

Case Study

Property Syndicate

Pointon York's syndicate expertise allowed a group of eight business associates to each invest in part of the same commercial property within their individual SIPPs.

Eight enterprising business associates decided to invest in a property together from which they could run their manufacturing business. They appointed an independent financial advisor (IFA), Andy, to help them with the process, who suggested that they each set up a self-invested personal pension (SIPP) through which to invest in the property. This would allow them to benefit from a range of tax advantages while growing their retirement funds. Andy recommended Pointon York as SIPP provider because of its expertise in property syndicates.

Each of the investors already had their own pension pots with other providers. By transferring these funds into their new Pointon York Individual SIPPs they were able to use their combined purchasing power to invest in a suitable property without any lending assistance. Some of the members wanted to use their protected rights (PR) monies as well as their non-PR funds to purchase the property. Consequently ownership was divided twelve ways between the eight members, with shares ranging from 2.97% to 28.13%.

The property comprises of two units. The members are tenants in the largest unit, which they use as the premises for their manufacturing business, while a third party tenant operates from the second unit. The SIPP reimbursed the landlord's costs of refurbishing this second unit at the time of completion.

A year on from its purchase, the property had significantly appreciated in value, free from capital gains tax. It was bought in April 2009 for £635,000, and a valuation in May 2010 put the property at £760,000. Annual rental income totals £110,712 which is paid directly into the members' SIPPs proportional to their ownership.

Following the financial success of this investment, the members are now looking to invest in further property deals through their SIPPs to grow their pension funds.

Summary

Before

Eight business associates held modest individual pension pots with various providers, some with PR monies, some without. They were looking for new premises from which to operate their manufacturing business and were interested in the potential financial benefits of property investments.

After

The combined value of their individual pension pots provided the associates with sufficient funds to purchase an ideal property outright without the need for borrowing. They each hold a Pointon York Individual SIPP containing their share of the property, into which their proportion of rental income is paid. The members run their business from the largest unit in the property, and rent the second unit to a third party. The property has appreciated in value during the year since its purchase, leaving the members keen to invest in further property deals via their SIPPs.

For more information about
The Pointon York Individual SIPP
and other products in our range,
please contact our distribution team on
t: 01858 419300,
e: enquiries@sippsolutions.com
or visit our **[website:](http://www.sippsolutions.com)**
www.sippsolutions.com