

An alternative investment vehicle



Martin Tilley APMI, pension consultant & business development manager at SIPP provider and pensions consultancy Dentons Pension Management Ltd, of Godalming, Surrey, provides some important information on investments.

SINCE the regulation of SIPPs in April, around 150 SIPP providers have obtained FSA authority to operate a SIPP product. Since April, several publications have highlighted that many of the products offered as SIPPs are in fact beefed-up personal pensions offering no more than access to a platform of fund managers and collective investments.

Indeed, with the UK stock markets having retreated from six-year highs and uncertainty in other global markets, coupled with UK commercial property prices also looking expensive, many investors are looking to SIPPs to offer alternative investment avenues with the potential for future gain.

Dentons' SIPP, being one of the few full SIPPs on the market, will consider the more esoteric investments that many other SIPP providers cannot, or will not, entertain.

Such opportunities include unquoted funds and shares as well as overseas property. However, in respect of the latter, price reductions in Spanish and US properties are also reported, so investors may be looking elsewhere.

While residential property is still unavailable to Self-Invested Personal Pensions, Dentons are currently

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Self Invested Pensions

working with two specialist commercial property developers on top-end market hotel accommodation in Himmaman, Thailand, and Caicos Beach in Turks and Caicos.

Hotel accommodation is regarded as commercial and is acceptable to HMRC, provided it satisfies the following criteria:

- No privileged occupational rights can be made available, either at the hotel or at any other facility, to any individual connected to the SIPP as a result of the investment;
- The accommodation must not be capable of long-term residential occupation.

In respect of the latter, it is usual that the room/suite will not have full kitchen or laundry facilities and in some circumstances may have extremely limited wardrobe space. It is also usual for the hotel to be designated as being on commercial land. Individual villas that are not part of a hotel complex cannot satisfy these criteria.

The two investment opportunities mentioned above are effectively off-plan or at initial stage of development with reputable developers, offering a chance to buy into the property at substantially discounted rates. On completion, the property unit is leased back to the hotel management group for a share in the rental yield. Gearing may also be available and it is usual for a

secondary market to exist should clients wish to realise their investments.

While Dentons cannot advise as to whether investments such as these are suitable for the particular circumstances of those interested, they can confirm whether or not the planned investment is one that is approved for use within SIPPs. To achieve this, Dentons will insist on good title to the property to protect the interest of the beneficiaries.

■ If you are interested in these arrangements, please contact me on 01483 521521 or email martin.tilley@dentonspensions.co.uk for further details.

■ Visit www.dentonspensions.co.uk to find out about our range of products and services and for the latest Dentons news and information.

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Our transparent charging structure and product facilities, limited only by Revenue guidelines, mean we can offer a tailored and flexible cost efficient service.

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SOMEONE TO TALK TO

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