



CASE STUDY /

USING YOUR PENSION TO BUY A COMMERCIAL PROPERTY

Why did Phil contact us?

Phil, along with his two brothers, are business partners in a successful family printing firm.

The business was doing well, and the brothers were planning for expansion. They rented business premises, which were becoming too small for their needs. Added to this issue of capacity they were approaching the end of their current lease with the landlord and needed to decide whether to renew the lease or look for new premises.

The business had the option to purchase similar, but larger, premises nearby.

The partners liked the idea of owning an asset rather than paying rent to a third party but were unsure whether they could afford the initial purchase cost as well as the cost of renovations needed to bring the property up to the right standard for the business to occupy.

How did we help?

We advised the following solution:

- We identified a Self-Invested Personal Pension (SIPP) as an appropriate vehicle to purchase the property. The existing pension products were not appropriate to own commercial property.
- New SIPPs were established for each brother and existing pension benefits were transferred in.
- The combined value of the new SIPPs was sufficient for each brother to fund their equal share of the property's purchase price and associated costs.
- Additional pension contributions were needed to fund for some of the property renovation costs.
- A lease agreement was established between the SIPPs and the business with quarterly rent paid.
- We have incorporated each brother's SIPP within our financial planning software to model various scenarios about the timing of retirement, the amount of income required and how best to provide this.

What were the benefits to Phil and his business from our advice?

Although there were some problems with the property during the purchase and renovation the business is now well settled in its new premises.

The following results have been achieved.

- A secure home for the business suited to its purposes.
- The new SIPPs are growing in value with a healthy income stream from rent.
- The rent payment from the business reduces each partners' tax liability.
- The additional contributions paid for renovations attracted tax relief.
- Each brother now has a financial plan to help decide the optimum time to start retirement income which can be funded from rent.
- The property can be sold in future without any liability to capital gains tax.

OUR CLIENT SAID /

"When it came to investment and money management there were many avenues available, so at this time it was good to have clear, concise guidance, that's why we chose Robson Laidler Wealth.

They were able to fully present all the options and explain the pros and cons.

Our schemes are now in place and we know there is always someone at hand to give ongoing advice and explanation, if and when required.

With the help of Robson Laidler Wealth, we are now our own landlords, paying ourselves rent and that's a rewarding feeling."

PHIL



If you own your own business and would like to consider the option of using pensions to buy a commercial property please [get in touch](#). Call us on 0191 281 8191 and ask for Neil or Amanda.