

There remains substantial differences between SSAS and SIPP. This schedule incorporates all legislation up to Spring 2009 and has been sourced directly from the most recent pension regulations.

A summary of the key differences is given below

<b>KEY (DIFFERENCES ARE HIGHLIGHTED BELOW IN GREEN)</b>	<b>SSAS</b>	<b>SIPP</b>
<b>Membership</b>	No restriction on membership	No restriction on membership
<b>Control</b>	The employer usually acts scheme provider. A business such as a limited company or partnership may be the scheme provider.	The SIPP provider is traditionally a financial house, such as a bank, building society, insurance company. However, this was extended by the FSA.
<b>Regulation</b>	SSAS regulated by the Pensions Regulator	SIPP regulated by the FSA
<b>Ownership of Investments</b>	The investments are registered in the name of the trustees , who will be also the scheme members  Requirement for a pensioner trustee removed from 6/4/06.	The investments are registered in the name of the SIPP trustee company. The member may hold sub-trustee status.
<b>Investment Choice</b>	The investment choice is dictated by the investment decisions made by the member trustees.	The investment choice is dictated by the rules applying to the SIPP. For example, some SIPPS permit investment in overseas land whereas others do not.
<b>Loans</b>	Yes, up to 50% of the assets of the scheme to an employer. 1st charge security required. No limit for unconnected parties	No. As connected party restrictions apply to SIPP, loans to a connected business will be taxable.
<b>Borrowing</b>	50% of the net value of the fund	As with SSAS

<b>Annuity purchase</b>	Not compulsory	Not compulsory
<b>Pension drawdown</b>	Yes, available via unsecured pension and alternative secured pension. Can provide scheme pension	Yes, available via unsecured pension and alternative secured pension. Does not provide scheme pension
<b>Contributions</b>	Can have full tax relief at source on personal contributions.	Basic rate tax relief at source only. Higher marginal rate secured via annual returns.
<b>Allocation of investments</b>	Investments do not need to be allocated amongst the members, as a common trust principle applies	Operates on a master trust principle, non-earmarking does not arise.
<b>Allocation of contributions</b>	Contributions do not need to be earmarked at outset.	Contributions are earmarked at outset.
<b>Pension Commencement lump sum</b>	Where protection does not apply, typically 25% of the value of the fund	As per SSAS
<b>Death benefits rules</b>	As per SIPP, however can provide scheme pension	As per SSAS, does not provide scheme pension as a general rule, although specialist schemes are now being introduced by some SIPP providers.
<b>Administration</b>	<p>Is required to provide returns to HMRC</p> <p>Required to provide an annual return to the Pensions Regulator .</p> <p>Not required to provide an SMPI statement where all members are trustees.</p> <p>Required to provide unaudited accounts.</p>	<p>Is required to provide returns to HMRC</p> <p>Is not required to provide an annual return to the Pension Regulator nor the Pension Scheme Registry.</p> <p>Must provide an annual SMPI statement.</p> <p>Unaudited accounts not required.</p>

## Trust Structure

### Common Trust

### Mastertrust

## Winding Up

Non allocated Funds can be returned back to the business should trustees and the employer terminate the scheme. Tax charge of 35% applies to the refund back to the employer.

No refund of contributions arises.

## Bankruptcy

The SSAS asset under the Welfare Reform and Pensions Act 1999 does not form part of a bankrupt's estate and therefore cannot be claimed by the Trustee in bankruptcy.

The SIPP asset under the Welfare Reform and Pensions Act 1999 does not form part of a bankrupt's estate and therefore cannot be claimed by the Trustee in bankruptcy.

However, income can be charged against. Non allocated funding rules can provide member trustees a high degree of flexibility with regard to income orders.

Income at vesting date can be charged against, non allocated funding rules cannot be applied.

### **Important Note:**

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