

## Case Study

### Ethical Alternative Investments

When Pointon York's sharp due diligence revealed a tax issue with the sustainable forestry project Sarah wanted to invest in, they went the extra mile to find a solution.

Caring for the environment had always been important to charity fundraising manager, Sarah, so a sustainable forestry project advertised in an investment magazine naturally caught her attention.

Sarah had been looking into ways of saving for her retirement with her independent financial adviser (IFA), Martin. The idea of a Pointon York Individual SIPP appealed to her because its flexibility to include alternative investments provided her with the possibility of growing her pension pot. Another advantage of investing into a SIPP was the fact that she would effectively get the investment for 80% of the cost because HMRC would repay her 20% tax into the pension.

Sarah looked further into the forestry project to find out how it worked. She could lease a plantation plot where 300 trees would be planted, and 15 years on when the trees matured, they would be harvested and she would receive the net profit generated from selling the timber. The planting cycle was sustainable and would allow Sarah to offset her family's carbon footprint. As well as this, the foresters on the plantation would receive a generous wage with agreeable working conditions, so Sarah would have peace of mind that her investment was ethical.

Martin approached Pointon York about the SIPPability of the forestry project because of their expertise in administering complex investments. Whilst undertaking rigorous due diligence on the investment, Pointon York's technical specialists identified a tax issue that few other providers had recognised: the trees would be classed as tangible moveable property once harvested. In order to find a solution for Sarah, Pointon York worked closely with the investment provider, who agreed to buy back the trees before they were harvested. This meant the tax problem would be avoided and Sarah could proceed with her investment in a SIPP.

Sarah transferred her existing pension pot of £100,000 into a Pointon York Individual SIPP and used part of it to invest £10,000 in 300 teak trees on a Sri Lankan plantation. She pays an annual fee to a forest manager to nurture them, which is taken from the returns. When the trees reach maturity after 15 years, the investment provider will buy them back from Sarah's SIPP to harvest into timber and she hopes to make a healthy profit.

#### Summary

##### Before

Sarah was keen to invest her existing pension pot in attempt to grow her retirement savings, and her IFA suggested doing this in a SIPP. She was very ethically conscious, so the idea of an eco-friendly alternative investment appealed to her.

##### After

Pointon York identified a tax issue with the sustainable forestry project Sarah wanted to invest in, but was able to overcome this by negotiating a solution with the provider. Sarah now has a Pointon York Individual SIPP which contains most of her previous pension pot alongside her ethical timber investment. Her SIPP will sell the trees back to the provider prior to harvesting to avoid their classification as tangible moveable property. Sarah is updated on the progress of her trees through a quarterly forester's report, and is looking forward to visiting her plantation plot in Sri Lanka which she is planning to combine with a holiday.

For more information about  
The Pointon York Individual SIPP  
and other products in our range,  
please contact our distribution team on  
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