WHAT IS A SSAS

Before we talk about the benefits to you and your business of a HMRC approved SSAS loan - lets discuss what a SSAS (Small Self-Administered Scheme) actually is!

A SSAS is a special type of pension scheme set up by a business, usually for the company directors or key employees.

But here’s the important bit:

It’s not just a regular pension — it gives you more control and flexibility over how your pension money is used and invested.

In simple terms:

Think of a SSAS like a personalised pension pot for your business.
It still helps you save for retirement, but it can also do more:

- ✅ Lend money to your own business
- ✅ Invest in commercial property
- ✅ Buy shares in your company
- ✅ Pool pensions with other directors or family members
- ✅ Grow your funds in a tax-efficient way

Why do people use SSAS?

Because it lets you use your pension to help your business, while still planning for retirement. For example, if your business needs cash, your SSAS can legally lend money to your company — all within HMRC rules.

Key Features:

- Run by trustees (often you and your fellow directors)
- HMRC-approved
- Offers more investment options than standard pensions
- Can lend up to 50% of the value back to your business
- Tax benefits still apply

Is it right for me?

If you're a business owner with an existing pension (or several small ones), a SSAS could give you the freedom to take control of your finances and use your pension more proactively.

✅ ***What Is a SSAS Loan?***

A SSAS loan lets a business owner borrow money from their own pension — but only if they have set up a SSAS pension scheme.

So, if you’ve moved your pension into a SSAS, you can use up to 50% of the total value to lend money to your own business (like a business loan), as long as certain rules are followed.

🔑 ***How Does It Work?***

1. Set up a SSAS – You transfer existing pensions into a Small Self-Administered Scheme.
2. Check the value – Let's say your SSAS is worth £200,000 — you can borrow up to 50%, which is £100,000.
3. Your company borrows the money – The SSAS lends the money to your limited company, not to you personally.
4. Use the funds – Your business can use the money for things like cash flow, debt repayment, stock purchase, or growth.
5. Repay the loan – Your business pays the SSAS back with interest, over a maximum of 5 years.

⚖️ ***What Are the Legal Rules? (According to HMRC)***

To keep the SSAS loan legal and tax-compliant, HMRC has strict rules:

1. *Loan limit*

- You can borrow up to 50% of the SSAS value (including any property or investments held in the scheme).

2. *Maximum loan term*

- The loan must be repaid within 5 years.

3. *Interest*

- The business must pay a minimum interest rate, usually around 1% above the Bank of England base rate (this makes sure the pension scheme earns something).

4. *Security*

- The loan must be secured against an asset — like property or equipment — to protect the pension scheme if your business can't repay.

5. *Capital & Interest*

- Repayments must be made in equal yearly instalments — covering both capital and interest.

🚨 *What Happens If the Rules Aren't Followed?*

If the loan breaks HMRC rules (e.g. too much borrowed, repaid late, or no security), heavy tax penalties can apply — to the business and to the pension scheme.

That's why it's important to have expert support when setting up and managing a SSAS loan.

🧠 ***Summary***

- You can use your pension (via a SSAS) to lend money to your business.
- You must follow HMRC's rules, or there are tax penalties.
- It's a smart, legal way to unlock cash for your company — if done right.