

# Case study

Approved for investor use | September 2017

## Joint property purchase

### Summary

Three vets want to purchase their business premises, and hadn't considered that they could do so using their pensions.

### The Challenges

Heather has been a vet for 15 years, working in a local practice with her partners Alex and Erica. They currently lease the premises from a third party landlord, who has informed them that he intends to sell when the group reaches the end of its lease. Heather and her partners are concerned that the new owners might have different plans for the site, and they do not want to move. The property is on the market for £425,000.

Heather approaches Catherine, an independent financial adviser, to discuss their options.

### The Actions

Catherine reviews the practice's accounts and finds that it is profitable. However, moving to a different location, potentially with higher rent, could quickly change things.

Catherine recently helped a dentist buy his business premises, and asks Heather if she has considered buying the surgery herself using her pension fund. Heather hadn't considered this as an option.

Catherine finds that Heather has built up pension funds of just over £100,000. She reviews Alex and Erica's pensions and finds they also have similar amounts in their pensions.

Catherine explains that if each of the partners opens a SIPP and transfers their pensions into it, they can use these funds to jointly purchase the practice. Their combined pension funds don't cover the purchase price, but Catherine confirms that

each SIPP can borrow 50% of its net fund value, which would give them enough to purchase the practice.

The group still needs to pay rent, but because it will be paid to the SIPPs, it will help increase their own retirement funds. The rent can also be used to repay the borrowing.

### Results

Catherine advises Paula and her partners to establish SIPPs and transfer their existing pensions into them. She sources the best borrowing arrangement for them, and instructs the SIPP provider to acquire the property on behalf of the three SIPPs.

Catherine chooses a SIPP provider that is happy to work with Catherine's choice of high street lender, and also with the partners' choice of solicitor.

Once the property is acquired, the partners will begin to pay rent to the SIPPs. The SIPP provider will arrange mortgage repayments and arrange for surplus funds to be retained in each of the SIPPs.

### Important points to consider

The value of pension funds may fall as well as rise. Your money is tied up until you take your benefits. Benefits can generally be taken any time after age 55. Always take financial advice to find out if a SIPP is suitable for you.

### Contact details

If you'd like to speak to us about anything on this fact sheet, please contact us on:

**T 0117 910 7910**

We may record and monitor calls. Call charges will vary.

**E [enquiries@curtisbanks.co.uk](mailto:enquiries@curtisbanks.co.uk)**

Please remember not to send any personal, financial or banking information via email as it is not a secure method of communication.