



Clive and Darren along with their respective spouses run a medium sized commercial refrigeration services business. With household names, both large chains and Michelin star Restaurants as clients, the business has a constant high flow of critical installation and servicing appointments for its mobile Engineers.

The Directors considered leasing the Engineers' vans with quite attractive terms from Renault and Ford. However, given the scales and value of the business it was possible to secure a loanback from the Directors pension scheme.

The alternative finance costs from the vehicle manufacturers amounted to nearly 10%pa on a 3 year usable lifetime and so the Directors agreed to set the 'loanback' interest at this commercial rate.

By extending the 'loanback' lifetime beyond the vehicle lease lifespan and combine this with lumpsum repayments when older vehicles were sold, the Directors have a longer-term high yield pension investment with a lower cashflow drain on the business. Furthermore, they have the satisfaction of knowing that they pay themselves for the Vans rather than an outside party.

The Pension Scheme has also recently bought a modern office building from which the business operates, securing the operational base of the company and again providing the pension members with another great means of extracting profit from the business without tax to pay.