Meeting Minutes

Subject: The Singleton Engineering Pension Scheme

Location: Crewkerne, Somerset

Attendees: Peter Singleton (PS) Martin Singleton (MS) David Singleton (DS) Duncan Charles Singleton (DCS) Graham Williams (GW) Roger Bloomer (RB) Gavin McCloskey (GM), Mark Miserotti (MM)

Date: 17 November 2010

Time: 12:00

Details of the meeting

The meeting opened by PS who invited GM to summarise the items arising from the previous meeting and provide an agenda for the current meeting.

GM outlined in accordance with the agenda the following items:

Accounts were provisionally agreed subject to DS and DCS's concerns that the valuation of the property stated in the accounts were not reflective of commercial property prices as at the scheme year.

GM explained the pension changes soon coming into effect. These included a lifetime allowance cap of £1.5m as of April 2012, a £50k contribution limit which applies to everyone (however, full tax relief will be given regardless of one's marginal rate of tax) and benefits paid out until 77. GW provided further guidance on how this may affect members long term, specifically MS.

GM advised that the option to update the rules of the pension scheme was necessary. This was to ensure that the trustees can continue to operate the pension scheme with the same degree of control over investments, benefits and management whilst being protected as a tax registered pension scheme. GW suggested which was agreed by the trustees that the rule issue should be considered to coincide with the potential split of the scheme into active and pensioner members.

GW advised that MS's pension should be reviewed to take advantage of the current GAD rates. Subsequently it was agreed that for the 2011 accounts an updated valuation of the properties would be necessary; this would give greater accuracy on the 2011 benefit statement and with concern to MS's pension drawdown. It was also agreed that updated percentage fund splits for each trustee would be calculated to take into consideration the change in value of the properties and the reduction in deposits due to MS drawing an income from the fund. The retirement benefits for MS are currently reliant on rental income and cash deposits.

GW explained the strategy behind setting up the SSAS, which was the buy the commercial premises with a view to potential development, with the pension scheme benefitting from a CGT exemption. However, it was decided that development was unlikely given the timescale. MS was kept in the SSAS to benefit from the potential uplift of the property value. GW also covered the possible conflict that could arise in the future when PS retires between the two then retired trustees (MS & PS) and the two trustees who are planning for retirement (DS & DCS).

It was agreed that the trustees would like to retain the property in the company and that a SSAS is the best product to help achieve the aims of the trustees as opposed to a SIPP- where the provider owns the property and there are further property management and land registry changes. GW emphasised the benefits of the trustees of a SSAS controlling the properties, with reference to lease terms and tenancy agreements, as opposed to a SIPP where the control is normally with the provider.

GM explored an alternative idea which would be to use two separate arrangements, to split the properties in order to satisfy the needs of the trustees. The 1925 Trustee Act deals with the payment of benefits if one dies. A closed scheme option was put forth as a solution which would still run under the sponsoring employer, however an additional set of accounts would be required for the separate scheme- the trustees would essentially be 'sleeping' trustees. This scheme would be set up under a declaration of trust and no SDLT 60 would be required for the transfer of title. The trustees (PS & MS) would be tenants in common.

GW emphasised the benefits of controlling the properties, with reference to lease terms and tenancy agreements. Any changes with regards to the property arrangement should be notified at the land registry, and as long as the bank's interest is maintained there should not be a problem in setting up a closed scheme should the trustees choose to do so (it was agreed that a trust should be created before PS retires)

The meeting concluded with a discussion on the drawing of benefits if for instance the properties were sold and cash was transferred out of the SSASS into a SIPP, which summarised the use of corporate bonds, flexible annuities and medical underwriting by GW.