

Investment grade gold bullion.

A case study

Mr Davies is a successful businessman. He has £70,000 of savings sitting in a deposit account that he wants to invest. He'd initially thought about property as a potential route but noticed how prices have been falling so is considering gold as an alternative asset in his self invested personal pension (SIPP).



The facts

- Investment grade gold bullion is the only physical commodity that can be held within a SIPP because it has a specific exemption from being 'tangible moveable property'
- The gold bullion must be of a purity of no less than 995 thousandths and held in the form of a bar or wafer, of a weight acceptable by the bullion markets
- Mr Davies cannot hold the gold bullion personally - it must be placed in a secure vault to the order of the trustees
- Mr Davies cannot use or display the gold bullion - it is held for investment purposes only
- The most simple and secure method of investing in gold bullion is via a UK direct gold investment service. The custodian will charge a fee for holding bullion to Dentons order and apply insurance as appropriate.

The process

- Mr Davies discusses with his financial adviser and confirms that he would like to invest in gold bullion via his Dentons SIPP
- His adviser points out that gold bullion can be a volatile investment asset - with no guarantee of future returns
- Mr Davies believes gold bullion to be a good investment that will help to diversify and enhance his portfolio
- Mr Davies' financial adviser will need to complete the required due diligence checks before any instruction can be given to the gold bullion dealer
- Once the required due diligence has been completed, and Mr Davies' financial adviser is satisfied that Mr Davies SIPP should invest in gold bullion, then an instruction may be given to the gold bullion dealer
- Dentons only uses the services of The Royal Mint and Sharps Pixley
- The gold bullion dealer must provide the required gold storage arrangements and have sufficient controls in place to ensure that any monies are paid back to the pension scheme bank account only.

The result

- The gold bullion purchased by Mr Davies' SIPP will be placed in a secure vault to the order of the trustees
- The asset is shown as part of Mr Davies' overall investment holding within his SIPP.

Notes

- > This case study is for Financial Adviser use only and not for use by retail clients
- > All statements concerning the tax treatment of products and their benefits are based on our understanding of the current law and HM Revenue & Customs (HMRC) rules. These are for general guidance only and do not constitute professional advice. The tax treatment depends on the individual client circumstances and may be subject to change. Whilst every effort has been made to ensure accuracy, no liability can be accepted for any errors or omissions
- > 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
- > 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.



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