



CONGRUENT

mycongruent.com

SMALL SELF-ADMINISTERED SCHEMES





BACKGROUND

WHAT IS A SSAS?

A SSAS is a type of occupational pension scheme that may be established by an Employer for the owner(s) and/or selected directors and employees. The individuals who have been selected to benefit are called the members. The essential character of any occupational pension scheme, including a SSAS, is that money is paid in to the scheme and invested so that pensions can be paid to the members in later years (and sometimes to dependants). Money may be paid in by the Employer and / or by the members (and may include payments in from other pension schemes including from a SIPP).

What makes a SSAS special is that eligibility is discretionary and there is considerable investment flexibility (although also limitations). A SSAS limitation is that membership of a SSAS is limited to no more than eleven members (including members who have retired and are drawing a pension) but it is possible for an Employer to establish more than one SSAS.

THINKING OF SETTING UP A SSAS

Congruent will help you, the Employer, understand whether a SSAS is an option for you and whether there are other options. An initial consultation, at your premises (or other convenient venue), is free and that may be all that is necessary for us to provide you with the necessary documents for you to study and to make a decision. Sometimes further detailed work is necessary and Congruent will suggest what needs to be done, and the fees payable if any, for you to consider. The number of SSAS in force across the country is increasing so it does seem that they meet a legitimate business need, although they will not be suitable for every employer. If you decide to set up a SSAS with Congruent there are contractual arrangements that need to be in place prior to the execution of the Trust Deed and Rules.

IMPORTANT POINTS TO CONSIDER

It is important to recognise that because a SSAS offers investment flexibility (although with limitations), and also makes use of tax benefits, it must meet significant HMRC requirements at all times. The essence of these requirements is that money put into a SSAS is within the allowed monetary limits and is used only for the intended purpose and that the Employer and members cannot benefit in a way that is not allowed. There are significant statutory requirements and those must be observed at all times with potentially severe penalties for non-observance. A SSAS should never be established unless all this is fully appreciated – Congruent can assist you with this



OUR SERVICE

Congruent provides three complementary services to SSASs which are provided in combination. Two of the services - professional trustee and scheme administrator services respectively - are both required throughout; actuarial services are provided as and when required. Because of the different nature of the three services, and because of statutory and governance requirements, these services are provided respectively by Congruent Trustees Limited, Congruent Administrators Limited, and Congruent Actuarial Limited. All three companies are 100% owned subsidiaries of Congruent Holdings Limited and together with other companies constitute the Congruent Group.

PROFESSIONAL TRUSTEE

A SSAS provided by Congruent is established by a Trust Deed and Rules with a distinguishing name, such as ABC Pension Scheme with its own Legal Entity Identifier (“LEI”) – an LEI is a 20-character identifier that identifies entities that engage in financial transactions. Ownership of the assets of the SSAS vests in the Trustees acting together – consisting of the members (referred to in this context as Member Trustees) together with the Professional Trustee.

The Employer decides who to invite to be members. The Employer and/or members make decisions about how much money to pay into the SSAS (subject to applicable limits) and when to do this. Payment of money into the SSAS, once made, cannot be reversed – the money no longer belongs to its previous owner (this might potentially be challenged in the event of insolvency). As the owner of the assets the Trustees, acting together, are responsible for all other decisions including investments and payment of benefits as well as paying for required advice and financial and professional services.

The reason for having a Professional Trustee is to assist the Employer and/or Member Trustees to be assured that decisions are sound. The requirements of Trust Law, HMRC, and the Pensions Regulator must be met at all times – and there are other legal requirements and other regulators – such as the Information Commissioner and the Financial Conduct Authority. Because of the different interests of the employer and the different members the decision-making arrangements can be complex and the Professional Trustee effectively exercises a veto (which must be exercised taking into account all the relevant considerations).

Congruent Trustees Limited has an ongoing responsibility to ensure that it has, at all times, the knowledge and expertise to perform the functions of Professional Trustee. Congruent meets these requirements and is recognised as doing so as part of a professional actuarial group. Sometimes the Trustees may need to seek taxation advice or legal advice about exercise of their responsibilities. Sometimes the Professional Trustee will need to insist on this.



OUR SERVICE

SCHEME ADMINISTRATOR

HMRC require that a Scheme Administrator is appointed. This is somebody (usually a corporate body) that is responsible for reporting details of the operation of the SSAS to HMRC - in particular that it is complying with all the requirements or to report to HMRC where the SSAS has failed to do so (with penalties – which can be very severe – if the Scheme Administrator does not provide a report that it is required to provide).

The Trustees, acting together in relation to any decision, also need somebody to coordinate the making and documentation of their decisions (including ensuring that records separately identify each Trustee's involvement) and then putting the decisions into action – those roles are delegated to the Scheme Administrator. These responsibilities of the Scheme Administrator may be labelled governance and administration respectively - they are essentially two different responsibilities – first ensuring that decisions are properly taken and second ensuring that administration responsibilities are carried out.

Just as Congruent is recognised as having the knowledge and expertise to perform the functions of Professional Trustee it is also recognised as having the knowledge and expertise to perform the functions of Scheme Administrator. The investment flexibility provided by a SSAS can include investment in commercial property and ownership of shares or other marketable securities as well as operation of a bank account or accounts. Ownership of commercial property involves a range of responsibilities including appointment of property managers (which might include the Employer and/or Member Trustees) - the Scheme Administrator ensures that delegation is clear and that record keeping is complete. Ownership of shares and other marketable securities also includes receipt of income such as dividends, switching of investments, and investment of new money and the Scheme Administrator performs all the necessary processes in accordance with the instructions of the Trustees, acting together, and within any authority delegated to them in this respect.

Investment decision-making may require timeous, organised financial information including the cash position and cash flow forecasts and may also include pre-determined investment programmes and management of scheduled cash demands. These are administrative functions that the Scheme Administrator fulfils. Comprehensive record keeping and making of information available in a structured and timeous way, not only to the Trustees but also to the Employer and to members (in their capacity of beneficial owners of those of the assets held for the eventual provision of their benefits or during the payment of benefits), is essential. The Scheme Administrator undertakes this duty and in order to do so operates specialist software that is developed and owned by Congruent Risk Limited.

The Scheme Administrator may then be required to provide structured timeous information to the advisers appointed by the Member Trustees. Obviously, Congruent Administrators Limited has an ongoing responsibility to ensure that it has not only the knowledge and expertise to perform the functions of Scheme Administrator but also advanced systems to provide comprehensive and timeous information to support advice given to Member Trustees by their financial advisers and to support decision making by Member Trustees



OUR SERVICE

ACTUARIAL SERVICES

A SSAS ring-fences the money and assets relating to each member. Benefits are limited to what is held for that member. There is no open-ended “sponsorship” by the Employer (whereby the Employer could make a commitment to pay in further money so that a specified level of benefits can be paid). However financial planning can still be required, for example an employer may want to pay in an amount estimated as sufficient (on an agreed projection basis) to provide a particular level of benefits and sometimes it is decided that the Employer will provide a “benefit promise” (subject to assets being available to do so).

Where actuarial advice is needed Congruent can provide this.



OUR PROCESS

INITIAL ENGAGEMENT

During this phase, which is typically a number of weeks or sometimes a few months, it will be Congruent Administrators Limited that provides services to the Employer, supported where necessary by Congruent Actuarial Limited. The services are the professional services (already referred to above) of advising the Employer to enable him to make an informed decision whether he wishes to establish a SSAS and its scope. The scope includes the Employer's membership policy for the SSAS and who will be invited to be the initial members and also the Employer's contributions policy – what money will be paid into the SSAS (this will usually also include the Employer discussing, with those employees who will be invited to be members, the options for the members to contribute).

During this phase Congruent will ensure that the Employer is aware of what Congruent's services to the SSAS will be if the Employer decides to proceed, and Congruent's terms of business and operating processes (to the extent that the Employer needs to understand what those will be). Operating processes are carefully "engineered" for reasons of control and efficiency.

The contractual arrangements are that Congruent Administrators Limited will provide its standard "Preliminary to Establishing a SSAS - General Terms and Conditions". Otherwise the arrangements will be usually be by exchanges of emails and this will include any suggestions by Congruent for fees payable, if any. Congruent's experience is that there is a range of possibilities – at one extreme the time and work required of Congruent is little more than Congruent advising what its terms of business will be while at the other extreme the Employer requires a substantial amount of customised professional advice. This is how it should be – different employers will inevitably have different requirements.

TRUST DEEDS AND SCHEME RULES

The SSAS is established under a irrevocable trust with effect from the date of the Trust Deed in accordance with the provisions of the Trust Deed and related Scheme Rules for the sole purpose of providing retirement benefits (as defined in section 150 of the Finance Act 2004). The Principal Employer (also referred to as Sponsoring Employer) appoints the Member Trustees and Professional Trustee as first trustees. The Principal Employer appoints a Scheme Administrators (as defined in section 270 of the Finance Act 2004).

The Scheme Rules defined the operative procedures and governance arrangement of the SSAS. In covers matters such as:

- Appointment and removal of Trustee including powers and duties
- Trustee liability, indemnity
- Fees
- Removal and substitution of Sponsoring Employer
- Admission to Membership
- Member Contributions, Pension Transfer and Benefit
- Death Benefits



FEES

OUR APPROACH TO FEES

We publish the fees schedule below as a typical example but for each client the schedule is a matter for suggestion and agreement depending on the simplicity / complexity of the scheme and the arrangements required. Where a service that is required is not scheduled charging will be on a time-cost basis unless a fixed fee is agreed at the time. Please note the fees (which exclude VAT) detailed below only apply to services provided by Congruent as Professional Trustee or Scheme Administrator to operate the SSAS. Fees schedules apply to current year only (update 2 January).

Basic fees	Set-up	Annual
Establish new scheme	£1000	£750
Banking and Investment Accounts		
Bank	£125	
Investment Accounts	£250	
Property Investment		
Property sale/purchase	£500	
Mortgage set-up	£350	
Lease / tenancy agreement / amendment	£250	
Property Administration*		£250
Scheme Loans and non-quoted share transactions		
New secured loan	£500	
Acquisition of connected or unlisted shares	£350	
Security review	£250	
Scheme and member administration		
Appointment, removal or change of principal employer	£250	
New member documentation	£250	
Review of maximum capped drawdown	£250	
Benefit Crystallisation Event	£250	
Other		
Event report	£125	
Completion and submission of triennial return to the Pension Regulator	£125	
Completion and filing of Self-Assessment Tax Return	£125	
Appointment of Professional Trustee and Scheme Administrator to an existing SSAS	£500	
Wind-up of scheme or transfer to new professional trustee	Time-cost	
Consultancy and other matters in Terms of Business	Time- cost	

*this applies to the administration of properties that are self-administered or appoint a third party property manager



FAQS

WHY SHOULD I CHOOSE A SSAS AND NOT A SIPP?

A SIPP is a personal pension plan whereas a SSAS is an occupational pension scheme. All SIPPs are regulated by the FCA whereas SSASs are not FCA regulated. FCA regulation introduces safeguards for the consumer but it also means less flexibility. A SSAS is typically the vehicle of choice when investing in a commercial property whereas a SIPP is more suitable to vanilla investments – particularly where the member wishes to decide on the investments without the assistance of a professional advisor.

WHAT ARE THE PERMITTED INVESTMENTS FOR A SSAS?

Strictly speaking there are no restrictions but some investments e.g. residential property and moveable objects attracts a tax charge. The investments a SSAS can make will depend on the rules of the schemes, commercial decisions by the trustees and scheme administrator and HMRC rules. Any unauthorised investment will give rise to a unauthorised payments charge.

IS THERE A LIMIT TO CONTRIBUTIONS TO A SSAS?

HMRC does not impose limits on contributions but there may be a limit on the amount of tax relief that can be obtained. Member contributions may qualify for tax relief and are subject to an annual allowance where contributions above the annual allowance are subject to a tax charge. Any employer of a member of a registered pension scheme may also make contributions to that registered pension scheme and tax relief may be obtained on employer contributions to a registered pension scheme but these are subject to qualifying criteria.

WHY DO I NEED A SCHEME ADMINISTRATOR?

A SSAS has the ability to be registered with HMRC as a pension scheme and to benefit from associated tax status subject to it having at least one scheme administrator. The scheme administrator must be a “fit and proper” person and there are duties imposed on the administrator and sanctions if these duties are not carried out in a proper manner.

WHY SHOULD I APPOINT CONGRUENT AS A PROFESSIONAL TRUSTEE?

The penalties imposed by HMRC on the scheme administrators can be quite severe and to protect the scheme and member benefits, if Congruent is engaged by a client to setup a SSAS it will require Congruent Trustees to be appointed as the professional trustee. This means that decisions on managing the cash, investments and liabilities of the scheme will need to meet the approval of the professional trustee as well as the member trustees.

HOW DO I KNOW IF MY PENSION MONEY IS SAFE?

Any surplus cash will be held in a bank account in the name of the pension scheme (with the trustees as co-signatories on the account) or invested in standard i.e. vanilla investments. The money held in the bank account is subject to FSCS protection (subject to relevant limits) and any standard investments e.g. equities will only be conducted through a FCA authorised and regulated investment platform.

ABOUT US

Congruent was established in 2013 in response to a growing demand from corporate clients seeking independent, professional advice on banking services and financial product risk management and hedging arrangements. We advise businesses directly or through their professional advisors. We also provide expert witness services.

ROGER GRENVILLE-JONES - DIRECTOR

Email: rgj@mycongruent.com | Tel: +44 (0)20 3143 3150

Roger has held a senior position as a 'Head of Actuarial Function' within a global insurance company and since then has been a consulting actuary for over twenty-five years. He has a wealth of experience in dealing with specialist financial products and is particularly experienced as an expert witness for financial complaints. Roger was appointed by the Financial Conduct Authority ("FCA") to provide expert evidentiary analysis on the risk of certain financial products in disciplinary proceedings against a regulated firm.

He holds an MA in Mathematics from Cambridge University and is a Fellow of the Institute and Faculty of Actuaries. He has also been a university lecturer in actuarial science.

NASAR ZAMIR - DIRECTOR

Email: nz@mycongruent.com | Tel: +44 (0)20 3143 3150

Nasar has held senior positions in institutional sales for a number of global investment banks (including head of Hedge Funds sales). His career in investment banking also includes positions in risk management and trading and spans more than two decades. He has considerable experience dealing with banking products - particularly derivatives and structured products and the banking and risk management processes associated with these products.

Nasar holds a BSc (Hon) in Mathematical Sciences from the University of Bath, an MSc in Actuarial Science from City University (London) and a postgraduate certificate in Corporate Finance from the London Business School. He is a Member of the Chartered Institute for Securities and Investment.

BUSINESS INFORMATION

Congruent group of companies comprises a holding company Congruent Holdings Limited 09465766, and Congruent Management Limited 09465853 that employs staff and purchases services for the group, and the following operating companies:

- Congruent Actuarial Limited registered in England and Wales - No. 08709494 | VAT Registration No. 175 5513 95 | Professional Standards and Code of Conduct: Institute and Faculty of Actuaries | Authorised and Regulated by the Financial Conduct Authority - FRN 831289 | Licensed by the Bar Standards Board to instruct the Bar directly for advice and for representation | Data Protection Register - registration number ZA022408 | Professional Indemnity Insurance: Insured through Pembroke Managing Agency Limited with Lloyd's Syndicate 4000
- Congruent Administrators Limited 11328182 and Congruent Trustees Limited 11328118 : These companies provide scheme administration and professional trustee services to Small Self-Administered Schemes ("SSAS's")
- Congruent Risk Limited 09465877: Congruent Risk owns Congruent's proprietary software
- Congruent Analytics Limited 11328238 and Congruent Financial Limited 09467628 : These companies have been incorporated to reserve the names and for future use
- Each contracting company is solely responsible for execution of its contracts
- Professional Standards and Code of Conduct: Institute and Faculty of Actuaries
- Professional Indemnity Insurance: Insured through Pembroke Managing Agency Limited with Lloyd's Syndicate 4000
- Registered address of all companies: 141-142 Fenchurch Street, London, EC3M 6BL, United Kingdom
- VAT number (Congruent Actuarial Limited): 175 5513 95
- Telephone: +44 (0)20 3143 3150
- Email: team@mycongruent.com or website form
- Primary website address: www.mycongruent.com