

# SIPP and SSAS Property Loan

## Offering a finance solution to buy commercial property through your pension scheme

We offer two term loan finance solutions to help you balance the funding of pensions with the needs of your organisation for working capital: the Self-Invested Personal Pension (SIPP) property loan and the Small Self-Administered Scheme (SSAS)

### Key features

- Provides you with a pension-linked, structured finance solution to buy commercial property
- There may be some tax benefits – seek independent financial advice
- A choice of interest rate type: fixed or variable<sup>†</sup> interest rate tracking the Bank of England base rate
- Loan terms from one to five years with a maximum amortisation profile of 15 years. Longer tenor and/or amortisation profile will be considered on an exceptional basis, and you'll be able to choose your interest rate basis. (Additional terms and conditions may apply.)
- You can overpay up to 10% of the loan balance per year before we'll charge you any breakage costs on fixed loans
- A choice of contractual term length. Longer contractual terms could have a higher interest rate
- Maximum loan to value of up to 70%
- Lending must not exceed 50% of net value of your pension fund
- Regular reducing repayment structure covering capital and interest

### Important information

- There are no prepayment fees
- Arrangement fees, valuation fees, security fees and associated borrowing costs may be applicable.
- We'll have a First Legal Charge over the property

## Buying commercial property through your pension scheme

These SIPP and SSAS arrangements allow you to direct how we invest your pension contributions and give a packaged financial solution to help with commercial property purchases. The property will be required as security.

You can apply for a loan of up to 50% of the net value of your pension fund to buy a commercial property.

### Your requirements

It's difficult to predict future interest rates, so there's no way to know if a fixed or variable interest rate will cost you more or less over the life of your mortgage. You'll need to consider a number of factors, including how large a payment you can afford, the length of the borrowing term and level of certainty over costs that you need. You also need to consider any possibility of early repayment, like the sale of a property.

### Flexible choices

You can select the interest rate structure that best suits your needs – a fixed rate or variable rate mortgage. There are a number of choices available to you including:

- How long the fixed interest rate will last, with a range of one to 10 years

\* If this rate becomes less than zero, the variable rate will be deemed to be zero. i.e. the total interest rate will never be less than the facility margin. If you have any questions or concerns about this, please speak to an independent financial advisor.

The table below summarises the differences between your interest rate choices:

	Offers certainty against a rise in interest rates	Lower repayments if interest rates fall	Breakage cost applicable	Prepayment fees
Variable rate	No	Yes	No	No
Fixed rate	Yes	No	Yes	No

### If you repay your loan early

You can pay up to 10% of the outstanding balance (calculated on each anniversary of the first drawdown date) without having to pay any breakage costs.

However, if you choose a fixed-rate loan and you repay it early for any reason, you may have to pay breakage costs as well as other fees.

The breakage cost is a percentage of the payment above 10 % linked to the number of full years left on the fixed rate.

The below table is an example of the percentages for a loan with a 10-year fixed-rate period – it'll be different depending on how long your fixed-rate period is.

Year of the loan you're in when you make your payment (or required repayment)	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
% payable of the amount of the prepayment (or required repayment)	7%	7%	7%	6%	5%	4%	3%	2%	1%	1%

As an example, if you make a £100,000 prepayment three years and 6 months from the start of your loan, you're in your fourth year and you'll need to pay £6,000 breakage costs (6%). This example assumes you've already used the 10% annual overpayment allowance.

The percentage amount you'll have to pay will differ, depending on the fixed-rate period you chose.

## Structured to your specific requirements

To apply for this type of property-backed pension-linked borrowing you will need to either have or set up a SIPP or SSAS. This can be done through a professional SIPP/SSAS provider or your Independent Financial Advisor (IFA).

At Barclays, our specialist Pensions Team will provide further information about the lending parameters and process involved in a SIPP and SSAS property loan and they will work with you to structure a loan that meets your financial requirements. Additionally, they will discuss our savings products which may be of interest to you.

**However, as SIPP and SSAS are pension products you should discuss their suitability with an authorised IFA and obtain advice on the effect these products will have on your pension plan and investment structures.**

### Step-by-step guide

The guidance set out in the adjacent table is designed to support member trustees, IFAs and pension providers in understanding the indicative process and our indicative requirements for providing the simplest, most efficient method of proceeding with a SIPP and SSAS property loan.

## Indicative SIPP and SSAS set up process

1. Request received from the pension provider for a SIPP and SSAS Property Loan.
2. We'll instruct a bank-approved valuer. All costs associated with the valuation will be met by the member/borrower and are non-refundable.
3. Three years' financial accounts requested from IFA for tenant company.
4. We'll assess the loan application using the items listed in points 1-3 and we'll approve or decline it.
5. If approved, we'll issue a facility letter to the pension provider and send the legal paperwork to solicitors.
6. You'll need to agree the terms in the facility letter with all parties, then sign it and send it back to us.
7. Legal paperwork is signed and a report on title (ROT) is produced by the solicitor and sent to Barclays.
8. We'll review the ROT and all paperwork.
9. We'll release the money if all the paperwork is in order.

This is purely for indicative purposes and the actual set up process may vary from case to case.

## SIPP/SSAS Green Property Loan

The SIPP/SSAS Green Property Loan offers you a secured funding solution with discounted interest rates when purchasing or re-financing an eligible green asset. This is an asset that meets our green eligibility criteria, which we may change from time to time. These assets include:

- Greener buildings: Buildings with EPC ratings B or above

The SIPP/SSAS Green Property Loan will be subject to all the terms and conditions of a standard SIPP/SSAS Property Loan and all of the other product features apply as standard.

The additional terms and conditions of the SIPP/SSAS Green Property Loan include:

- You can only use the loan to finance or re-finance your purchase of eligible green assets and any eligible directly associated costs
- Before you draw down the loan, we may ask you for evidence of the eligible green assets you're planning to buy or re-finance
- We might ask for evidence you've used the loan for its agreed purpose. If you haven't, we have the right to reapply the interest rate discount to the interest rate applicable to the facility.

## Next steps

Please get in touch if you'd like to discuss your requirements in more detail.

## Important information

Nothing in this document comprises investment, tax, legal, regulatory, accounting or other financial advice and you should obtain such advice to the extent you think that it is necessary or desirable.

**You can get this in Braille, large print or audio by calling 0800 400 100\* (via Text Relay if appropriate) or by ordering online from [barclays.co.uk/accessibleservices](https://www.barclays.co.uk/accessibleservices)**

\*Calls to 0800 numbers are free from UK land lines and personal mobiles, otherwise call charges may apply. Please check with your service provider. To maintain a quality service we may monitor or record phone calls. Lines are open 7 days a week, 7am to 11pm.

\*\*Calls to 03 numbers will cost the same as a call to an 01 or 02 number and will be included in any inclusive minutes. To maintain a quality service, we may monitor or record phone calls.

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