*PENSIONPRACTITIONER.COM*

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**Private & Confidential**
Mr L Trevellyan
Trevelleyan Developments Limited
Estate Management Office
Greenhills Estate
Tilford Road
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FARNHAM
GU10 2DZ

27 Mar 2008

Dear Mr Trevellyan

**Trevellyan Pension Scheme**

Further to our recent meeting, I set out below a summary of the items which we discussed, together with my initial advice regarding the payment of pension contributions to the scheme.

**Trust Deed & Rules**
HMRC require that as a minimum requirement for your scheme to continue with tax privileges, the rules are updated to reflect the changes that took place following the Finance Act 2004, otherwise known as pension simplification.

We will have drafted an amending deed to bring your rules up to date and also remove Watsons Pensioneer Trustee under Deed. You advised that you wish to admit Matthew and Lewis to the scheme and we will have drafted new membership documentation and deeds of appointment of trustees by our pension lawyers.

**Contributions**
Your eventual benefits from the scheme could result in a personal fund in excess of the lifetime allowance (presently £1.6 million). Funds accrued in excess of the lifetime allowance are subject to a tax charge on the excess of 55%. The tax charge arises at the date the benefits are paid out, this is known as a benefit crystallisation event.

You can register for protection against this; there are two forms of protection known as primary and enhanced protection. It should also be noted that for those individuals subject to enhanced protection, there are inheritance tax benefits in doing so as the death and retirement benefits payable are unlimited.  Protection against the lifetime allowance charge therefore means that there is no limit on the amount of pension fund that may be accrued by you and a quarter of those funds may be paid to you tax free up to age 75. The balance is paid as income from the scheme, which is taxed as pay.

To protect against the lifetime allowance charge, you must not make any contributions to any pension scheme after $6^{th}$ April 2006. We discussed at some length the contribution paid for 06/07 and having consulted HMRC practice I confirm that whilst ordinarily you cannot apply for enhanced protection (as you made a contribution after $6^{th}$ April), if it can be demonstrated that the payment was made in error, then this would not prejudice your enhanced protection status. Should you choose to declare that the contributions was paid in error, it will be necessary for you to refund the tax relief received back to HMRC and take a personal refund of the balance of pension contributions paid. We would then be able to register you for Enhanced & Primary Protection (EPP).

Given your family wealth, it may be appropriate to sell or contribute assets to the SSAS, which could also generate tax relief. This may be a useful way to build up retirement funds for your family and keep assets in a relatively tax exempt environment.

**Investments**

It is possible to sell assets to your SSAS that you or any other person owns provided that this is undertaken on arms length terms. If you have assets that could give rise to a substantial tax liability on disposal at a future date, one may contribute (without prejudicing EPP via a third party payment) or sell them to the SSAS, and have those investments in a non allocated part of the scheme.

Assets for pension schemes are split into taxable and non taxable investments. Taxable investments include residential property plus things you can touch and move, such as cars and fine wine. Non taxable assets can include patents, copyright, equities, stocks and non residential qualifying property. A comprehensive list can be found on our website www.pensionpractitioner.com under downloads – investment selection.

**Our services**

Pension Practitioner .Com was established in 2006 to maximise the opportunities that arose from the simplification of how pension schemes now operate. We do not give investment advice or promote investment products of any nature. We are a small team of pension specialists and are regarded by companies such as White Hart and Ashings Taxation specialists as pension experts on advanced pension and scheme tax planning through various classes of small schemes.

We offer an administration service to clients via a SSAS product to ensure that all tax reliefs are received on contributions, the scheme is tax exempt and that it is properly administered. We complete all returns to HMRC, the Regulator and DWP during the scheme year. For this service we charge an annual administration fee. We offer at the end of the scheme anniversary the option to renew our administration services.

At the end of each scheme year, we also provide you with a report of the work that we have undertaken over the previous scheme year and we provide member benefit statements detailing each member's entitlement (or notionally entitlement) to benefits from the scheme. We encourage a trustees meeting to ensure that you are getting the most out of your SSAS.

As an additional service we provide Special Projects, which is term that we use for advanced pension planning guidance. This will tend to involve tax mitigation on substantial pension contributions, guidance to a client on moving substantial assets from a taxable to a tax exempt environment and ensuring that complex transactions are structured within HMRC requirements. This service can be requested at any time and is also on fixed fee terms, which we advise and agree with you in advance.

**Going forward**

Firstly, to bring the affairs of your scheme up to date, I will need scheme accounts for years ending 2006 and 2007. I will also need our terms of business signed as confirmation that you wish us to provide administration services to the scheme, together with our appointment of Practitioner to the Trustees. That paperwork is enclosed with this letter. Neither the Pensions Regulator nor HMRC will correspond with us in the absence of the appointment notice.

On receipt of the accounts we will file the returns to both bodies. On receipt of our appointment, I will send to you the deeds and documentation to bring the scheme up to date and admit your sons as trustees and members. I quoted previously that the cost for the annual administration of a four person scheme amounts to £1400 plus VAT. In addition, £400 plus VAT as a takeover fee. I was not aware that there are two active members of the scheme. You will therefore need to allow for £250 plus VAT being the cost of the legal deed for the admittance of your sons as Trustees.

Kind regards

Yours sincerely

Gavin McCloskey
**For Pension Practitioner .Com**