

CASE STUDY

PROPERTY RE-OWNERSHIP

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This case study is from Meet the Joneses – Series 2. This series is set 4 years after Series 1. Information about the family and further case studies can be found on our website, www.curtisbanks.co.uk/meet-the-joneses. All characters in the Jones family are fictional and intended for demonstrative purposes only.

The Challenges

Dan Jones (54) has been focusing on building up his pension funds for the past few years. Having just made a considerable contribution to use up some of his carry forward allowance, his pension is now worth nearly £400,000.

Dan's SIPP currently holds a 20% share of a commercial property, which he owns along with his father Fred (who holds 35%) and his sister Julia (who holds 45%). The property is the business premises of Dan and Fred's company.

When the group used their pensions to buy the property four years ago for £400,000, they always planned to consider changing the ownership split further down the line, once Dan's pension was in a position to support a larger share and as Fred gradually wound down towards retirement.

The Actions

Dan would now like to purchase a larger share of the property. After discussing with his father and sister, they agree that Dan will look to buy a further 20% from each of them, so the new split would be:

Dan = 60%
Fred = 15%
Julia = 25%

Dan contacts Curtis Banks to ask how this process works in practice, concerned that it could be onerous and expensive.

He speaks to Janette, who explains that because of the way Curtis Banks holds commercial properties, the process isn't actually as difficult as it sounds. The property is owned by Suffolk Life Annuities Limited, one of Curtis Banks's businesses, and notionally split between Dan, Julia, and Fred. As such, if they wish to change the ownership split, this doesn't require any legal change to the property's ownership. This means that the process should be more straight forward than if the group owned the property personally.

In order to complete the re-ownership, Janette explains that Curtis Banks will send a form for Dan, Julia, and Fred to complete to confirm the changes they wish to make. As part of the process they will need to have the property valued, to ensure that Dan pays market value for the additional portions he will purchase from Julia and Fred. The form allows the group to provide details of their chosen valuer (subject to due diligence checks), or to opt to use Curtis Banks's panel of surveyors.

The Results

Pleasantly surprised by the ease of the process, Dan, Julia, and Fred complete the form to press ahead with the re-ownership. They opt to use the panel of surveyors, which means that Curtis Banks will appoint an appropriate valuer in their area to complete the valuation.

The property is found to have increased in value, and is now worth £450,000. This means that Dan's pension will need to pay £90,000 to both Julia and Fred's pensions to purchase an additional 20% from each of them. His 60% share of the property will be worth £270,000, which still allows him to keep his pension well diversified as he continues to build his funds.

Julia is happy to hold a smaller portion of the property, and sends the proceeds from her share across to the investment manager that already looks after the other funds in her pension for investment.

Fred realises that after the re-ownership, he will need to reconsider his expression of wishes. It currently requests his share of the property to go to his grandson Alfie, who will eventually run the business with Dan when Fred retires. He has asked for the remaining pension to be split between his granddaughters, Flo and Paula. With the re-ownership, this would leave Alfie with a considerably smaller inheritance than his sister and cousin. Fred will update his expression of wishes to leave Alfie the property and £75,000, which is approximately the same value that he would have been nominated for previously.

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, although this is due to increase to 57 in 2028.

Contact Details

If you'd like to speak to us about anything in this case study, please contact us on:

T 01473 296 950

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

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