

### Case Study Single Property Purchase

Andrew is considering a purchase of a commercial property he has seen with a good rental yield available for £300,000 including costs.

After discussing his options available to him with his Financial Adviser he wishes to purchase the property via a Self Invested Personal Pension (SIPP).

Andrew has an existing personal pension with a transfer value of £100,000 and based on his current earnings could make an additional net pension contribution of £80,000 and benefit from an additional £20,000 tax relief.

This gives Andrew a total of £200,000 and therefore is £100,000 short of the purchase price.

Andrew's SIPP, under current pension scheme legislation can borrow up to 50% of the value of his scheme. Therefore £100,000 can be allocated to the scheme in borrowing giving the following outcome:

Existing Pension Provision	-	£100,000
Contribution	-	£100,000
Borrowing	-	<u>£100,000</u>
		<u>£300,000</u>