

FACT SHEET

PROPERTY VALUATIONS FOR RELEVANT BENEFIT CRYSTALLISATION EVENTS

APPROVED FOR CLIENT USE | JULY 2024



Where a property needs to be valued as part of the Drawdown process, and the activities that surround this in order to accurately value and reconcile the pension.

Property Valuations

Property Valuations for relevant BCEs events

If you wish to commence Drawdown and take your Pension Commencement Lump Sum (PCLS), normally up to 25% of your pension fund value, we will need to formally value your pension fund, which will include obtaining the current market value of the property held.

Which surveyor

We are happy to instruct a surveyor of your choosing - the property valuation should be in accordance with RICS Valuation - Professional Standard (the 'Red Book'). If you do not have a chosen valuer, we can approach our Panel of Property Professionals and ask that they appoint someone suitable.

How long will the valuation last

We will rely on the market valuation as being current for a period of 6 calendar months, from the date the valuer confirms the valuation is valid from. This assumes there have been no material changes to the property, i.e. tenant has left. Should this occur, we would expect to have the property re-valued at a cost to the SIPP, should the need arise.

Property reconciliation - what this entails

Obtaining a market value of the property is just one element, where there are external factors, such as but not exhaustive, a loan account, an external service account, an External Property Manager, an External Nominee and/or a Joint Owner.

We will require up to date statements and for our accounting colleagues to reconcile the property elements before we can confirm your SIPP property value. Please be aware that whilst we will ask and chase for this information, anything you can do to expedite this would be appreciated. We are unable to place any timescale on obtaining this information, as we are reliant on third parties. Once we have the information, we will do our very best to reconcile the information as swiftly as possible.

Costs

We will be unable to proceed with instructing a professional to value your SIPP's property if there are insufficient funds in your SIPP to cover the cost. You will need to make funds available via contribution/transfer in. If there is any SIPP debt, this will have to be cleared ahead of instructing a new cost to the SIPP.

Properties owned by more than one SIPP.

When updating a property valuation, this is carried out at property level and therefore all plans associated with that property will reflect the amended value. In the case of joint ownership, whilst the fee for obtaining the property valuation will be borne solely by the investor(s) that instructed it, the revised property valuation will be seen across all SIPPs. We assume that there is regular communication between co-investors, and if valuations of your pension are required at similar times, then you will follow a joined-up approach so the same property valuation can be used. This would result in sharing incurred valuation costs.

Curtis Banks Group plc (registered number 07934492) and Curtis Banks Limited (registered number 06758825) are companies registered in England & Wales with their registered addresses at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. Tel: 0370 414 7000 Fax: 0117 929 2514. Curtis Banks Limited is authorised and regulated by the Financial Conduct Authority (number 492502). Curtis Banks Pensions is a trading name of Suffolk Life Pensions Limited, Suffolk Life Pensions Limited is a company registered in England & Wales (registered number 1180742) and is authorised and regulated by the Financial Conduct Authority (number 116298). Suffolk Life Annuities Limited is a company registered in England & Wales (registered number 1011674) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (number 110468). The registered address of both companies is 153 Princes Street, Ipswich, Suffolk IP1 1QJ. Tel: 0370 414 7000 Fax: 0370 414 8000. Call charges will vary. We may record and monitor calls. SL499.202407 July 2024

CONTINUED

Please note, any charges in connection with the valuation will be met by the client(s) requesting it, unless you all agree otherwise and confirm in writing.

Difference in Valuations

Market Valuation

Valuation of the property in its current state - with the benefit of any current tenancy/occupier. The market value of the property is an estimate of the price that would be achieved for a sale of the property on the open market on standard commercial terms.

Reinstatement Valuation

Purely for insurance purposes. The Reinstatement value is based upon how much it would cost to rebuild the property in the same materials and design in the event of total devastation. The rebuild cost can be completely different from its market value, and typically higher. The rebuild cost has no effect on the market value and the amount the property may sell for.

Rent Review Valuation

A valuation of how much annual rent should be charged for a year. When requesting a rental valuation, you wouldn't expect to receive a market valuation, unless specifically requested.

Order of Events

- Benefits team receive a request to commence drawdown. The Benefits team will request detail of the chosen valuer, contact details etc and they will pass this information onto the Property Valuations Team. Property Valuations will not instruct a valuer for the purpose of drawdown without this coming via our Benefits team.
- The reason being that valuations are only valid for 6 months and should there be a reason for delay in the overriding process, i.e. drawdown, we don't want the investor to incur unnecessary charges to their SIPP, e.g. having to re-obtain the property valuation at a later date, for the same purpose.

- There are occasions depending on pension fund size and tax-free lump sum request amount, where we will not require the property to be valued in order to proceed. Should you therefore request an ad-hoc property valuation in advance of contacting the Benefits team and establishing valuation requirements, unnecessary costs may be incurred. We therefore strongly suggest, should you wish to ultimately take any action in respect of taking benefits, that you make contact with our SIPP Support team and/or our Benefits team, ahead of requesting the property in your SIPP to be valued. Should a professional be instructed and costs incurred, your SIPP will be responsible.
- Property Valuation team will formally instruct your chosen valuer - seeking a fee quote initially and gaining approval from the investor/adviser. The valuer will require access to the property, where possible the investor is to co-operate with this in order to eliminate any potential delay.
- All property assets to be reconciled - instruction will be sent to various teams applicable to the case to commence the reconciliation process.
- Only when we have fully reconciled all property assets up to date, will the information be passed back to our Benefits teams so they can proceed completing the full pension valuation and paying the requested PCLS.

Ad-hoc Valuations

There are no on-going requirements from a property perspective to have the property within your SIPP valued. However, should you wish to obtain a current market value, we would be happy to instruct your chosen surveyor, or we do have a panel (see Panel of Property Professionals). There will be a cost associated to your SIPP, and if the property in your SIPP is owned by multiple investors, the lead investor would need to confirm agreement to the cost, prior to instruction.

CONTINUED

Limit Review

If you entered drawdown before April 2015, you would have entered Capped Drawdown as opposed to Flexi-Access Drawdown. As Capped Drawdown limited the income available due to pension fund size and age, it is necessary to formally revalue the pension fund, currently every 3 years until age 75 is attained, and re-set the income limits. The Benefits team will contact you if/when this becomes applicable. They will request chosen surveyor details from you. Should you not respond, or we are unable to instruct the professional due to a lack of funds in your pension to pay for the valuation, you run the risk of your income being set to zero.

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.

This information is based on our understanding of current legislation, including (but not limited to) FCA, PRA and HMRC regulation. It does not constitute any form of advice.

Contact Details

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

T 01473 296 802

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

E propertyvaluations@curtisbanks.co.uk