

Single portfolio seamless upgrade

A Case Study

This case study follows the journey of Mr Jones five years later*. We recognise that client circumstances change and where a straightforward investment strategy was appropriate previously for Mr Jones, he now needs a more expansive investment approach. The Dentons SIPP with the single portfolio option offers him the flexibility to seamlessly upgrade to our full SIPP at any time.

*Please view the Single Portfolio case study.



The Facts:

- Mr Jones is now 45 and a partner in his firm
- Mr Jones has been contributing £12,000 pa into his SIPP and together with his original transfer of £200,000, he has now built up a fund of £322,000**
- He has sold the SIPP's shareholdings in order to purchase a share of the firm's business premises.
- If he upgrades his SIPP from the Lower Standard Administration fee to the Higher Standard Administration fee to accommodate additional investments, he will not be able to move back to the Lower Standard Administration fee at any time.

**Fund growth is based on the following assumptions: mid-growth rate of 5%, AMC of 1% on the SIPP assets and an annual administration charge of £420. Adviser fees are not included.

Application:

- Mr Jones converts his Dentons SIPP with a single portfolio option to a full Dentons SIPP to allow investment in commercial property
- He uses his SIPP funds to purchase a share in his firm's property and cover the various associated costs.

Advantages:

- Flexibility to seamlessly upgrade the single portfolio SIPP to a full SIPP to facilitate the property purchase without having to transfer to another provider or another pension scheme
- Minimal cost incurred in the upgrade - Mr Jones now pays a slightly higher Annual Administration charge but **no new transfer or establishment** charges
- As other partners own part of the firm's property through other SIPP providers and personally, Dentons offers flexibility for multiple parties through a Declaration of Trust
- Dentons allows Mr Jones to use his own solicitor, saving him time and money
- The proportionate rental income is paid tax free to Mr Jones's SIPP
- Mr Jones can use the rental income to build up a cash surplus, invest into a fund supermarket as he did before or other investment opportunities, or to repay any commercial property loan early.

The Result:

- Mr Jones has achieved his longer term goal of part purchase of his firm's commercial property
- Mr Jones has a flexible pension scheme to meet both his current and future needs.

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If VAT may be applicable, you should seek specialist advice.

Whilst the names used in this case study are fictitious, the processes described have been used in actual cases.

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of current law and HMRC rules, which are both subject to change.



Dentons Pension Management Ltd
Sutton House, Weyside Park
Catteshall Lane, Godalming
Surrey GU7 1XE

T 01483 521 521
F 01483 521 515
E enquiries@dentonspensions.co.uk
W www.dentonspensions.co.uk

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