

Single portfolio 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 upgrade to our full SIPP at any time.



The facts

- › Mr Jones, is now a partner at the firm of accountants
- › Mr Jones has been contributing 12,000 per annum 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 this 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.

The process

- › 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
- › As other partners own part of the firm's property through other SIPP providers and personally, Dentons offers the flexibility for multiple parties through a Declaration of Trust
- › Dentons allows Mr Jones to choose his own solicitor, saving him time and money.

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
- › Minimal costs are incurred in the upgrade of the SIPP - Mr Jones now pays a slightly higher Annual Administration fee but no new transfer or establishment fees
- › The proportionate income is paid tax free to Mr Jones's SIPP
- › Mr Jones can use the rental income to build up a cash surplus, investing these funds into a fund supermarket as he did before or other investment opportunities, or to repay any commercial property loan early.

Notes

- > *Please view the Single Portfolio case study
- > **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 £444 plus VAT. Adviser fees are not included
- > 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.
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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
- > 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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