

Case Study

Joint Ownership of Property

Pointon York provided a way for DIY business owner, Charles, to use his joint ownership of the company's commercial premises to increase his retirement fund.

Charles and his business partner, Adrian, own and operate a DIY business as a limited company. They jointly own the premises as individuals and lease the unit back to the business at a market value rent. Charles wanted to capitalise on the future appreciation of the property and cap future Capital Gains Tax.

Charles sought advice from his financial adviser, Adam, who suggested that Charles put his half of the property into a self-invested personal pension (SIPP). Adam recommended Pointon York for its expertise in joint ownership of commercial property as well as executing the transaction on a sole Trustee basis; a direct requirement of the client.

Charles had an existing personal pension valued at approximately £213,000, invested in liquid collectives, which would provide funds for his SIPP to purchase 50% of the DIY premises. Adrian did not have an existing pension and his share of the property would have to remain outside of the SIPP.

There was a Charge on each person's share of the commercial property. In order for Charles to co-own the property through his SIPP, the Charge needed to be removed. Adam advised Charles to speak with his bank to transfer the Charge to another of Charles' properties. This left his share of the commercial unit free to be acquired by a SIPP.

Charles' half of the property was purchased for £175,000 using his existing pension funds, which were transferred to his SIPP. Charles' 50% share of the property rent would be paid to the SIPP, free of any tax and would be a tax deductible expense to the business. The rent would continue to build the fund and the SIPP would provide a way to shelter the property from future Capital Gains Tax.

Pointon York worked with the client's financial adviser to provide a solution that would meet Charles' retirement plans. Pointon York provided a dedicated property team leader and relationship manager to see the case through to completion, which provided a smooth experience for both the adviser and his client.

Summary

Before

Charles had an existing pension with funds in liquid collective assets of approximately £213,000. He jointly owned a commercial property independently valued at £350,000 as an individual, with his business partner. Charles wanted a much more flexible pension, with a way of capitalising on the future appreciation of the commercial property and sheltering it from Capital Gains Tax.

After

Charles consolidated his funds into a Pointon York Individual SIPP, which allowed him to own 50% of the DIY premises through his pension. The flexibility of the SIPP has provided the perfect model for his retirement saving plans.

His limited company pays an agreed commercial market rent to his Pointon York Individual SIPP, which also helps to increase his retirement fund.

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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or visit our **website:**
www.pointonyork.co.uk