

SIPP Vs SSAS Comparison Table

	SIPP	SSAS
Trust basis	The member typically joins a Master Trust with the scheme rules set by the trustee / Administrator for all members.	An individual trust is set up for each scheme and normally standard rules (providers) are adopted. All members should be trustees and act unanimously (to avoid Pensions Act requirements).
The FCA	Only FCA regulated persons with the appropriate permission can set up a SIPP. Requirements include: <ul style="list-style-type: none"> ▪ Illustrations ▪ Key features ▪ Rights to withdraw 	A SSAS is not regulated by the FCA.
Eligibility	Anyone can join a SIPP and can pay up to £3,600 (£2,880 net) after which members must have taxable earnings to receive tax relief on contributions.	A SSAS must have a sponsoring employer when it is established. If necessary there can be multiple sponsoring employers. As with a SIPP each member must have taxable earnings to receive tax relief on contributions.
Control	The SIPP trustee / Administrator has overall control of the scheme, with the Administrator having day-to-day responsibility for its operation. The SIPP member makes the investment decisions. The investments are registered in the name of the SIPP trustee company.	The employer / trustees have overall control of the scheme, with the Administrator having day-to-day responsibility for its operation. The SSAS Member Trustees make the investment decisions. The investments are registered in the name of the SSAS trustees.
Loans	A SIPP can make a loan to an unconnected third party on commercial terms. No loans to connected parties are allowed. Examples of a connected party are: <ul style="list-style-type: none"> ▪ A member or spouse or relative of a scheme member; ▪ A partnership where one of the partners is a member or a relative of a 	A SSAS can make a loan to an unconnected third party on commercial terms. Examples of a connected party are: <ul style="list-style-type: none"> ▪ A member or spouse or relative of a member; ▪ A partnership where one of the partners is a member or a relative of a member; ▪ The SSAS Principal Employer. <p>However a SSAS can make a loan to the sponsoring employer provided:</p>

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	<p>member;</p> <ul style="list-style-type: none"> ▪ A Company controlled by any of the parties detailed above. 	<ul style="list-style-type: none"> ▪ It is secured with a first charge; ▪ The term is no longer than five years; ▪ The maximum loan is not more than 50% of net scheme assets; ▪ The loan is arranged on a capital and interest basis with equal annual instalments; and ▪ The minimum interest rate charged is 1% above the average base lending rate of six leading high street banks.
Pooled investment	<p>SIPPs can be grouped together for joint investment e.g. a property purchase.</p> <p>Each member has an individual SIPP so can hold assets separately as well as having a share in the pooled investment.</p>	<p>A SSAS is a single trust and all investments are jointly owned. All members must agree on all investments and earmarking is not permitted. [However for practical reasons notionally earmarked policies may be included.]</p>
Property	<p>A SIPP can invest in commercial property, which in turn can be let to a third party or to the business of the SIPP member. In either case the property must be let on commercial terms.</p>	<p>The rules for property purchase in a SSAS are the same as for a SIPP.</p>
Borrowing	<p>50% of net assets</p>	<p>As for SIPP</p>
Annuity Purchase	<p>Not compulsory.</p>	<p>Not compulsory.</p>
Scheme Administrator Duties	<p>Undertaken by SIPP provider</p>	<p>Undertaken by employer/directors</p>

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Income Drawdown	Yes, available via capped and flexible drawdown.	Yes, available via capped and flexible drawdown.
Personal Contributions	<p>Tax relief can be obtained although care is required to ensure certain limits are not breached.</p> <p>Paid net of basic rate tax and this is claimed back from HMRC by SIPP Administrator (known as “relief at source”). Higher marginal rate relief secured via personal tax claim.</p>	Normally deducted gross from salary by employer before calculating tax (known as “net pay arrangement”).
In specie contributions	<p>Instead of paying a cash contribution to the scheme, a member or employer may transfer an asset it owns. There is a legal process to be completed involving the creation of a legal debt. Tax relief can also be obtained although care is required to ensure certain limits are not breached.</p>	As for SIPP
Pension Commencement Lump Sum	Typically 25% of the value of the fund.	As for SIPP
Death Benefit Rules	It is possible to provide a lump sum, income drawdown benefits or annuity benefits for the member’s dependants according to the circumstances.	As for SIPP
VAT	Similar to SSAS.	<p>If a scheme purchases a property and has to pay VAT on it then the scheme will register for VAT so that this can be reclaimed. Each scheme does its own VAT returns.</p> <p>However VAT will then need to be charged on rent and this passed on to HMRC although any VAT on property bills (e.g. for maintenance, surveyors etc.) can also be reclaimed.</p>