

## GUIDANCE NOTE

# LUMP SUM REPAYMENTS AND MORTGAGE REDEMPTIONS

APPROVED FOR CLIENT USE | JULY 2024



*Clients who have a mortgage on their SSAS property may opt to repay a lump sum or redeem the mortgage early. The following sets out how this can be achieved.*

In order to proceed with a lump sum mortgage repayment or mortgage redemption, we require written instructions by way of a letter sent to our main office address and marked for the attention of the SSAS Property Team, or an email to [ssasproperty@curtisbanks.co.uk](mailto:ssasproperty@curtisbanks.co.uk). The instructions can be provided either by yourself or your adviser.

Once this instruction is received we will contact the bank for confirmation that there will be no penalties for repaying a lump sum off the mortgage or redeeming the mortgage. If the bank confirms that there are pre-payment charges or early redemption charges, we will refer this to you or your adviser before proceeding with the repayment.

### Timescale

We aim to deal with your request within 15 working days; this may be dependent on third parties.

### Charges

Where a full redemption is made we deal with the removal of the charge at Companies House.

In most cases the bank will deal direct with the release of the legal charge electronically when a full redemption is made. However on occasions some banks require us to lodge this manually, and in particular for those properties held in Scotland and Northern Ireland, we may need to instruct an external solicitor to act on behalf of the SSAS to

finalise this process. If this situation arises, we will inform you.

Most repayments will be made via Faster Payment. In cases where the mortgage is redeemed, the funds need to be sent by CHAPS to allow receipt on the same day. The Faster Payment or CHAPS fee will be split equally between all clients taking part in the repayment.

Please refer to the relevant schedule of fees for details of the Faster Payment and CHAPS fee payable and whether fees are subject to VAT.

### Lump sum mortgage repayments and redemptions on mortgages shared by a group of clients

Where a mortgage is shared between a group of clients we will need to arrange with the bank to reduce the regular mortgage repayments following a lump sum reduction of the mortgage if:

- the reduction is made by only some members of the syndicate; or
- the repayment is made not in accordance with the mortgage share (for example, the mortgage is shared 50/50 between two clients but the repayment is made in a different split).

## CONTINUED

Please note that in these cases we will not agree to proceed with the repayment if the bank is not willing to reduce the regular mortgage repayments afterwards.

This is because if we have to carry on repaying at the same rate, the plans that have not made any reduction would find that their SIPPs have to pay more on each regular repayment.

If all members of the syndicate make a lump sum mortgage repayment in accordance with their mortgage share then the regular mortgage repayment may remain unchanged.

### **Lump sum mortgage repayments and redemptions on properties owned jointly via a joint title ownership structure**

In addition to the written instructions stating the amount you wish to repay, we will require:

- the Trust Account details consisting of the account name, number, sort code and reference; and
- the details of the solicitor you wish to use to update the liability percentages in the Declaration of Trust. (The solicitor's charge will be split equally between all clients who are making a repayment.)

### **Important points to consider**

The value of pension funds can go down as well as up. Your money is tied up until you take your benefits. Benefits can normally be taken any time after age 55, although this is due to increase to 57 in 2028.

### **Contact details**

If you'd like to speak to us about anything on this fact sheet, please contact us on:

**T 01473 296 730**

We may record and monitor calls. Call charges will vary.

**E [ssasproperty@curtisbanks.co.uk](mailto:ssasproperty@curtisbanks.co.uk)**