

# 5 Easy Ways IT Business Owners Can Use Their Pension to Support & Grow Their Business

By:  
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Your **pension** isn't  
just for **retirement**,  
it could be your  
business's **secret**  
**weapon**

Most IT business owners think of their pension as a fund for retirement income (that is if they think about their pension at all).

But what if you could use yours to save tax, as well as support your business cash flow and growth?

This guide reveals five smart, legitimate strategies to put your pension to work today.

You will discover how to make your pension a powerful business tool.

If you're a tech entrepreneur looking for more control, more opportunity, and less tax, you're in the right place.

# About me

I'm Sean Fane, and I know your world because I've lived it. At 27, I founded my first IT distribution company.

Over the next three decades, I led software distributors and IT services businesses through rapid growth, tough downturns, acquisitions, and everything in between. From start-ups with just me in a small serviced-office, to multi-million pound exits, I have experienced the highs and the lows, and made a lot of mistakes along the way. I've walked in your shoes, as a founder, a CEO, and now as a non-executive director supporting the next generation of IT leaders.

Nowadays, after qualifying as a financial adviser, I use that experience to help IT business owners, tech entrepreneurs, and senior executives (with share options) make smarter financial decisions, both personally and professionally.

## **What makes my advice different?**

I understand the structure of your business. I know how EMI schemes, earn-outs, M&A deals, and high-growth environments actually work, because I've been there myself.

You won't have to explain what a VAR is or how deferred tax on share options can bite.



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If you're looking for personal financial advice from someone who speaks your language, understands your pressures, and can guide you with clarity and confidence, then you are in the right place...



# 5

## Points we'll cover

01

### Reduce corporation tax with pension contributions

How using your company to pay into your pension can reduce tax and free up cash in the business.

02

### Use your pension to buy commercial property

How a SIPP or SSAS can purchase office space or co-working hubs and lease it back to your business, creating long-term value.

03

### Lend money from your pension to your business

How SSAS pensions can be used to loan funds directly to your business, and the rules to follow.

04

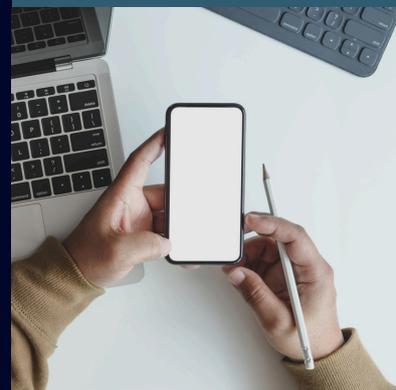
### Protect your income with company-funded life cover

Using your company to fund Relevant Life Policies, provides protection in a tax efficient manner.

05

### Build a flexible, tax-efficient exit strategy

Using pension savings as part of a future business sale or step-back plan, and why it matters to start now.



# Strategy one:

## Reduce corporation tax with pension contributions

One of the simplest and most effective ways to make your pension work for you and your business, is by using it to cut your Corporation Tax bill.

If you're running your IT business through a limited company, your business can pay employer pension contributions directly into your pension, and this is a fully deductible business expense.

That means every £1 you contribute reduces your company's tax bill.

### How does that help your business?

Let's say your company has £100,000 in profit before tax.

If you pay £25,000 into your pension:

- Your company's taxable profit drops to £75,000
- You save £6,250 in Corporation Tax (at the 25% tax-rate)

Congratulations, you have just reduced your Corporation Tax bill while boosting your personal wealth in a platform with tax-free growth.

### Why this matters now

Most business owners don't realise they can:

- Pay up to £60,000 per year into a pension (2025/26)
- Carry forward unused allowances from the last 3 tax years (so £180,000 available immediately to those that haven't paid into a pension yet)
- This is completely tax-free, with no Income Tax or National Insurance to pay if made as a direct contribution from the company

Since employer pension contributions don't attract National Insurance (employee or employer), they're far more efficient than paying yourself extra salary or bonus.

### A business decision, not just a retirement one

By reducing your company and individual tax bill, and boosting your long-term savings, you are:

- Strengthening your business cash flow
- Creating a safety net for your future
- Doing it all in a way that HMRC actually encourages

### Summary:

Your pension isn't just a retirement planning tool, it's a tax-efficient financial tool for growing and supporting your business right now.

If you're not using it this way, you're likely overpaying tax and underusing one of the best tools available to you to extract value from your business as a company director.

# Strategy Two:

## Use your pension to buy commercial property

An underused, but powerful pension strategy available to IT business owners is using your pension to buy commercial property. If you have built up a healthy pension balance, you could use it to buy office space or even a shared workspace, and either your own business, or a different company, can rent it back from you. Effectively, your business would pay rent to your pension, and it's a tax-deductible business expense.

### How it works

You'll need to use a Self-Invested Personal Pension (SIPP) or Small Self-Administered Scheme (SSAS). These are special types of pensions that allow:

- Greater control over your investments
- The ability to buy commercial property (e.g. office space, units, serviced offices)

Let's say your pension buys a small office unit for £150,000 and your business pays £12,000 a year in rent:

- That's £12,000 reduction in your Corporation Tax bill (saving up to £3,000)
- That same £12,000 goes into your pension tax-free
- Over time, you build up rental income plus any growth in the property's value, completely sheltered from tax.

So your company receives tax relief, your pension receives an income at a rate that you control, and you build a valuable asset within your pension.

- The property must be commercial (not residential)
- You may want to pool pensions to afford the purchase
- You will need a SIPP or SSAS provider for the setup and legal structure
- It works especially well for co-working hubs, serviced office units, or satellite workspaces used in the tech sector
- Consider liquidity - you may need to sell the property when you retire, to generate income



### Long-term benefits:

- Rental income and property gains grow tax-free in your pension
- You maintain control of the asset
- You've essentially turned business rent into personal wealth

### Summary:

Your pension isn't just a passive investment, it can be an active part of your business strategy.

If you're renting space elsewhere, why not explore buying it through your pension and making that money work harder for you?

# Strategy three

## Lend money from your pension to your business

Imagine being able to borrow money from your own pension to support or grow your business, rather than turning to a bank or expensive finance. With the right type of pension scheme, that's exactly what you can do.

A SSAS allows you to lend up to 50% of your pension value back to your own company, and on terms that benefit you.

***It's like being your own bank.***

### How it works

This option is available through a SSAS, which is a type of pension designed for company directors and small business owners.

- You set up a SSAS and transfer pension funds into it
- Your business borrows money from the SSAS (up to 50% of the total fund)
- You repay the loan with interest, back into your pension

So instead of paying interest to a bank, you pay it back into your own retirement fund.

Let's say your SSAS has £200,000 in it.

- You can loan up to £100,000 to your business
- The loan must be secured (e.g. against a business asset)
- The interest rate is set at a commercial rate (typically Bank of England base rate + 1% minimum)
- Repayments go back into your SSAS, growing your pension, not someone else's profits

Whether you want to invest in new equipment, fund a rebrand, expand your team, or cover short-term cash flow, this is a way to unlock capital without giving away equity or taking on costly finance.

Clearly, you should consider whether the return on your pension assets is preferable invested in an alternative way, but this can be a great way to access capital as well as keep control of your business costs and pension asset growth.

### Business owners will enjoy:

- Flexibility – It's a flexible funding option, that you have some control over
- Personal & Professional Benefits – Interest is paid to your pension, not a third party
- Efficiency – From a cash flow and tax perspective

With the right pension in place, your business can borrow from your future self, without giving away control or relying on the bank.

It's a powerful strategy for IT business owners looking to grow while still building long-term financial security.

#### **Conditions**

Only SSAS pensions allow this (not SIPPs or personal pensions) The loan must be:

- Secured
- For a business purpose
- Repaid in equal instalments (capital + interest) over a maximum of 5 years

Setup and administration need to be handled properly to stay compliant

It is important to get advice and have the right professionals helping structure this type of arrangement correctly.

**Is this something that might work for you? If so, lets arrange a short call to chat through your options so you can understand more.**

Arrange a Zoom meeting [here](#) or alternatively call: 01202 070071 or send an email to [sean@fanefinancialservices.co.uk](mailto:sean@fanefinancialservices.co.uk) to arrange a time to meet.

# Strategy Four:

## Protect your income and business with a Relevant Life Policy

Most IT business owners know they should have life insurance, but they often pay for it out of their 'own pocket' using taxed income. For many, life insurance is considered a low-priority discretionary personal expense, but there is another way to look at it:

If you set-up a Relevant Life Policy through your company, it becomes significantly cheaper, and can protect your business assets for the benefit of your beneficiaries and your staff. Your company benefits too, if a Shareholders Agreement ensures the policy resources are used to buy-back your shares, and replace you with a skilled executive.



### What is a Relevant Life Plan?

*A Relevant Life Policy (RLP) is a life insurance policy paid for by your limited company, but it covers you, and the payout goes directly to your loved ones, not your business.*

- *Your company pays the premiums*
- *It is an allowable business expense (so it reduces Corporation Tax)*
- *There's no Benefit-in-Kind tax on you*
- *The payout is tax-free and usually sits outside your estate, saving Inheritance Tax*



### Why this matters

*Let's say you're paying £100/month for personal life cover. To afford that, you might need to earn about £180 per month gross (after Income Tax and National Insurance), just to cover it.*

- *With a Relevant Life Policy:*
- *Your company pays the £100*
- *It saves up to £25 per year in Corporation Tax*
- *You keep more of your personal income*
- *Your family still gets full tax-free protection*

*It's a clear win, and one that many IT business owners don't even know exists.*



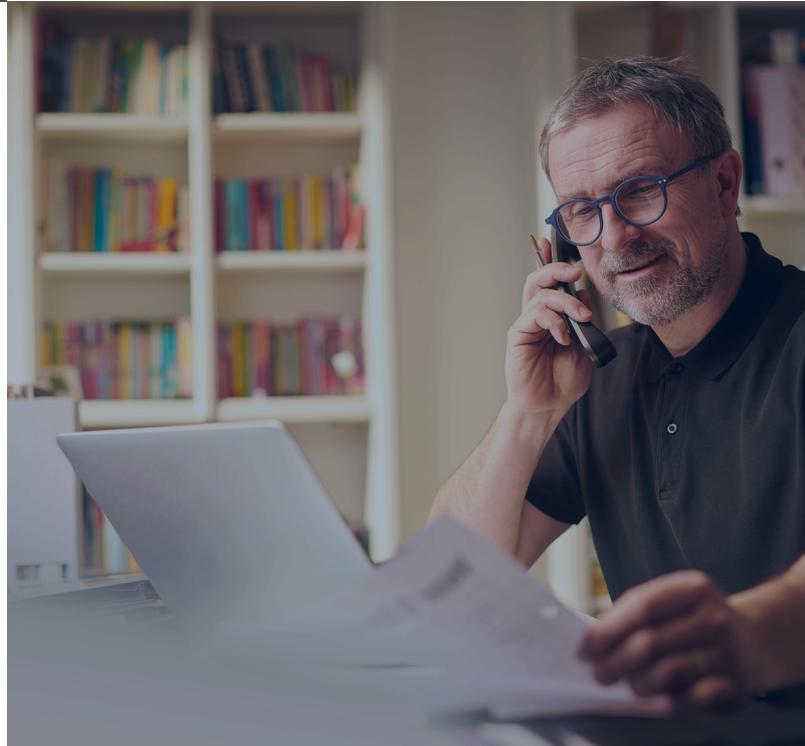


## Why this is perfect for IT business owners:

- You're often the key person in your business, your income drives everything
- If something happens to you, your family may depend on both your personal income and the business
- A Relevant Life Plan gives them a tax-free lump sum, usually within weeks, outside of your estate (which might experience delays in distribution of assets during the probate administration)
- It is ideal for solo directors or small teams.

## Important to know:

- RLPs only cover life insurance, not critical illness or income protection
- The policy must meet certain rules to stay outside of your estate, this is where advice matters
- If your company pays for a personal life insurance policy, it is a Benefit-in-Kind, so make sure it's structured correctly as a Relevant Life Plan to avoid tax penalties



## Summary

If you're paying for life cover personally, you're likely overpaying in tax and missing an easy opportunity to protect your family in a smarter, more efficient way.

Use your company and your pension structure for cost efficiency and keep more of your income for the things that matter.

# Strategy five:

## Build a flexible, tax-efficient exit-strategy

Most IT business owners are so busy running the business, they haven't thought much about how they'll exit it one day, or how their pension can play a big part in that.

They do, however, generally feel that the business sale proceeds (instead of a pension) will provide the assets they need to fund their retirement.

What many don't consider is that they might not be able to sell their business at all (or at the time that they want to retire).

They also won't necessarily have control over the value of the company, and therefore, the amount of retirement income they can generate from the proceeds of the sale.



### Key insight

*If you are a business owner, your pension can give you the freedom to sell, scale back, or semi-retire, without relying 100% on a business sale.*

### Plan B

What is your Plan B if, for example, your business is one of the 80% of companies that 'goes to market', but doesn't manage to complete a sale transaction?

What funds will you retire on, if the market takes a down-turn, just as you are planning to kick-off your retirement with the trip of a lifetime with your partner, and your company valuation reduces significantly?

A pension is one of the few planning tools that offers flexibility, tax efficiency, and financial independence all in one, taking the pressure off your business to be your retirement fund.

### Why Pensions are key to exit planning

If you're building a business with value, whether it's an IT consultancy, Software-as-a-Service (SaaS) startup, or service-based firm, at some point, you'll want to:

- Realise capital - sell or partially exit the business
- Create a legacy - hand it over to someone else
- Create flexibility with your time - step back and work fewer hours

Relying on a future business sale as your only retirement strategy is risky:

- Will you get the value you want?
- Will someone want to buy it?
- What if timing isn't right?
- Selling a business takes a lot of time and energy, with no guarantee of a successful outcome

That's why building a strong pension alongside your business is so important.



Even if your  
business doesn't  
sell for the **value** or  
at the time that you  
prefer, your **pension**  
provides you with a  
**Plan B.**



# What a pension gives you



Tax-free growth: Investments inside pensions grow without capital gains tax or dividend tax



Access from age 55 (rising to 57 from 2028) - meaning you don't have to wait until State Pension age to utilise your assets



25% tax-free lump sum - available at drawdown. Ability to take flexible income - through drawdown in retirement



Shelter of part of your personal wealth outside of your business, so not all of your eggs are in one basket

This way, even if your business doesn't sell for the value or at the time that you prefer, your pension provides you with a Plan B.

## Example:

Let's say you've built up a £1,000,000 pension by the time you're 55:

- You can take £250,000 tax-free
- You can draw income as and when needed
- The remainder can be invested to generate an income
- You don't have to sell your business to start enjoying life

This creates a smoother transition if you want to go part-time, take on a successor, or just reduce stress without walking away entirely.

## Bonus: Pension + business-sale together

If you do sell your business at any time (before decumulating your pension):

- Part of the sale proceeds can be added to your pension (within annual/lifetime contribution rules)
- You can use Business Relief alongside pension planning to reduce Capital Gains Tax
- Combined, they can help you enjoy your retirement with more than you need for a comfortable retirement

# Summary:

## Turn your pension into a business growth tool

Your pension doesn't need to be an inert sum of money, sitting idly-by waiting for your retirement before it becomes useful, it is a flexible, tax-efficient tool that can actively support your business today and secure your future tomorrow.



These strategies can be made independently, or some implemented together. They aren't complex, they just need the right advice and structure in place. And once you've got them working, they can help you save tax, improve cash flow, and build lasting wealth.

*At Fane Financial Services, I specialise in helping IT business owners unlock the full potential of their pensions - whether you're just starting to think about retirement or looking for smarter ways to fund your business today*

### **Book free pension strategy call.**

Let's discuss how these strategies might work for you and your company. Arrange a Zoom meeting [here](#) or alternatively call: 01202 070071 or send an email to [sean@fanefinancialservices.co.uk](mailto:sean@fanefinancialservices.co.uk) to arrange a time to meet.



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# THANK YOU.

The contents of this guide do not constitute advice and should not be taken as a recommendation to purchase or invest in any of the products mentioned. Before taking any decisions, we suggest you seek advice from a professional financial adviser. The contents of this newsletter were correct at June 2025.

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