

# THE CURTIS BANKS

## SSAS Property Guide

October 2024

For Curtis Banks SSAs invested in commercial property.

This document is part of a set, all of which should be read together.

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Terms and Conditions

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Schedule of Fees

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Schedule of Allowable Investments

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Privacy Information Notice

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Application Form

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Key Features

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Your Personal Illustration

▶ **SSAS Property Guide**

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Your future, our focus.

**curtisbanks.co.uk**






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# WHY SHOULD I CHOOSE CURTIS BANKS?

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We have established pension arrangements for over 78,500 people and own over 9,200 properties on behalf of over 8,000 parties. We own properties across the UK with their uses ranging from the ordinary to the extraordinary.

Our wide experience of SSAs and SSAS property puts us in an ideal position to meet your needs. We have developed relationships across the property industry and can provide access to a range of support.

Properties	<b>OVER 9,200</b>	
Clients with property	<b>OVER 8,000</b>	
Tenants	<b>OVER 6,200</b>	

\*Figures as at 1 August 2024

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# WHY CHOOSE CURTIS BANKS?

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## HOW WE CAN HELP

We have relationships with a number of key property professionals and a panel of property professionals, and can help you access services to help manage property within The SSAS.

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## **BEFORE YOU START READING**

We've used plain language to make this Property Guide easy to understand. Any technical terms used in this document are explained in the glossary on page 34. Wherever terms covered in the glossary appear in the main text we've highlighted them in bold.

# 1

## THE BENEFITS, RISKS AND RESPONSIBILITIES OF HOLDING PROPERTY IN A SSAS

Before deciding to invest in commercial property, it is important that you consider both the benefits and the risks of holding a property in a SSAS and the commitments you can expect to make. You also need to understand how your investment can be affected by the way you, as member trustees, manage the property.

### Please remember

Laws and tax rules may change in the future. The information here is based on our understanding at April 2024. Your personal circumstances can also affect the tax you pay.

## BENEFITS

### Tax

- If you sell the property at a profit, you won't have to pay capital gains tax. You also don't have to pay tax on the rental income the SSAS receives.
- Pension law allows the SSAS to borrow up to 50% of its net value, less any existing liabilities, to buy a property.
- There may be other tax advantages if you sell your business premises to the SSAS and lease it back to your firm. For example, rent paid to the SSAS is a deductible business expense and so could reduce the income tax or corporation tax you pay.
- Please see the SSAS Key Features Document for more information about pension benefits, such as tax relief on contributions or Inheritance Tax.

### Succession planning

You can sell part or all of the property to another client's plan. Depending on the property, you may have to pay VAT or stamp duty.

## RISKS

We have set out some of the main points to consider below, but we strongly recommend that you consult an adviser before investing in property, to make sure it is the right decision for you.

### Responsibilities

- You should always remember the main aim of the SSAS is to provide for your needs when you retire. Property should be seen as a long term investment.
- Property can be difficult to sell or transfer and may take longer to sell than many other pension assets. You will need to consider its future value, in case you come to sell the investment.
- If the property is the SSAS's main asset, it could leave you with a limited range of investments. We encourage you to have a variety of investments within the SSAS to spread your investment risk.
- You should always ensure that there are enough cash holdings (assets you hold as cash) within the SSAS to meet expenses such as business rates, third party fees or insurance. If funds are not available to pay these, we may have no alternative but to sell the property.

### Please remember

Buying and managing property can be complicated and expensive. Before buying a commercial property through the SSAS, you should discuss your responsibilities with your adviser.

# 1

## THE BENEFITS, RISKS AND RESPONSIBILITIES OF HOLDING PROPERTY IN A SSAS (CONTINUED)

### Please remember

The SSAS is to provide for **your** future needs when **you** retire. When choosing a property to have in the SSAS **you** will need to consider the opportunities for reselling it.

### Market changes

Just like other investments the value and income generated by property depends on general market conditions.

- The value of the property may fall as well as rise, so the value of the SSAS fund is not guaranteed.
- While a regular stream of rent can help increase or maintain the value of **your** pension fund, this is not guaranteed as **tenants** may leave or may break the terms of their lease. Or, **you** may have to accept a lower rent if the market has fallen.
- If **you** have difficulties with a tenant (for example, if they stop trading, go into administration or liquidation, or break the terms of the lease), the SSAS may have to pay considerable costs to recover rent, or **you** may even lose this income completely.

## YOUR COMMITMENTS

While **we** hold property in the SSAS, **you** will need to work with **us** to make sure the property is managed in line with HMRC requirements and the terms of the lease.

### Instructions

From time to time **we** will need **your** authority to pay bills or manage the relationship with the tenant. Unless the law says **we** have to take a particular course of action, **we** will usually ask for **your** instructions.

### Valuations

**You** may want to ask for formal valuations of **your** property to help with **your** financial planning. There will also be times when **we** will need valuations, either as a result of pension regulations or due to the terms of the lease. Examples of when **we** and **you** may need valuations include:

- When **you** take **your** pension **benefits** or, if **you** are already in capped drawdown, when **you** review **your** income limits (**you** will need to do this every three years up to the age of 75 and every year after that);
- In line with the terms of insurance - Please see **our** property insurance notes.
- When renewing or taking on leases; and
- At rent reviews (in line with the terms of the lease).

**You** can nominate a **valuer** to carry out the valuation report. If **you** don't tell **us** which **valuer** **you** want to use, **we** will appoint one from **our** panel of property professionals.

Once **we** have a valuation, **we** can use it for pension purposes for up to six months. Please note, this is subject to an ongoing review and we reserve the right to amend the time frame for variables such as market conditions or specialism of the property use. The cost of any valuations will be met by the SSAS. Please contact **our** Property SSAS Team if **you** have any questions.

### How we can help

There will be times when **we** will need valuations of the property, either due to pension regulations or the terms of the lease.

**We** have established relationships with a panel of surveyors who **you** can choose to help with this.

See **our** Panel of Property Professionals document.

# 1

## THE BENEFITS, RISKS AND RESPONSIBILITIES OF HOLDING PROPERTY IN A SSAS (CONTINUED)

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See section 11 for more information on vacant property.

### SSAS Funds

It is **your** responsibility to make sure there are enough funds in the SSAS to meet expenses such as mortgage payments, VAT, other costs (including service charges, business rates, utility bills and insurance) and the SSAS fees.

If funds are not available **you** will need to sell other assets in the SSAS, make a contribution to the SSAS (if allowed), or transfer funds from another pension plan. Please see the SSAS's Key Features for full details.



# 2

## WHAT PROPERTY CAN I BUY WITH A SSAS?

If the property is commercial and based in the UK, we will happily assess it, whether it is **freehold**, **leasehold** or **commonhold**. We will usually assess the following categories of properties:



### Retail premises

stores, hairdressers, dry cleaners or travel agents.



### Restaurants, cafes and drinking establishments

pubs, wine bars or takeaways.



### Land

bare land, farmland, forestry land and grazing land.



### Industrial units, storage or distribution

wholesale warehouses, distribution centres or manufacturing units.



### Non- residential institutions

clinics and health centres including GP surgeries and dental practices, crèches and day nurseries.



### Public and leisure facilities

cinemas, dance and concert halls, sports halls, swimming pools, gymnasiums and bingo halls.



### Hotels and care facilities

an entire hotel complex.



### Business offices

general offices, solicitors offices, barristers chambers, accountancy firms, estate agents or employment agencies.

If you want to discuss what property you can buy, please contact our SSAS Property Team. See section 16

#### Please note

Throughout the buying process we will carry out a variety of checks to protect the SSAS.

You may be allowed to use the SSAS to buy residential property (such as a caretaker's home), if it is used for employment or business purposes, occupied by an unconnected tenant and managed by a **property manager**. If this applies to the property you are considering, please call our SSAS Property Team to make sure it meets the conditions required by law.

If the property is allowable under HMRC regulations, we may be able to buy the property direct from you or from a third party seller, including via an estate agent or at auction. If we make a successful bid for a property at auction, by law we have to buy the property. We will only be able to commit to a purchase after we have completed our investigations and any necessary finance is in place. We will also need to sign the auction contract. Our SSAS Property Team will need to be involved in good time before the auction takes place. However, there will still be no guarantee that we will have completed all of our investigations before the date of the auction.

# 2

## WHAT PROPERTY CAN I BUY WITH A SSAS? (CONTINUED)

### WHAT TYPES OF PROPERTY OR TRANSACTIONS DON'T YOU INCLUDE?

We will always review the individual properties looking to be purchased and assess them on their own merits. There are a number of general property types that we do not include, due to legislation or to make sure the investment in the SSAS remains secure.

See section 4 for more information on the joint title ownership structure.

#### Properties or transactions that are not included:

- Overseas property. Property must be in England, Wales, Scotland or Northern Ireland.
- Jointly owned property where the share of the property which is owned outside of the SSAS is less than 5% of the property value.
- Property that generates several incomes, such as hotel rooms and storage pods.
- Residential property including holiday apartments, beach huts, and caravans.
- Gardens or parts of property that form or are used with residential property.
- Types of property where we are advised that there is no re-sale market (no likely purchasers you can sell the property to).
- Property with environmental concerns, including property at petrol stations and recycling centres.
- Commercial **freeholds** where there is a residential **leasehold**.
- Any property insurers will not cover.
- Properties that have a very low Energy Performance Certificate (EPC) rating (F or G) unless the client confirms to us that they are aware of the changes in regulation and agree that when necessary, they will make arrangements to improve the rating.

See section 10 for more information on EPCs.

#### Length of Investment

Investments in property are intended to be long-term, so we would normally expect them to be held for a substantial period of time. The quick turnover of properties is not an appropriate activity for a pension fund as HMRC consider this to be trading and you would have to pay a tax penalty.

# 2

## WHAT PROPERTY CAN I BUY WITH A SSAS? (CONTINUED)

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When investing in property, a SSAS can only buy the land, bricks and mortar and those parts of the property that are essential to its structure. A SSAS cannot buy any goodwill (see below) or fixtures or fittings.

**You** can use the SSAS for building up and providing pension **benefits**. **You** should not benefit in any other way from the assets held in it – this is known as goodwill. An example of goodwill is buying a property directly next to any land or property **you** or a **connected party** owns, and this purchase then increasing the value of the land not owned in the SSAS. **We** must have a **valuer's** opinion that this land is separate and has not created any additional value. **You** should tell **us** if **you** are thinking of buying a piece of land next to property **you** or a **connected party** owns.

**You** may have to pay tax on **your** purchase. In certain circumstances, **you** may need to get advice from a **valuer** to make sure the SSAS is not buying or contributing to buying land or property as above.

# 3

## OUR RELATIONSHIP WITH YOU

**Our relationship with you will depend on how the property is owned and whether you are a **connected tenant**.**

### Legal ownership

The property will be legally owned by Colston Trustees Limited, as professional trustee, along with each individual member trustee. This will be reflected on the land registry title.

### Connected parties

In many cases, **we** will have bought the property from a **connected party** or will be selling or letting the property to a **connected party**. In these cases **we** must act as if it were ‘an arm’s length transaction’, (that is, each party must be acting in their own self-interest and not be pressured by the other). If **we** let a property **we** own to a **connected tenant** **we** must make sure that a **valuer** confirms the market value or market rent and rent reviews if included in the terms of the lease.

See **our** Panel of Property Professionals document.

### Our service

A majority of the property management duties will sit with the member trustees, unless a **property manager** has been appointed or the property is jointly owned. In these cases, a **property manager** and **accountant** may need to be appointed. The split of responsibility is outlined below.

### Curtis Banks as professional trustee:

Sets up and maintains the SSAS property records

Manages the property bank account

Communicates with third parties, where required, including valuers, **property managers**, lenders and solicitors

Pays third party invoices from the SSAS

Arranges rent reviews, lease renewals, new leases, assignments, subletting and surrenders

Receives and processes tenant applications, for example to assign, sublet or change the use of the property

Makes sure we manage the property in line with HMRC requirements including the reporting of any unauthorised payments to HMRC

Arranges any development or building works

Arranges and renews the property insurance if the property is insured on our block policy

Oversees mortgage accounts and payments

### Please remember

It is vital that **you** as member trustees make sure the property investment is managed in accordance with **HMRC** requirements.

# 3

## OUR RELATIONSHIP WITH YOU (CONTINUED)

### Duty of the member trustees:

Arranging and renewing the property insurance if the property is not insured on our block policy and providing proof of the same to Curtis Banks

Sending out invoices for and collecting rent, insurance premiums/recharges and, if it applies, service charges

Where the property is vacant ensure that all insurance terms are complied including documented inspections where required

Deals with and completes VAT returns, if it applies

Meeting all legal duties such as environmental and asbestos management requirements

Ensuring the tenant observes the covenants in the lease (e.g. payment of rates, taxes and insurance premiums) including pursuit of these sums via a credit control process

Monitoring the condition of the property and ensuring the tenant arranges for any necessary repairs or maintenance to be carried out to an acceptable standard

Maintaining proper records and books of accounts, which should be available for inspection

Comply with any requests or instructions from the professional trustee to support the effective management of the property and to comply with any regulatory or fiduciary responsibilities

‘ AS MEMBER TRUSTEES, IT IS YOUR RESPONSIBILITY TO ENSURE THAT YOUR INVESTMENT IS MANAGED IN ACCORDANCE WITH **HMRC** REQUIREMENTS ’

### How we can help

We recognise **our** clients will have varying levels of experience investing in commercial property, understanding current and changing legislation and finding the professional support services **you** will need to manage the property properly. We can keep **you** updated with changes to legislation and can provide access to services to help keep to the law.

# 4

## WAYS TO OWN PROPERTY IN A SSAS

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There are a number of flexible ways you can invest in and hold property with us.

### INDIVIDUAL PURCHASE

For a SSAS, this is established as an individual standalone trust by the sponsoring employer for the benefit of the scheme members. All members of the scheme should be trustees together with our professional trustee company.

The property will be registered in the name(s) of the professional trustee and member trustee(s).

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### JOINT TITLE OWNERSHIP

You do not have to buy 100% of the property using the SSAS. If you are only going to buy part of the property, this will be done through joint title ownership (where one or more people legally own the property). A trust deed is set up which shows our allocated property ownership shares on behalf of the SSAS and those of the other invested parties. The trust deed will also include the responsibilities of all invested parties.

We will need the accountant or property manager to update us with the income and spending associated with the property and pay funds to us regularly.

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# 5

## HOW CAN THE PURCHASE BE FUNDED?

There are several methods of funding available, as set out below. Which is right for you will depend on your situation.

### TRANSFERS

See the SSAS's Key Features.

Cash or in-specie transfers can be brought into the SSAS from other pension plans. In specie transfers are where the investments are transferred without selling them. **You** do not have to pay stamp duty on in-specie transfer. Please see the SSAS's Key Features for further information about transfers and discuss them with **your adviser**.

### CONTRIBUTIONS

See the SSAS's Key Features.

**You**, a third party or **your** employer can pay regular or single contributions. Please see the SSAS's Key Features for more information about contributions.

### BORROWING

A SSAS can borrow up to  
**50%**  
of its net fund value

A SSAS can borrow up to 50% of the net value of the scheme, less any existing liabilities (for example, other mortgages). **You** can borrow at any time to buy or develop a property - not just when **benefits** are being paid from the SSAS.

The terms of the mortgage can vary as they often depend on a variety of things (for example, the degree of risk to the lender). Also, **we** will need to assess any special mortgage conditions to make sure they are acceptable. A charge over the property must be fixed to the value of the SSAS (This charge is security that gives the lender the right to sell the property if **you** don't keep to the mortgage conditions). We will consider any reputable regulated lender of your choice for the borrowing and **we** are quite happy to deal with the lender if they meet **our** requirements.

See section 1 for more information on **your** on going commitments.

The income generated from the property must be enough to cover all expenses associated with the property. The member trustees are responsible for ensuring that the SSAS is funded to cover the cost of mortgage repayments.

There must be enough funding for the property, a cash float if necessary (to meet any expenses) and all purchase costs in place in the SSAS before contracts can be exchanged.

See section 4 for more information on joint title ownership.

For part-ownership purchases, SSASs can still borrow up to 50% of the value of their net fund values. Each title holder may, as **we** decide, need their own separate mortgage. The debt is set out in the trust deed. **We** insist that anyone who is not one of **our** clients must not borrow more than 100% of the market value of their share of the property. This will be recorded in a specific mortgage agreement between the lender and the borrower. Borrowing should also be secured under a fixed charge.

# 6

## VAT

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In certain circumstances, you may have to pay VAT on the purchase price of a property.

### Please remember

If VAT is charged on a property, it must usually be charged on the rent, some goods and services and the sale of the property.

### See section 5

for more information on how the purchase can be funded.

You can usually claim the VAT back (as long as the tenant is not exempt from paying it), but until then **you** will have to pay it from the SSAS. **We** will ask **our** solicitor to confirm if VAT has to be paid, so **we** can agree the appropriate action with **you**.

Sometimes, the sale or purchase of property may qualify as a 'transfer of a going concern' (TOGC). This means that VAT may not have to be paid on the purchase price or charged on a sale. **You** may need professional advice from a qualified VAT **adviser** on whether the TOGC conditions are met. **You** will have to pay for this advice separately, from **your** pension fund.

If the seller of a property has not chosen to charge VAT, **you** will generally not have to pay it. There are some exceptions to this, for instance new-build properties. So, unless there are plans to substantially refurbish the property (where the contractor's costs include VAT), VAT will not normally be an issue.

If necessary, **you** can fund the cost of VAT by borrowing from the SSAS. **You** cannot borrow more than 50% of the value of the SSAS.

If the property is VAT elected, an accountant will need to be instructed to create the VAT partnership and submit the VAT election.



# 7

## BUYING THE PROPERTY

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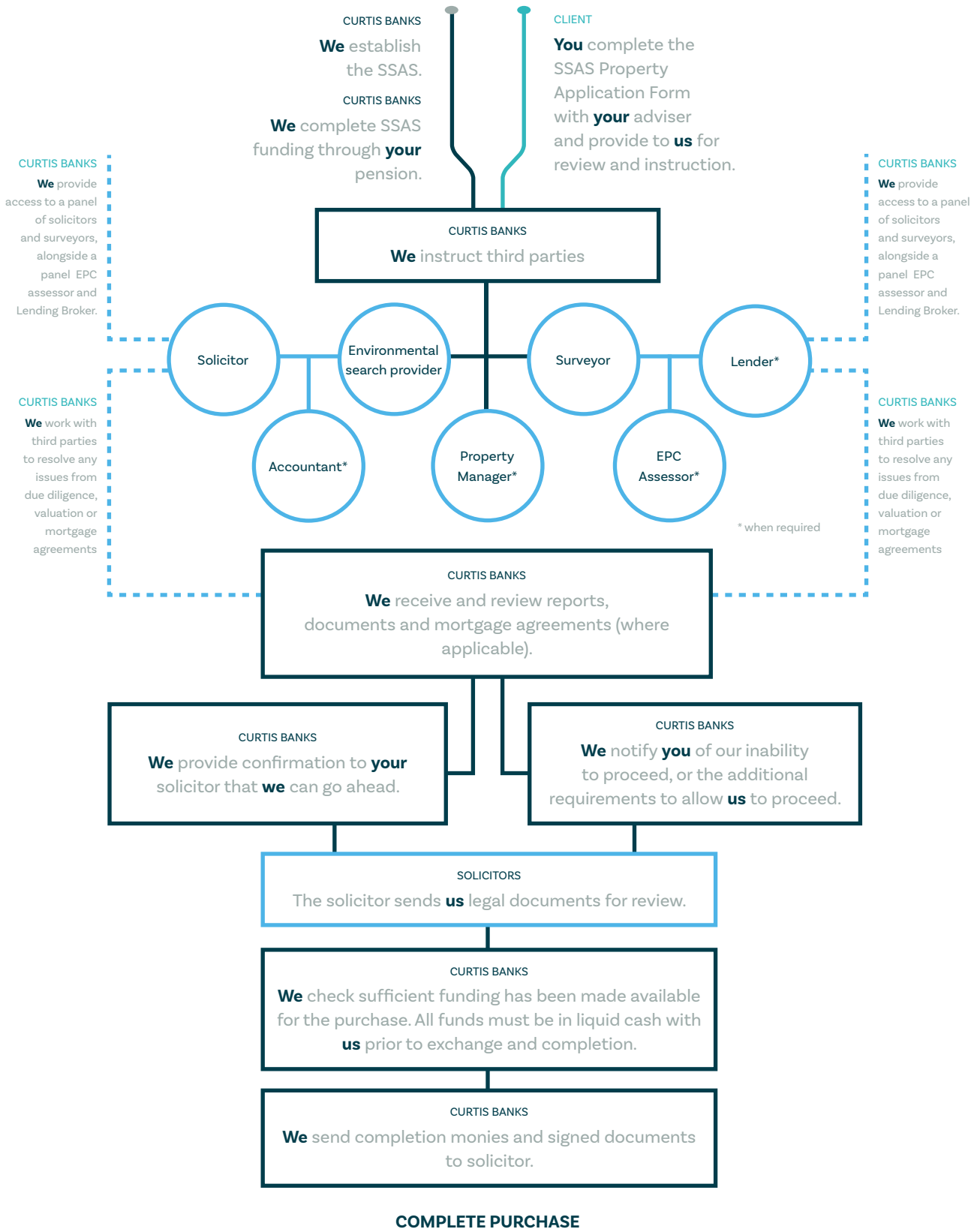
Every property transaction is different and the time it takes to complete depends on many things.

See the SSAS's  
Key Features.

**You** may already have a SSAS with **us** when **you** find a property **you** want **us** to buy, or **you** may need to set one up first. In either case **you** will need to fill in a property form giving **us** all the information **we** need to start a purchase.

Once **we** have received **your** Property Form **we** will be able to instruct third parties, provided the contents of the form meet our due diligence requirements.. Every property transaction is different and the time it takes to complete a purchase depends on many things, such as solicitors, search providers (such as the local authority), lenders (if funding is required) and valuers. So, it will be difficult to provide firm timescales.

Throughout the process **we** will carry out some checks to protect the SSAS. Some administrative responsibilities or regulatory concerns may prevent **us** from buying certain properties. The same checks will apply to the in-specie transfer of property from other pension plans (see page 15). Please note that fees will still apply for work carried out that does not result in a purchase.



# 8

## CHOOSING THIRD PARTIES

Throughout the time you hold property in the SSAS, you will need appropriately qualified third-party suppliers to help you with certain things. Some of these things are compulsory, some advised by regulations and others optional, but choosing the right third parties can affect how your investment performs. While we allow you to choose your own third parties, buying and then managing the property in a SSAS is a specialist area.

See **our** Panel of Property Professionals document.

### Please remember

Solicitors must carry out the usual investigations involved in buying property, including local and title searches. They must fully report to **us** on the title to the property and on any leases in place or to be granted.

### CHOOSING A SOLICITOR

**We** have a panel of legal firms throughout the UK who are experienced at dealing with SSAS transactions and acting on **our** behalf.

If **you** would like to use one of these firms, **our** fees for dealing with **your** transaction will be less than if **you** choose a solicitor who is not on the panel. To find out more, please see **our** Panel of Property Professionals document, on **our** website. If **you** prefer, **you** can choose a firm of solicitors who are not on **our** panel.

As **we** will be buying the property (or will hold joint title) on behalf of the SSAS **we** will instruct the solicitor. **We** will be the solicitor's client and all instructions to the solicitor must come from **us**.

The solicitor must carry out the usual 'due diligence' (investigations involved in buying property, including local and title searches). They must fully report to **us** on the title to the property and on any leases in place or to be granted. If, after receiving the solicitor's reports, any further investigations are needed, **we** will instruct the solicitor. Whether **we** can go ahead with the purchase will depend on the outcome of their investigations.

If **you** have confirmed to **us** that **you** want to use a firm on the panel but do not give **us** details, **we** will allocate **you** a firm from the panel.

The firms on **our** panel are separately regulated and operated, so once they have accepted **our** instructions they are accountable for the work they do.

### How we can help

**We** appreciate that finding an experienced solicitor, and understanding what is required from them and when, can be challenging and time-consuming. It is **your** responsibility to make this choice, but **we** can give **you** access to **our** panel of property professionals and third parties for help with:

- Repairs, insurance reinstatement valuations, and other general building advice.
- Inspections of vacant property and premises security.

If any work (legal, practical or otherwise) is necessary to meet the responsibilities in the SSAS **we** will work with third parties to make sure **you** can meet **your** main responsibilities.

# 8

## CHOOSING YOUR THIRD PARTY RELATIONSHIPS (CONTINUED)

See section 1 for more information on valuations.

See our Panel of Property Professionals document.

### CHOOSING A VALUER

We have a panel of valuers throughout the UK who have experience of SSAS property transactions. To find out more, please see our Panel of Property Professionals document on our website. If you prefer, you can choose a firm of surveyors not on our panel to value the property. All reports produced by the valuer must be addressed to the SSAS scheme. We will ask them to advise on the following, if relevant.

- The current open market value of the property.
- If the property is next to any land or property owned by you or a connected party, whether that increases the value of the other property.
- How much the building should be insured for on a new-for-old basis, including professional fees, the cost of removing rubbish and so on (unless land only).
- The approximate age of the property (unless land only).
- Whether the property meets asbestos regulations.
- Whether you have to pay tax on the property.
- Whether an energy performance certificate is required.
- The exact length, rent and conditions of a lease for a connected tenant granted by us or the joint title holders.
- If the property is or is intended to be occupied by more than one tenant:
  - Whether the property can be physically split.
  - How the building's value (for insurance purposes) should be split between the tenants.
- Where we are buying a property that has on-going building works, the valuer must reinspect it before the sale is completed, to confirm that the work has been carried out to the agreed standard.

Please contact our Property SSAS Team if you have any questions.

### ENVIRONMENTAL SEARCHES

Before buying the property we will arrange for our provider to carry out 'desktop' environmental searches. We can refuse to buy properties if there are significant environmental risks that cannot be reduced.

# 9

## INSURANCE

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It is important that the property is always appropriately insured. This makes sure that both your pension investment and us, as the legal owner of the property, are adequately protected.

See the Property Insurance notes.

**We** can arrange insurance through a block insurance policy for properties legally owned by **us**. This insurance will cover:

- All risks of physical loss or damage including theft, subsidence, damage to glass, accidental damage and loss resulting from it;
- Damage following a terrorism incident.
- Loss of rent as a result of damage.

The property will be insured for its reinstatement value (the cost of rebuilding it). Building values must be assessed by a **valuer** and new insurance valuations carried out regularly. It is **your** responsibility to make sure **we** are instructed to value the property for this purpose. If the insurers refuse a claim for any reason, **we** cannot accept any liability for the resulting loss to the SSAS. **We** will keep any commission **we** are paid in respect of the block insurance policy.

In some circumstances, **we** may need further advice for insurance purposes. For example, if the property is worth more than £1million or is listed, **our** insurers will need **us** to assess a formal reinstatement cost. Also, if composite panels have been used when constructing the building, **we** may have to get further advice for insurance purposes.

The cost of the insurance will be met from the SSAS and then be recharged to the tenant (or tenants) if the terms of the lease allow. If the property is vacant it still has to be insured, and this cost will be met from the SSAS.

See section 4 for more information on joint title ownership.

If the insurance is arranged by you, as member trustee(s), externally and not on our block policy then the policy will need to meet our requirements and we will need a copy of the insurance policy on which our interest is noted.

If the property is jointly owned, or the **freehold** is owned by a third party who has a duty to insure it, **we** will need a copy of the other party's insurance policy on which **our** interest is noted. In these cases **we** may also insure loss of rent and **our** public liability as property owner, again through **our** block insurance policy. Please see the property insurance notes for more details on insurance for joint ownership.

# 10

## LETTING THE PROPERTY

If you let the property, rent will be paid into the SSAS to help you provide for your retirement.

### TERMS OF THE LEASE

If the property is occupied there must be a formal tenancy agreement, such as a lease. The lease will set out the responsibilities of the tenant and **our** responsibilities as the landlord. From 1 April 2018, the Minimum Energy Efficiency Standards (MEES) meant that a lease for a property in England or Wales will only be granted or amended if the property has an energy performance rating of A to E, or if the property is exempt from the regulations.

All rented properties need a full repairing and insuring (FRI) lease. An FRI lease makes sure that the SSAS is protected from liabilities connected with owning and maintaining the property. This means that the tenant will be responsible for maintaining the property and keeping to all legal obligations.

All new leases must be in the name of the corporate trustee and member trustee(s) as owners of the property unless the property is purchased alongside another joint title holder, in which case all title holders will be named on the lease. If **we** are purchasing a property which is occupied by a tenant, the terms of the existing lease must be acceptable to **us**. If it isn't, **we** reserve the right to refuse the property with the existing lease or request a formal amendment to the terms.

Occasionally there are responsibilities that cannot be given to the tenant. In these circumstances, **we** may need to appoint a **property manager**. A **property manager** must be appointed for multi-let properties where there are common (shared) areas, such as the structure and internal and external shared parts and services (for example, corridors, stairs, kitchens, shared grounds and car parks, or services such as fire alarms). In these cases, an internal repairing (IR) lease that includes a service charge is common to meet the costs of maintaining these areas.

**We** must also appoint a **property manager** if there is a residential part to the property or if the area covered by the lease does not include all of the property held by the SSAS (for example, a shop where the shop forecourt has not been included in the lease).

Appointing a **property manager** will reduce the risks to **us** and the SSAS by making sure that all health and safety and legal requirements are met.

For the SSAS to get the most benefit, the terms of the lease should reflect the market terms and rent. If the lease is between **us** and a connected tenant, the rent must be set by a **valuer** and regular rent reviews must be carried out, as paying below the market rent does not meet **HMRC** requirements.

#### Please remember

If there are duties that cannot be given to the tenant, **we** may need to appoint a **property manager**.

See **our** Panel of Property Professionals document.

# 10

## LETTING THE PROPERTY (CONTINUED)

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### THE TENANT

#### Please remember

If **you** are a **connected tenant** **we** will instruct an independent **valuer** to find the relevant market rent.

See **our** Panel of Property Professionals document.

**You** can let the whole property to a single tenant or, if the property can be divided into parts, to more than one tenant. If **you** let the property to more than one tenant, **we** need to make sure there is a lease in place for each tenant.

While it is **your** responsibility to tell **us** about any proposed tenant, **we** can market the property through an agent **you** choose, to help **you** to find tenants. As joint landlord and owner, **we** must approve all tenants. If tenants who **we** have not approved occupy the property, **you** will not have met **our** and **HMRC** requirements and may have to pay significant tax penalties from the **SSAS**.

For connected tenants, **we** must instruct a **valuer** to find the appropriate market rent and carry out rent reviews if it says so in the lease. Rent must be paid to protect the **SSAS** from tax penalties. **We** cannot charge connected tenants a lower or higher rent than that appropriate for any unconnected tenant.

### RENT COLLECTION AND ARREARS

Unless the property is owned jointly or managed by a **property manager**, you will be responsible for collecting rent, insurance costs and service charges.

**We** do not carry out credit checks on the **tenant**. However, **you** can ask or **we** may be advised to ask for extra security such as a rent deposit or a guarantor.

Unless the tenant is a connected tenant, it will be **your** decision whether or not to take action if they break the terms of the lease. **We** must always make every effort to make sure a connected tenant pays their rent, as this will protect **us** and the **SSAS** from **HMRC** penalties. Any costs charged by third parties, for example, solicitors, valuers or bailiffs (enforcement officers) as a result of rent arrears will be paid from the **SSAS** and, where possible, recharged to the tenant. This applies whether the tenant is connected or unconnected.

### RENT REVIEWS

#### Please remember

**We** will tell **you** when a rent review is due.

See **our** Panel of Property Professionals document.

A lease will usually include a condition that the rent is to be reviewed regularly. This will make sure that the **SSAS** is benefiting from collecting market rent. **We** will tell **you** when a rent review is due and **you** will be asked to nominate a **valuer** to instruct.

If the tenant is an unconnected tenant, **you** do not have to use **your** right to a rent review. However, if they are a connected tenant, **HMRC** say **we** must make sure they are not benefiting from a non-market (lower) rent. If a connected tenant is allowed to benefit from a lower rent, **we** and the **SSAS** would have to pay tax penalties.

If **you** do not tell **us** which **valuer** **you** want to use for rent reviews for connected tenants, **we** will appoint one from **our** panel of property professionals.

While the initial cost from the rent review will be met from the **SSAS** the process will usually benefit **you** in the long term as it will make sure that the **SSAS** receives the market rate of rent.

# 10

## LETTING THE PROPERTY (CONTINUED)

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### SUBLETTING OR ASSIGNING THE PROPERTY

What happens when the lease runs out will depend on its terms. In England and Wales, each lease will either be included or excluded from the terms of the Landlord and Tenant Act 1954 ('the act') and this will decide what action can be taken, as set out below. In Northern Ireland, the act has been largely reproduced by the Business Tenancies (Northern Ireland) Order 1996, and tenancies of more than nine months will usually have the same protection. In Scotland, the act does not apply, but either party must give at least 40 days' notice to end the lease.

### ENDING OR RENEWING THE LEASE

There are a number of ways of ending the lease. **We** (as landlord) and the tenant must keep to strict timescales to give notice to leave the property. These will be set out in the lease or will be in line with the Landlord and Tenant Act 1954.

- **Break clauses**  
The lease may include a break clause. These are dates when the lease can be ended. They are decided in advance and are set out in the lease. Tenants must give **us** notice if they plan to use the break clause.
- **Forfeiture**  
**You** can end (forfeit) the lease if the tenant fails to pay their rent for a specified period or meet other terms of the lease.

### END OF THE LEASE TERM OR RENEWAL

It is important to note that the action required at the expiry of the lease will depend on the terms of the existing lease. In England and Wales each lease will either be included or excluded from the terms of the 1954 Landlord and Tenant Act ('the Act') and this will determine what action can be taken as set out below. In Northern Ireland the Act has been largely replicated by the Business Tenancies (Northern Ireland) Order 1996 and generally tenancies with a term greater than 9 months will be subject to equivalent protections. In Scotland the Act does not apply but either party must give at least 40 days' notice of termination of the lease.

- **Leases included within the Landlord and Tenant Act 1954**  
If the lease is included within the Act it gives the **tenant** the right to remain in occupation of the property subject to the same terms as the existing lease until either party serves notice to bring the lease to an end or for a new lease to be drawn up. This is known as 'security of tenure'. A landlord can only refuse to grant a new lease if the grounds set out within the Act are satisfied.
- **Leases not included in the the Landlord and Tenant Act 1954**  
If the lease is not included in the act (known as 'contracted out') it means that, when the lease runs out, the tenant has no right to stay in the property unless a new lease has been granted. If the tenant remains in the property and pays the rent, and the landlord accepts the rent, there is a risk that the tenant can gain security of tenure and will be protected by the act. To then get vacant possession or a new lease, **we** would have to serve new notices.

If an existing lease is not included in the act it is important that a new lease is put in place on the date the previous lease ran out. If for any reason the lease is not completed in time, a short-term tenancy must be put in place.

In all cases with a **connected tenant** all new terms for a new lease must be advised by a **valuer**.

See **our** Panel of Property Professionals document.



# 10

## LETTING THE PROPERTY (CONTINUED)

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**You** can propose the terms for the new lease with an unconnected tenant. **We** will check these with the tenant to get their agreement. If the terms cannot be agreed, a **valuer** will need to help **us** negotiate the terms.

For some lease renewals, **we** will need to carry out repairs and other inspections. Once new lease terms have been agreed, **we** will instruct a solicitor to draw up the legal documents. This can be a solicitor of **your** choice or a solicitor from **our** Panel of Property Professionals.

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### REMOVING THE TENANT AT THE END OF A LEASE

If **you** would like to remove the tenant at the end of the lease and the lease is not included within the act, **you** will need to tell **us** at least six months before the lease ends. This is so that **we** can ask for the necessary notice to be given and arrange a repairs inspection.

---

### MINIMUM ENERGY EFFICIENCY STANDARDS

Since 2008, certain properties have needed to have a valid Energy Performance Certificate (EPC) before they are sold or let.

Since 1 April 2018, leases for commercial (non-domestic) properties in England or Wales have only been granted or amended if the property has an energy performance rating of A to E or is exempt from the regulations. If the property doesn't hold a minimum E rating and is not exempt, one of the following must apply.

- **Building work to gain an energy performance rating to 'E' or better**  
If a lease is to be granted or amended, the work needed to reach the minimum energy standard must be completed before **we** exchange contracts on a purchase or agree to any lease or amendments. **You** may want to consult an energy assessor (or give **us** the name of one to contact) to see whether building work is practical.
- **An exemption from MEES**  
If the property qualifies for an exemption, **we** will need evidence of this so that **we** can apply for one (as the landlord). Most exemptions are temporary. If this is the case, **we** will need **you** to tell **us** before the exemption ends how **you** will achieve the minimum rating.

If **you** can achieve the minimum rating by completing renovations or improvement work, **we** will only consider buying the property if **we** have the following.

1. Confirmation from an energy assessor, surveyor (or equivalent) that improvements will secure the minimum E rating;
2. A schedule setting out the costs of the improvements;
3. Confirmation that there are enough funds in the SSAS to pay for the improvements (at the time contracts are exchanged); and
4. Confirmation that the property will remain vacant until the improvements are completed, the minimum rating obtained and a formal lease granted. If **we** are buying a vacant property, **we** will need a cash float to meet any lending conditions. [For more information, see section 10 'Does the property have to be let?'].

# 10

## LETTING THE PROPERTY (CONTINUED)

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At present, these regulations do not apply to property in Scotland and Northern Ireland. You can contact us for more details.

We recommend that you consult with a qualified EPC Assessor should you have any concerns regarding your property meeting MEES regulations now and in the future.

Further detailed information on Minimum Energy Efficiency Standards can be found on the Government's website at:

Non Domestic:

<https://www.gov.uk/government/publications/non-domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>

Domestic:

<https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>

# 11

## VACANT PROPERTY

---

### Please remember

When a property is vacant **we** will need a cash float to make sure all costs can be met. The amount of this float will depend on the costs.

When the property is vacant, all costs associated with it will be paid from the SSAS. If **you** want to relet the property, please contact **our** SSAS Property Team. **You** can find **your** own tenant or choose an agent for **us** to market the property.

While **we** allow vacant property **we** would encourage you to ensure the property is let so the SSAS can benefit from the rental income.

If the property becomes vacant it is important that the SSAS can meet ongoing costs. Costs include insurance, third-party and SSAS fees and, if it applies, service charges, business rates and mortgage payments. If **you** leave the property vacant or the rent does not meet these costs, **you** must have a cash float for these. The amount in the float will depend on the costs. **We** will advise **you** on this.

Regular inspections will help protect the property and the value of the SSAS.

Inspections can:

- check for damage, vandalism or security issues;
- identify if a property is occupied (where there is no tenancy agreement); and
- identify and manage issues to do with waste, fly-tipping and so on.

It is important that no-one uses the property without **our** knowledge as this will affect the insurance cover and break **HMRC** requirements, leading to tax penalties. If **you** want to relet a vacant property, please contact **our** SSAS Property Team who will arrange a formal tenancy.

# 12

## DEVELOPMENTS AND RENOVATIONS

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You can build, develop or renovate property in the SSAS, by using funds from the SSAS or arranging borrowing.

### Please remember

Development works of any type can be a complicated area and it is essential that **we** know about any work before it begins

The following will need to be considered and dealt with before any work can be agreed.

- **We** have to act as any independent landlord would in the open market. This means that **we** first need a **valuer** to confirm whether it is reasonable for the SSAS to pay for the work. This will help **us** show **HMRC** that the work can be paid for through **your** pension fund.

The property will need to be valued. If there is already a lease for the property, **we** would expect the SSAS to benefit from an increase in rent when the work is complete. **We** would instruct the **valuer** to advise on any amendments to the terms of the lease, to include any rent increase.

However, if there is already a full repairing and insuring (FRI) lease, **you** won't usually be allowed to use the SSAS to pay for the work.

- Before any development work is carried out, **we** will need appropriate planning permission.
- **We** will need quotations from at least two different contractors. This helps **us** to compare the costs involved and make sure the SSAS is charged fairly.
- The rent must be reviewed in line with the terms of the lease.
- In most cases the work must be done by one contractor, who must usually be independent from **you**. In some circumstances **we** may consider appointing a **connected party** who is a professional contractor, although **we** will need separate professional advice, at extra cost, about the price and extent of the work. This will help **us** to make sure the work has been fairly priced.

# 12

## DEVELOPMENTS AND RENOVATIONS (CONTINUED)

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- **We** will instruct the contractor to complete the works but before doing so **we** will need a Construction Phase Plan.
- **We** will use **our** own contract documents in all cases. The type of contract used will depend on the specifications and type of the development. The contract will be between **us**, as the landlord/owner, and the contractor. It will set out the works to be completed for a fixed price.
- **We** may need to appoint an architect or project supervisor to complete **our** contract. This includes drawing up and obtaining any necessary supplemental documents, warranties, information or advice relating to the work. Whoever **we** appoint will depend on which contract **we** decide to use. Any professional **we** appoint will be formally instructed by **us**.
- **We** and the contractor have to be members of the Construction Industry Scheme. The contractor must give **us** tax details in order for **us** to pay them, in line with **HMRC** requirements.

There must be funding for the work and all costs, including VAT, available in the SSAS before any contracts can be signed and work formally started.

In most cases VAT is paid on building works. The VAT can be recovered, but to do so **we** will need to make sure that the property is not exempt from VAT before any development begins. It can take three to five months to reclaim VAT.

# 13

## INSURANCE

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It is vital to keep the right level of insurance cover in order to protect your property investment.

### Please remember

The proceeds from an insurance claim will need to be paid to the SSAS and invoices for repairs will be paid by the SSAS.

### Ongoing cover

To keep **your** investment secure, **you** must tell **us** about any changes that could affect it. **You** must tell **us** immediately:

- About any changes to the property or the **tenant's** circumstances (including a **connected tenant**) that **you** know of and which could affect the value of **your** investment or future liabilities.;
- If the property becomes vacant;
- About any changes to the current rent **you** have agreed with an **unconnected tenant**;
- About anything significant that will affect the reinstatement value of the property including changes made to the property;
- If anything happens that **we** must contact the insurer about if the property is insured on our block policy.

See the Property Insurance notes.

### Making a claim

If the property suffers any damage covered by the insurance, details must be provided to the insurers within 30 days. In the case of riot and malicious or criminal damage, details must be provided to us within seven days and the police told immediately.

# 14

## SELLING THE PROPERTY

Investment in property is generally for the long-term. When you want to sell, we are here to help.

### Selling the Property

#### MARKET RISK

The value of commercial property can go up or down and **you** may not get back what **you** invested.

Also, there may not be a ready market for the property that we hold on your behalf and it may take longer to sell than **you** expect. This could affect the timing and the amount of **benefits** that **you** may wish to take from the SSAS or it could affect when **you** can reinvest the proceeds of the sale.

#### SALE VALUE

There has to be an independent valuation of the property and, if it is to be sold to **you** or another **connected party**, it must be on an arm's-length basis at full market value.

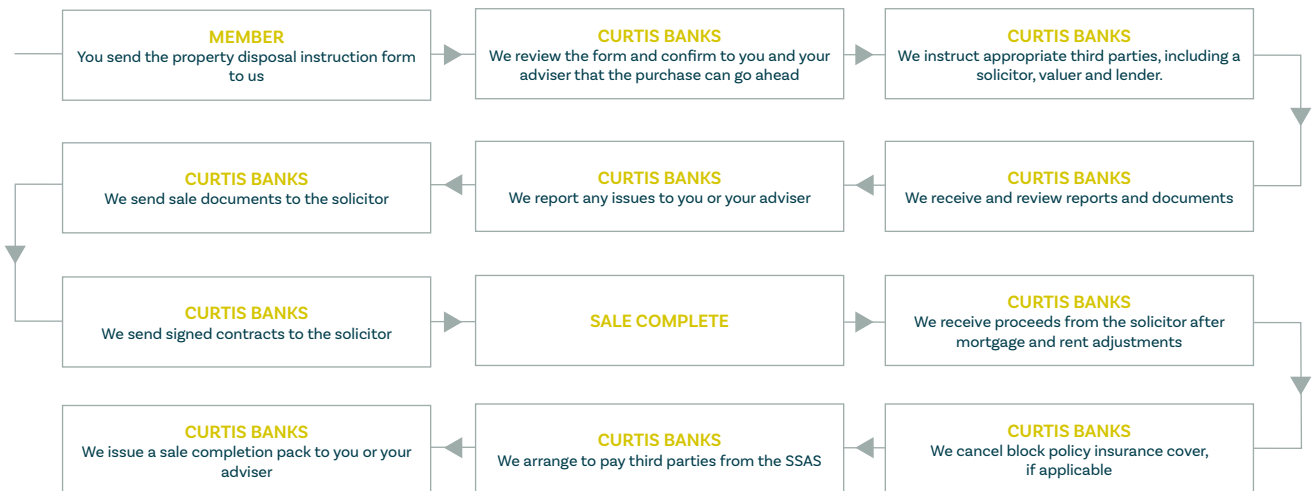
#### TIMING

**You** can sell the property at any point. **We** will need to make sure that **you** meet **our** requirements before the sale. These include, but are not limited to, receiving **our** SSAS Property Disposal Instruction Form (see page 32), making sure all rent is paid up to date and, if selling to a **connected party**, making sure the sale value is in line with the valuation.

The proceeds of the sale will be kept in the SSAS.

#### PROPERTY FLOW CHART

Below is a high level flowchart covering the main stages of a typical property sale.



# 14

## SELLING THE PROPERTY (CONTINUED)

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### **Property Disposal Instruction Form**

**Our** Property Disposal Instruction Form has information on how **you** can sell all or part of the property or transfer it to another pension scheme. **You** must fill in, sign and return the Property Disposal Instruction Form to **us** to begin the sale.



# 15

## FEES

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The fees for holding a SSAS and the associated property fees are set out in the Schedule of Fees for your product.

Details of all **our** fees can be found in the Schedule of Fees.

**You** have to pay **us** a fee for buying and selling or transferring a property on behalf of the SSAS, plus fees for owning and managing a commercial property. **You** must also pay a fee if the property is registered for VAT. These fees are on top of any other fees **we** charge for opening and managing the SSAS.

All fees associated with the property will be taken from the SSAS bank account. It is **your** responsibility to make sure that there is enough money in this account to pay the fees.

There will also be third-party fees and bills to pay from the SSAS and, under the terms and conditions, **you** agree to cover **us** for these costs. **You** may have to pay third parties even when a transaction does not complete. These fees will be based on time spent on the transaction.

# 16

## GLOSSARY

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Pensions and property can be complicated. To make this guide as easy to understand as possible, we've prepared a glossary of the terms that appear throughout this document.

### ACCOUNTANT

A professional who holds ACA, ACCA, CIMA qualification or the equivalent..

---

### ADVISER

A financial **adviser you** nominate to receive communications about the SSAS and to give instructions on **your** behalf.

---

### BENEFITS

A lump sum payment or income payable by **drawdown** or by buying an annuity (or a combination of both).

---

### CONNECTED PARTY

Anyone who is covered by the definition of a connected person in section 993 of the Income Tax Act 2007. A **connected party** includes family members or any company or partnership connected with **you** or **your** relative. They may also be referred to as a connected tenant.

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### COMMONHOLD

The **freehold** shared ownership of and responsibility for shared areas and services in a multi-let property.

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### DRAWDOWN

Taking **benefits** from **your** pension fund, in the form of an income, while it's still invested.

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### FREEHOLD

Permanent and complete ownership of land or property with the freedom to sell or transfer it as **you** like.

---

### GROUP INVESTMENT AGREEMENT

Curtis Banks' standard agreement for properties which are owned by a number of SSAS clients.

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### HMRC

HM Revenue & Customs, the UK tax authority.

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### LEASEHOLD

An interest in a property held under a rental agreement (lease) by which the owner gives someone the right to occupy or use land for a set time. Ownership of the property returns to the landlord when the lease comes to an end.

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### MEMBER TRUSTEE

These member trustees are responsible for the day to day running of the SSAS as set out in the SSAS Terms and Conditions, as well as all the investment decisions. All member trustees are initially appointed by the sponsoring employer, in addition to the professional trustee.

---

### PROFESSIONAL TRUSTEE

Curtis Banks will act as professional trustee and will be a party to investments made by the SSAS. A professional trustee tasked with discharging any legal or fiduciary responsibilities of the SSAS and any service outlined in the SSAS Terms and Conditions.

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# 16

## GLOSSARY (CONTINUED)

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### PROPERTY MANAGER

A individual or company qualified or registered (or both) with the Royal Institution of Chartered Surveyors (RICS), who is appointed to manage the collecting rent and service charges and making sure the shared areas of the property are inspected, serviced and adequately maintained in line with our contractual obligations.

---

### TAXABLE PROPERTY

If a property is used for, or is suitable for use as a home, or is land that forms part of the garden or grounds of such a property, it may be classed as **taxable property**. **Taxable property** also includes all ‘tangible and moving assets’ (things you can touch and move) that are separate to the bricks and mortar of the property. The full definition is set out in the Finance Act 2004.

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### THE SSAS

The scheme to which the trustees are part of.

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### UNCONNECTED PARTY

Anyone who is not included in the definition of a ‘**connected party**’ given in section 993 of the Income Tax Act 2007.

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### VALUER

A firm of valuers or surveyors that are qualified and registered with the Royal Institution of Chartered Surveyors (RICS).

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### WE/OUR/US

Any of **our** registered companies acting as Scheme Trustee or Scheme Administrator for the Pension Scheme.

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# 17

## ACCESSING OUR SERVICES

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**If you experience difficulties accessing any of our services due to personal circumstances, we may be able to make some adjustments to help you. Please contact our SSAS Team on 0117 332 4051 or [ssas.admin@curtisbanks.co.uk](mailto:ssas.admin@curtisbanks.co.uk) to discuss any support adjustments that may be available to you.**

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# HERE TO HELP

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If you have any questions about the topics discussed in this guide we'd be happy to help



# NOTES



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