



SIPPS

FUNDING SOLUTIONS

HOW TO UNDERSTAND ALL THE BENEFITS OF INVESTING
THROUGH A FULLY FLEXIBLE SIPP

OUR FREE GUIDE TO SELF INVESTED PERSONAL PENSIONS

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If you need advice about your SIPP or on starting a new one call us on 01904 562562 or email markp@gfcyork.co.uk

GROSVENOR



FINANCIAL CONSULTANTS LTD

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GROSVENOR FINANCIAL CONSULTANTS LIMITED (GFC LTD)

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WHAT IS A SIPP

Self Invested Personal Pensions (SIPPs), were introduced in 1989 to give those planning for retirement greater control over where their pension fund is invested.

Put simply, a SIPP is merely a trust wrapper that holds investments until you retire and start to draw income from your pension.

However there are very few providers of SIPPs that permit “Full” investment flexibility, this document will highlight the benefits of our SIPP.

GROSVENOR FINANCIAL CONSULTANTS

Formed by Mark Pepper and Charles Helfferich in October 2000, based in offices in the centre of York, GFC Ltd prides itself with the totally Independent Financial

Advice that it offers it's clients. Interestingly, the credit crunch has highlighted the benefits that a “full” SIPP offers, and in turn GFC Ltd have been able to show both existing and new clients the benefits of what a full SIPP can do. Hopefully, this brochure will show how you might benefit from using our SIPP.



DIFFERENT PENSION NAMES

Pensions fall into one of two categories – “Personal” or “Company”. There are many different names, which can sometimes confuse clients. Below is a list of these names, along with their abbreviations. These two lists will hopefully help you understand the type of pension you have:

PERSONAL PENSIONS	COMPANY PENSIONS
Retirement Annuity Plan (RAP)	Final Salary Scheme (FS)
Personal Pension Plan (PPP)	Defined Benefits (DB)
Group Personal Pension Plan (GPP)	Defined Contributions (DC)
Stakeholder Pension (SHP)	Executive Personal Pension (EPP)
Self Invested Pension Plan (SIPP)	Small Self Administered Schemes (SSAS)
Protected Rights (PR)	Occupation Pension (OP)

ALLOWABLE INVESTMENTS

GFC Ltd and it’s Pensioner Trustees consider allowable investments in a different manner to many other Trustees. We work from the definitive list of allowable investments that Her Majesty’s Revenue and Customs (HMRC) permit, rather than limiting you to certain investments. For example, our clients can invest in the following:

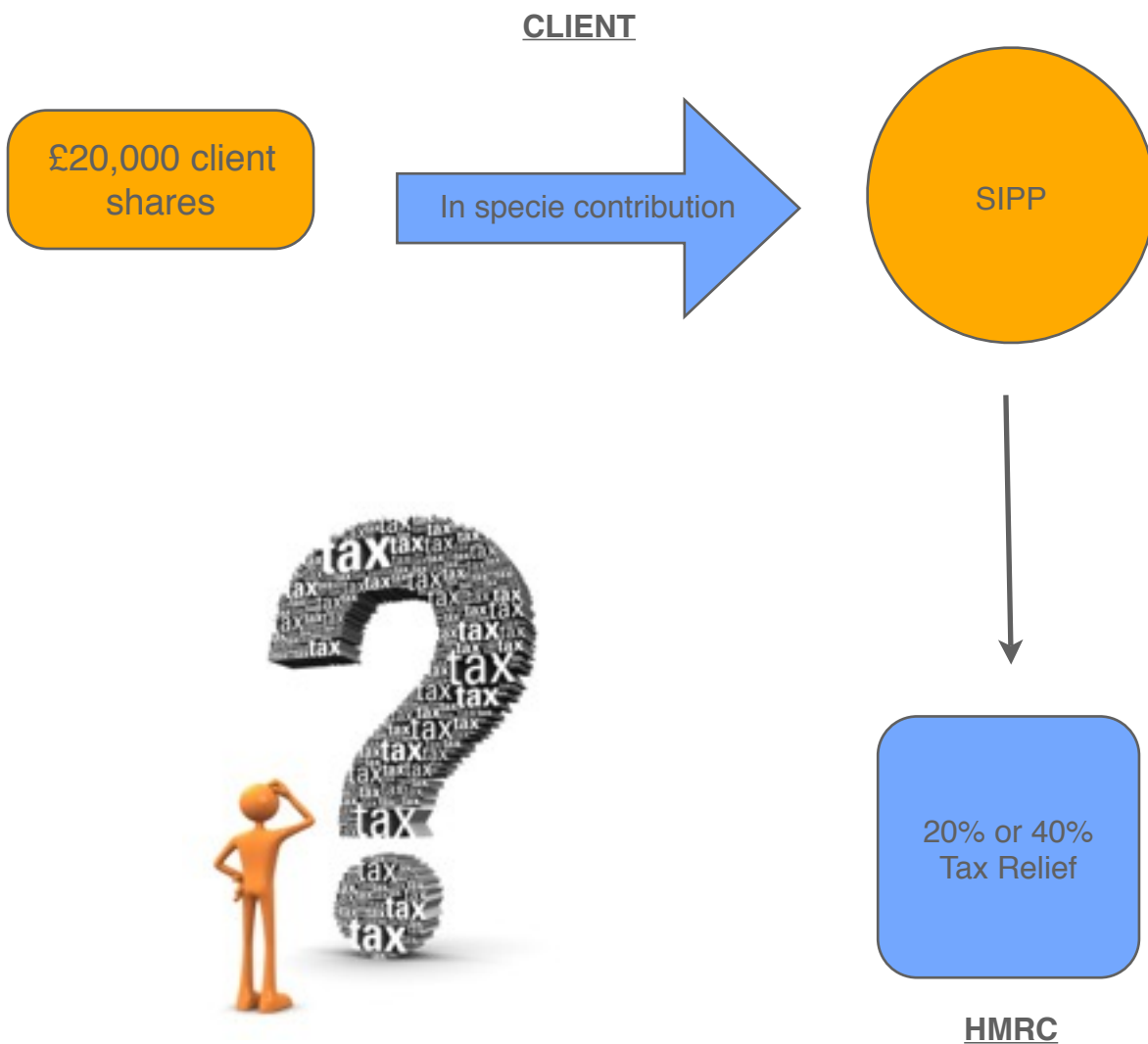
Land with permission to build residential property	Houses and apartments to “shell” level	Hotel rooms
“Part-and-part” purchase of assets	Commercial property	Commercial land
Loans to third parties	In-specie contributions	Private Company Shares
Corporate finance	Residential loans	Commercial loans
Mezzanine loans	Bridging loans	Residential or commercial self-build

CONTRIBUTION AND TAX RELIEF

Members of a SIPP may personally contribute into their SIPP and receive personal marginal rate tax relief of 20% or 40%. An alternative is that an employer may contribute, in turn receiving corporation tax relief at the prevailing company corporation tax rate.

Another option which our clients particularly enjoy, is the facility to make “in-specie” contributions. Any HMRC qualifying investment, i.e. land, shares, property, etc, that the SIPP member owns in their own or company name, may be contributed and eligible for tax relief.

For example, a client owns a portfolio of shares worth £20,000 and completes an “in-specie” contribution into his or her SIPP. Personal tax relief of 20% or 40% will then be received.

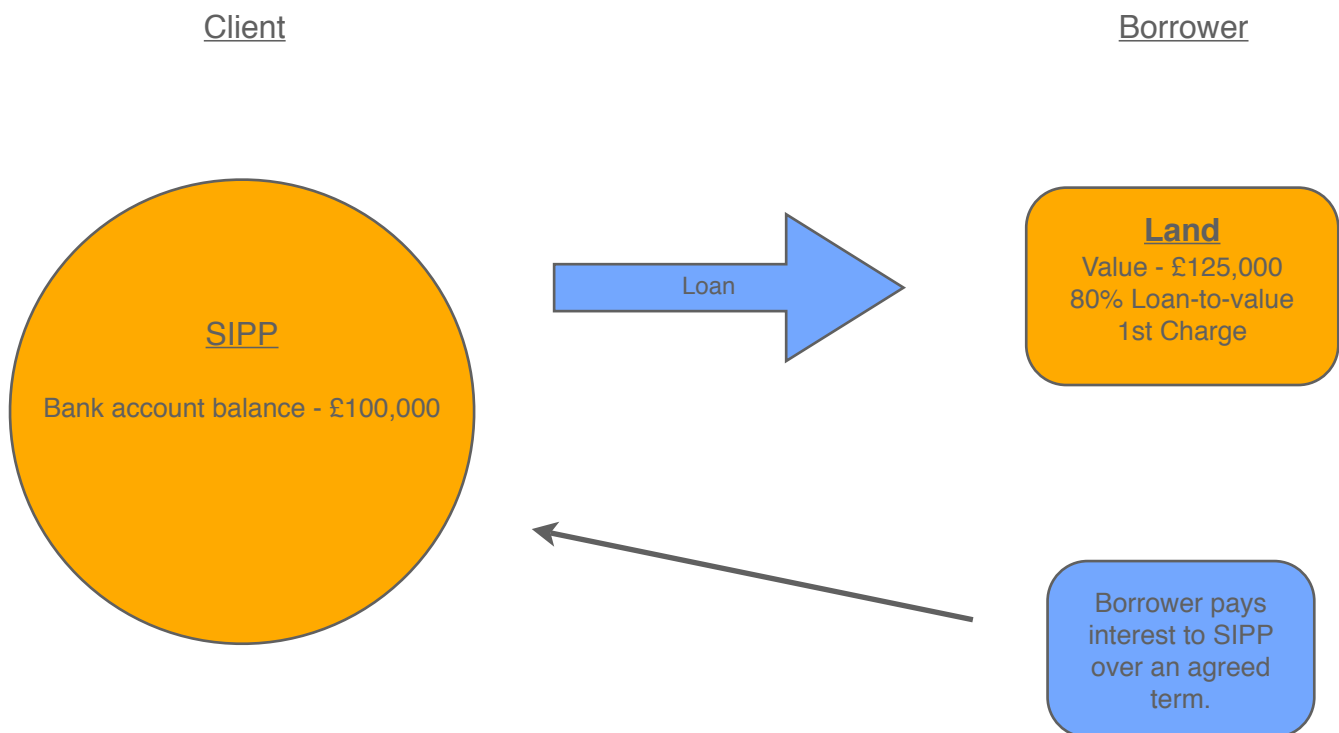


SIPP LENDING

We have had great success with this HMRC allowance, particularly during the “Credit Crunch” whilst banks have been re-capitalising.

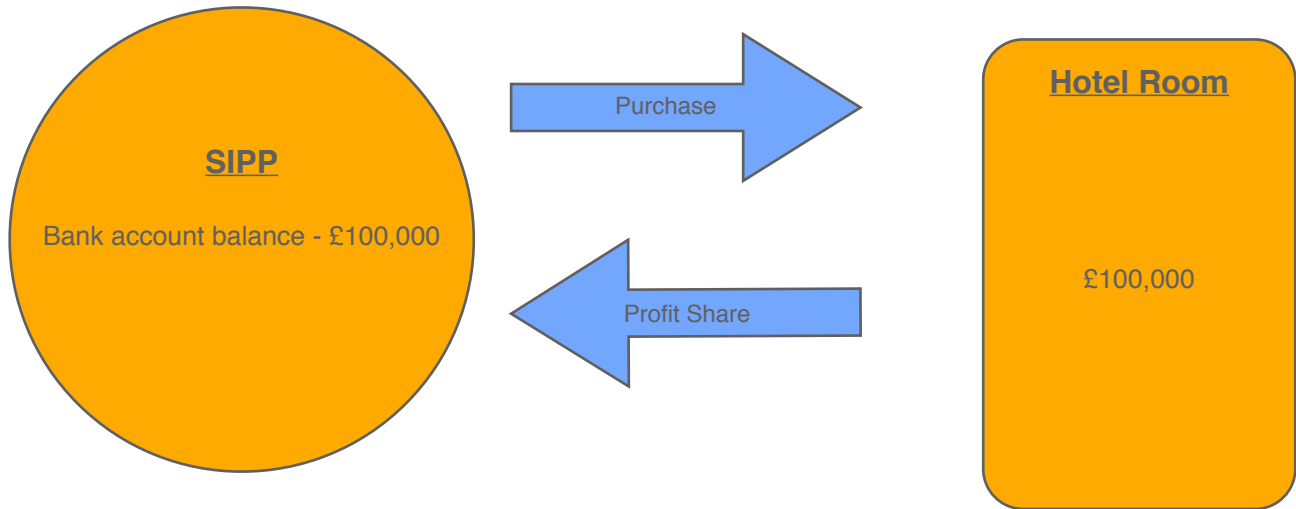
A member of a SIPP may “lend” their fund to a third party, as long as the loan is not to themselves, a relative or a business colleague.

Example



This diagram shows in simple terms how the SIPP can be used to lend money. In the diagram above, the SIPP has £100,000 in its bank account which is lent to a person or company that wishes to purchase a piece of land for £125,000. The lender (i.e. the SIPP) takes first legal charge over the land, and the borrower pays an agreed rate of interest back to the SIPP over an agreed term.

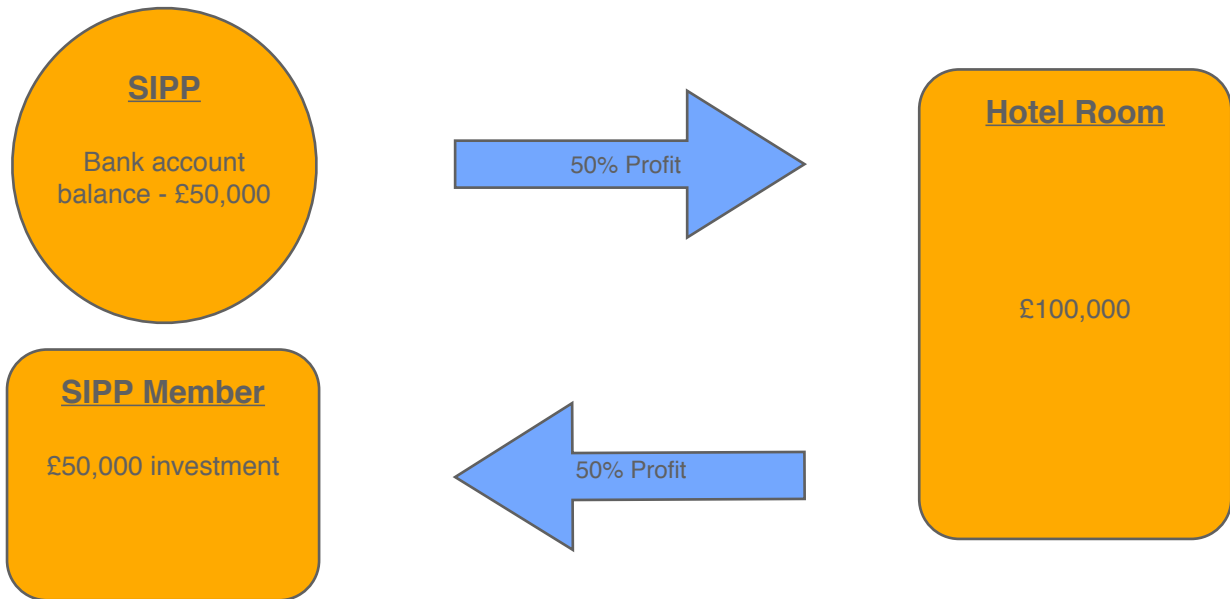
SIPP PURCHASE



In this example, the SIPP, which has £100,000 in its bank account, purchases a Hotel Room to the value of £100,000. The profit from that Hotel Room is paid back to the SIPP.



PART AND PART PURCHASE



In this case, a SIPP with £50,000 cash buys half of a hotel room worth £100,000, with the other 50% being purchased by the SIPP member in his/her own right. Of the profit, 50% is payable to the SIPP and 50% is payable to the member.

This is a particularly helpful option with our SIPP, as it allows the SIPP to purchase part of an asset. This in turn allows SIPP members far more flexibility.



SYNDICATION

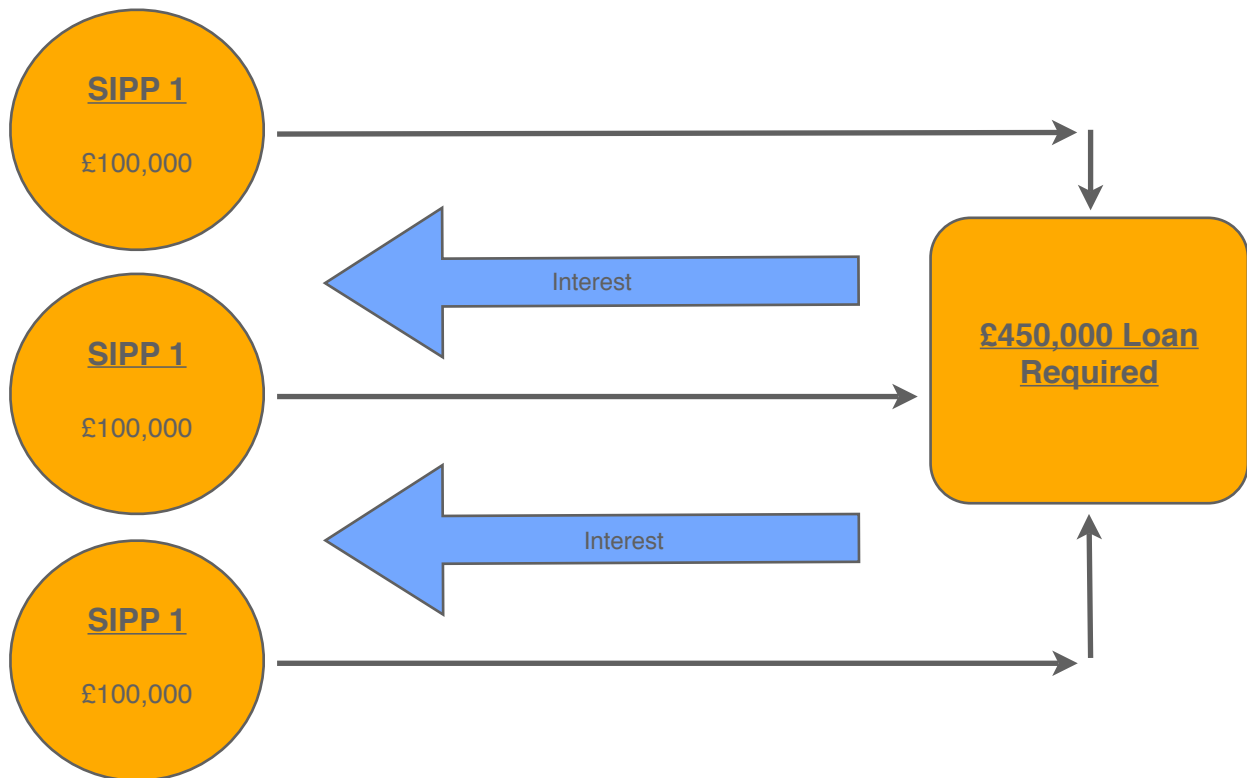
We organise large or small “syndications” of clients SIPPs, whereby their pension funds are lent to borrowers or used to purchase assets. An example of a large syndication is the hugely successful “Raithwaite Hall” hotel project. www.raithwaitehallwhitby.co.uk

We syndicated around 50 SIPPs with values of between £50,000 and £800,000, and so far we have lent around £6.7m to “The Skelwith Group”, using the security of Raithwaite Hall an 80-acre site at Sandsend, on the East Coast, which is being developed into a 45 bedroom, 5* Hotel and Health Spa.

Due Diligence for the loan was carried out by Dickinson Dees solicitors, who advised the syndication, which took first charge over the land and was lent in two “tranches”. Tranche A, £3.2m, which was used to purchase the land, and Tranche B, £3.5m, which is a construction loan.



EXAMPLE LENDING SYNDICATION



The diagram above, shows in simple terms three SIPP members lending their respective funds to a third party. The funds would be lent on a agreed term and interest rate. Normally, the interest would be paid quarterly and the lenders would take a first legal charge on the asset being purchased.



FURTHER INFORMATION

There are many other subjects that you may wish to discuss, such as :

Drawdown or phased income

Current tax relief legislation

Maximum contributions

GAD limits

Annuities

Inheritance Tax

Should you require any further information please email GFC Ltd at markp@gfcyork.co.uk or call us on 01904562562



Please be aware that the value of your investments can go down as well as up, and may fluctuate on a daily basis.