Small Self Administered Pension Scheme Investment Restrictions

Wealth Options Trustees Limited

As the sole member and beneficiary directing the investment of your Small Self Administered Pension Scheme, you should be aware of certain investment restrictions which apply to your scheme.

These restrictions arise from:

• The Revenue Commissioners, as a condition of approval of your scheme. Contravening these restrictions could trigger a loss of Revenue approval of your scheme; these investments are therefore prohibited for your scheme.

• Tax legislation (s779A Taxes Consolidation Act 1997) which make certain investment transactions by your scheme not tax efficient for you, by causing a withdrawal from the scheme of the assets and funds involved, together with an associated PAYE taxcharge for you. As such a transaction would not be in your best interests, these investment transactions should also be considered to be prohibited for your scheme.

Prohibited investments

The following investments and transactions are therefore **prohibited** for your scheme:

- **Buying assets from or selling assets to yourself, or anyone connected with[1] you.**
- **Buying assets from your employer or associated companies;**
- **A loan from your scheme to yourself or to anyone connected with you, including to your employer;**
- **Shares, loans, debentures, etc. in your employer's business;**
- **Tangible moveable assets,** such as works of art, wine, gold, jewellery, cars, yachts, racehorse, technology devices, etc.
- **Residential or holiday properties, to be used by you or by anyone connected with you for this purpose;**
- **Commencement of the personal use by you, or by anyone connected with you, of a residential or holiday property previously held by the scheme as an arm's length investment;**
- **Commencement of the use for business purposes by you, or by anyone connected with you including your employer and associated companies, of a property previously held by the scheme as an arm's length investment;**
- **Shares, loan notes, debentures, etc. in a company which is a 'close company'[2] ,** at a time when you, or anyone connected with you, is already an investor in that company;
- **Shares in a private company whose value would exceed 5% of the scheme's assets or 10% of the private company's share capital;**
- **The acquisition of a property** where **any one** of the following would apply:
    - The vendor is not at arm's length to you or your employer and associated companies;
    - The property is to be held for only a short period and then sold on;
    - The property was owned by you or a connected party previously;
    - The property is to be used in a business you are involved in, or anyone connected with you is involved in, or in your employer's business;
    - The property is to be developed and then sold on, within a short period;
    - An overseas property;
    - The property is to be acquired with a loan on an interest only basis, or where the loan repayment term would be greater than 15 years or your Normal Retirement Age;
    - The purchase of the property would leave insufficient liquidity in your scheme to provide benefits on early retirement and death;[3]
- Development is not permitted on land purchased by a Small Self Administered Pension Scheme. Land can be leased only and all income must be lodged to the pension scheme.
- **An investment** (including joint investment with others) **in an investment fund where someone connected with you is an investor and there is an arrangement by which the value of that other person's holding in the fund can increase at the expense of the value of your scheme's holding in the fund.**

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[1] *The term 'connected with' is very wide; see overleaf for a more detailed explanation*

[2] *The term 'close company' is explained in more detail overleaf*

[3] *Overseas properties are allowed in certain circumstances, subject to a number of restrictions*

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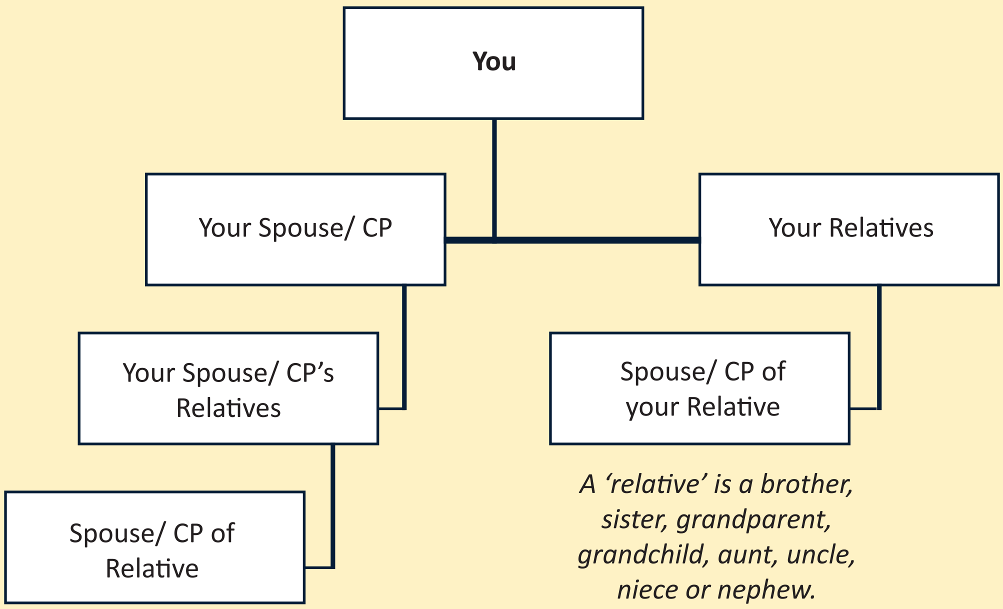
'Connected with'

Certain investments and transactions involving persons 'connected with' you are, as outlined above, prohibited. For this purpose, the following are deemed to be 'connected with' you

- Your spouse or civil partner;
- Your relatives, i.e. your brother, sister, parents, grandparents, children, grandchildren, aunt, uncle, niece or nephew;
- The spouse or civil partner of a relative of yours, as above. E.g. your grandchild's spouse is connected with you.
- A relative of your spouse or civil partner, i.e. your spouse's brother, sister, parents, grandparents, children, grandchildren, aunt, uncle, niece or nephew; e.g. your father in law is connected with you.
- The spouse or civil partner of a relative of your spouse or civil partner, as above. E.g. your sister in law is connected with you.
- A company where you (possibly in conjunction with others connected with you) have control over that company; and
- A business partner of yours, including their spouse or civil partner and relatives.

Individuals who are connected with you



Close company

Investments by your scheme in a close company (or in a company which would be a close company if resident in the State) are prohibited if you or anyone connected with you are already an investor, e.g. shares or loans, in that company.

For this purpose a 'close company' is defined in s10 Taxes Consolidation Act 1997 and includes a company:

- under the control of five or fewer investors in the company; or
- under the control of its directors who are all investors in the company.

Most Irish resident companies are 'close' companies. A company owned by a small number of individuals or a family company will likely be a close company. However most companies listed on the stock exchange will likely not be close companies.

Important

We believe this list of prohibited investments to be correct as at April 2017.

However Revenue Practice and tax legislation can change over time and hence the list of prohibited investments can change from time to time.