Investments	Operates on a master trust principle, non-earmarking does not arise.	Investments do not need to be allocated amongst the members, as a common trust principle applies.
Allocation of Contributions	Contributions are earmarked at outset.	Contributions do not need to be earmarked at outset.