



NEWCOURT

YOUR SELF INVESTED PENSION PROVIDER

PROPERTY PURCHASE THROUGH YOUR PENSION

This document is a brief outline of how you can purchase property through your pension. It outlines some of the Revenue rules that must be adhered to and Newcourt's approach to make this process as simple as possible.

Newcourt have been in business since 1989 and have the experience, knowledge and systems to ensure that together with your financial advisor your pension works for you.

SETTING UP A SELF INVESTED PENSION

- You must go through the normal application process to set up your pension structure. All Newcourt pension structures are designated in your own individual name (i.e.) The John Ryan Pension Fund.
- You will be required to open up a pension scheme bank account, which will be your working bank account. This account is where all rent must be lodged and all expenses relating to the property and the pension will be paid.
- We will also require your last P60, photographic ID and a utility bill dated in the last three months.
- In addition Revenue require you to provide details of all of your existing pension funds.

REVENUE RULES FOR PROPERTY PURCHASE

Where property investments are concerned:

- The vendor must be at arm's length from the scheme and the employer, including its directors and associated companies.
- The purpose of the acquisition is not for disposal or letting to the employer, including its directors and associated companies.
- The disposal of the property is on an arm's length basis.
- The purchase of holiday homes for personal use is not permitted.
- Purchase of overseas property is only permitted where there are appropriate arrangements in place to enable the Pensioner Trustee to maintain control of the asset, to ensure that Revenue rules are complied with.
- A transaction which involves the acquisition and development of property with a view to its disposal will not constitute an investment to which the exemption in Section 772(2), Taxes Consolidation Act, 1997, will apply.
- Any proposal that involves the diversion of the sponsoring employer's taxable activity into the scheme is not acceptable.
- All rental payments must be paid into the bank account of the scheme immediately on receipt.

The Property Purchase:

- Set up your Pension structure.
- Identify the property you wish to purchase.
- Notify Newcourt of your intention to purchase and provide us with the marketing details of the property.
- Newcourt will arrange for the payment of a booking deposit to hold the property from the pension fund.
- Newcourt will request three quotes from our panel of independent solicitors to handle the property purchase. All of these solicitors are experienced in property purchases by Pension Trust arrangements and are competitively priced.
- Once contracts are issued pay across the full deposit.
- Once legal work is completed transfer the remaining funds to complete the transaction.
- Prior to taking out a building insurance policy the insurance company should be notified in writing of the role of the Pension Trust in the ownership of the policy.
- The client must sign off on all transactions relating to any property investment along with Newcourt.

The solicitor will notify all parties once the purchase is complete.

THE PROPERTY & YOUR PENSION:

Rent

The rental income from the property must be paid into the pension bank account.

Management

The on-going management of property can be by an appointed Letting or Property Management firm or by an individual appointed by the beneficial owner.

The following items are required for all property lettings:

- Copy of the lease agreement for the property/land or the appointment of a letting agent.
- Documentation confirming all residential property tenants are registered with the Private Residential Tenancies Board (PRTB).
- In relation to property/land that is not currently let, the Revenue requires a letter from the letting agent appointed to let the property/land confirming that the property/land is vacant and being marketed by them for letting.
- Newcourt will organise payment of the LPT each year and all pension holders must ensure that there are sufficient funds available for the payment of this tax.

Why purchase property through your pension?

The property is purchased from gross funds (having availed of tax relief) giving you increased purchasing power.

- The pension is a tax exempt structure with all rents accumulating tax free in the pension.
- Any capital gain is tax free within the pension fund.
- All expenses relating to the property are paid from the pension fund.
- Rent can be used as part of your retirement income.
- Bank borrowing is allowed.
- Joint purchases can be facilitated once the proper co-ownership agreement is in place.

FOR ADDITIONAL INFORMATION ON OUR SERVICES PLEASE CONTACT US AT:

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