Retirement Capital

A SSAS and a SIPP are different pension products.

A SIPP administrator is registered with HMRC and is also regulated by the FCA. Whereas, a SSAS administrator is registered with HMRC and is generally not regulated by the FCA. One of the main reasons for this difference is because SIPP administrators act as account custodians, whereas under a SSAS, the custodian of money is the customer who has the SSAS.

Another key difference is that a SSAS is available to company directors only, whereas anyone can have a SIPP. SSAS tends to be more popular when it comes to tax planning for company directors, or buying property. SIPPs are very popular for online share trading and fund platform investing. Below is a useful comparison guide on what to look out for.

Key	SSAS	SIPP
Membership	Company directors and partners. Can include family.	No restriction on membership
Control	The business usually acts scheme provider. A business such as a limited company may be the scheme provider.	The SIPP provider is a company or firm registered with the FCA to operate a SIPP
Regulation	SSAS subject to oversight by the Pensions Regulator.	SIPP regulated by the FCA.
Ownership of Investments	The investments are registered in the name of the trustees, who will also be the scheme members.	The investments are registered in the name of the SIPP trustee company. The member may hold sub-trustee status.
Investment Choice	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.
Loans	Yes, up to 50% of the assets of the scheme to the employer. 1st charge security required.	No loans to an employer permitted.
Unquoted Shares	Yes, but within certain limits	Given changes in market conditions, few SIPP providers now offer this option
Borrowing	50% of the net value of the fund.	As with SSAS.
Annuity Purchase	Not compulsory.	Not compulsory.
Pension Drawdown	Yes, available via flexi access drawdown. Can provide scheme pension	Yes, via flexi access drawdown. Does not provide scheme pension
Contributions	Employer contributions can be paid gross. The SSAS can be registered for relief at source, personal contributions can claim basic rate tax relief, higher marginal rate secured via annual returns.	Basic rate tax relief at source only. Higher marginal rate secured via annual returns.
Allocation of Investments	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.
Allocation of Contributions	Contributions do not need to be earmarked at outset from the Employer.	Contributions are earmarked at outset from the Employer.
Pension Commencement Lump Sum	Where protection does not apply, typically 25% of the value of the fund.	As per SSAS.

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Key	SSAS	SIPP
Death Benefit Rules	Possible to provide a lump sum, pension benefits or annuity benefits for your dependants.	As per SSAS.
Administration	Is required to provide returns to HMRC. Required to provide an annual return to the Pensions Regulator. Not required to provide an SMPI statement where all members are trustees. Required to provide unaudited accounts for two members plus.	Is required to provide returns to HMRC. Is not required to provide an annual return to the Pension Regulator nor the Pension Scheme Registry. Must provide an annual SMPI statement. Unaudited accounts not required.
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. However, income can be charged against. Non allocated funding rules can provide member trustees a high degree of flexibility with regard to income orders.	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. Income at vesting date can be charged against. Non allocated funding rules cannot be applied.

We will update this comparison guide in line with statutory changes.

This guide represents the opinion of the firm and does not constitute financial advice and cannot be relied on to make a financial decision.