**PEP 107 Edited\_Transcription**

[Daniel Hill] (0:05 - 2:21)

Welcome to the official property entrepreneur podcast and myself, Daniel Hill, we are now rated in the top 10 of all business entrepreneurship podcasts in the UK. Last year, we were rated the seventh most popular property podcast. And every month by downloads, we are rated in the top 5% of most popular podcasts in the entire world.

Thank you all for your support for sharing and subscribing to these podcasts. This is literally my life's work broken down into simple blueprints for you to execute everything that you want, be it wealth, health, or life by design. Success and failure are both very predictable.

Let's get into it. Let's talk about SaaS, Bailey. So I've just finished a podcast recording with Kevin Whelan from Wealth Builders, who has taken me start to finish through what a SaaS is, how you can use it and what the opportunities are for all investors at any time.

Specifically, right now while the market is difficult, if you do not currently have a SaaS, you do not understand how you can lend money to yourself, do developments, investments with your own pension, as well as borrow money from other people who've got pensions and SaaS. This is absolutely a podcast you want to listen to. We talked about what SaaS is, how you use it, how you structure it, what some of the rules are, the three types of strategy you can use.

And in about 30 minutes, you'll understand it start to finish. So let's talk about SaaS, Bailey. This is your podcast.

Tune into this one and you'll understand it start to finish. I hope you enjoy it. Ladies and gentlemen, it is Tuesday, it's time for another official Property Entrepreneur podcast.

I have a very special guest with me today. We're going to look at a topic which is some people might consider it quite advanced, but it's also a very, very powerful way that we can take our investment development, especially with pensions and SaaS to the next level and have a friend of mine, Kevin Whelan, who specializes in this field, who's going to talk to us about and educate us on how to use SaaS. How are we doing, Kevin?

[Kevin] (2:22 - 2:44)

I'm doing great. Thank you very much. And thanks for the kind invitation to share some of this information and never more timely, actually, with interest rates on the rise, mortgage mayhem in the midst of everything.

So being in control of your funding, being in control of your finances and having more creative ways to do that. It's a skill anybody in property needs to have.

[Daniel Hill] (2:44 - 3:40)

Absolutely. And I can literally, before I jumped on this podcast, I was on the phone to our solicitors. We've got a private school that we're buying due to complete in about three weeks.

And basically the finance, the loan to value has already gone down, paperwork's getting crazy. And we've just said after five months of progressing there, let's just scrap using traditional lending and just buy it with cash. And this is the reality of what happens in some markets.

Otherwise, you're going to lose the deal. So I said to Kevin just before we tuned in, and I couldn't be a better person to interview Kevin on SASSs, because whilst I understand what they are and loosely how they work, I don't have one and I haven't used one. So we're going to do over the next 20 to 30 minutes is understand what is a SASS, how do we use it?

And for somebody that doesn't know or hasn't used them previously, how do we actually go about putting into practice? So Kevin, do you want to kick things off? What is a SASS?

What does it stand for? How does it work?

[Kevin] (3:40 - 9:18)

Yeah, but cool. Well, first of all, let's just say it's got nothing to do with the armed forces, right? It's not the SAS.

It's got nothing to do with software as a service. So it's not that. It's probably the worst marketing title you could ever imagine, which was coined by HMRC in the 70s.

It's basically a business owner's pension. So with the proliferation of property people since Section 24, creating limited companies, little did they know they now have the eligibility, let's say, to take control over all of their pension monies. Now, you don't need to switch off if you don't have a pension, I get that.

But a little bit of SASS savviness can help you tune into the pensions of other people and become a willing receiver of inward investment. In other words, it's a rich source of funds from other people's pensions. Now, the problem with pensions is they're gray, they're dreary, and most people don't know what's going on.

They take them out when their dad tells them, or their boss tells them, or somebody else tells them. They always do it unwillingly. And then they hope one day, someday, when they're 65, they might get some money.

That's not really a good plan, is it? It's very exciting. So what we're trying to do here is say to people, look, your pensioners are really something you don't really understand.

You're probably confused. You're probably frustrated. You're probably disconnected.

It's got nothing to do with what you're doing now. What if you could say to the big insurance companies, hey, I don't want you to look after my money anymore. I want to take the money that's there and control it.

And that's essentially what you do. So you turn that money into a little business called a small self-administered scheme is the name. I'll come on to why that terminology is there.

But putting the names to one side, and of course, Dan, whenever you're building wealth, you're learning new words anyway, right? Everybody's learning a new word. I'm sure they'll learn new words from you every time they listen to a podcast, and Karl McCrudden has been one of them, right?

So you're going to learn new words every time you build your wealth. Just put the word down, small self-administered scheme, or SAS for short, a business, a source of funding from old pensions that you don't like, and other people's pensions that they don't like. And you can turn that money and buy more property with it.

That's the key. So small means less than 12 people. So it's designed for an SME, right?

So it's not like a big company scheme. It's not like a big occupational scheme. It's just for a small company or a family.

Self-administered means self-directed. You control. You're in the driving seat.

You're saying what you want to invest in, whether it's property, whether it's crypto, whether it's stocks and shares, but at a discount because you can buy them wholesale, whether it's gold, whatever you want to do with that money. Imagine you were just wanting to build your wealth. That's what you do.

You take control. And wealth-building people, property-building people, portfolio-building people want control because control gives you choice. Control gives you access.

And that's what SAS does. And I discovered it around 2008, 2009 on the credit crunch and realized I had a SIP at the time, another fancy title, self-invested personal pension. So you think you've got control, but you haven't really.

A lot of people think SIPs and SASs are the same, but they're not. And I was looking to get involved in a commercial to residential plan with my SIP, my SIP provider. There's always a provider, somebody who's in control.

It's usually whoever's logo is on the paper. And the logo paper, people said to me, yes, we'll do that for you, Kevin. We know you know what you're doing.

We'll let you do that. And then just as the project came to fruition, they changed their mind. And I'm like, wow.

Yeah, we changed our mind. We're not going to do it anymore. No, I'm committed to this.

You told me you would do it. Yeah, we changed our mind. And from that day, I said, look, there's no way I'm going to let somebody control my money.

How do I not do that? Or how do I take that control? And just revisited all the old pension legislation and the SAS, the small self-administered scheme, just loomed large.

It's like, well, OK, so I can take control. I can run my own pension. Yes, I've got to get some knowledge, and that's helpful.

You always need knowledge to apply a new strategy. But now we teach that. And now we help thousands of property business owners and business owners get control of their money.

And the most popular strategy, by far, is using that money to either buy commercial, commercial to residential projects or land, barn conversions, pub conversions, anything you want to do and convert to. We've even done a church conversion, Dan. Now, I've heard of being converted into a church.

But have you ever heard of a church convert? Well, yeah, you can do that. And you can use pension money to do it.

So money you thought wasn't on the table is now on the table. And you can use that. And the benefit of that is if you become your own bank, you're the lender.

So if you're the lender and the borrower, all that money is staying in your circle. All that money is building your wealth. It's not leaking out to a bank or an institution who's taking that money, and they're building their wealth with it.

So in short, that's what a SAS is.

[Daniel Hill] (9:19 - 11:15)

Perfect. So we've put a few key bits out there for people who are hearing this for the first time. So pensions, obviously, have a number of people.

Like you say, a lot of people will just treat them as they're boring, they're in the background, they're not worth anything. And they're either something the employer sorts out, or just something that ticks along and they never take an interest in. That would be a very basic level of understanding.

A more advanced level of understanding from an investor's point of view would be to understand the benefits of a pension. And obviously, from our side of things, as people that generate net surplus returns is we can put up to 40,000 pound a year in. You can also backdate three years.

So you can move cash out or profit out your business, not pay any tax now and move that into your pension. That would be another benefit. And it's ring-fenced.

In the majority of cases, it's ring-fenced from traditional issues like creditors, bankruptcy, insolvency in most cases. And then a more advanced level would be SIPs. So SIPs, all my pensions in a SIP, Vanguard, I just put it on the S&P 500, set and forget, let it run, do its thing.

And over 10, 20, 50 years, hopefully, it goes north rather than south. And it's compounded up. It's pre-tax money that's gone into the pension.

And then you have a tax-free allowance when you choose to draw at the age you're allowed, but it's locked in until then. And then you have to pay tax on the compounded drawings from there. The SAS, what's the difference explicitly?

So you said that they would get involved in the conversion. But then as most of us are loosely aware, that probably would never have been an option. What is the difference in practice between a SIP like mine?

I move my pension out of People's Pension into Vanguard. And then I control where it goes. And I put it on the S&P 500.

What's the difference between a SIP and a SAS explicitly in that capacity?

[Kevin] (11:15 - 14:27)

Yeah. Well, I think there are a number of differences. And I've done a video on the 10 differences.

I could keep going beyond 10, but I'll give you two or three. The first one is all pensions are a trust fund. And somebody has to be the trustee.

And whoever's the trustee is driving the direction of travel. Now, there's nothing wrong with having money in the S&P 500 the way you want to invest if what you want to do is diversify. But because you're a man who's already building wealth, then you could use pension as a diversifier.

So nothing wrong with that. But most people are needing money. So if there's money in there, is it better with Vanguard earning whatever the S&P 500 goes up, and it goes down, and it goes around?

There's no residual value. There's no compounding value in that. Because today, it could be worth x.

And tomorrow, it could be worth half of x. So the compounding doesn't take place unless you're banking and revolving the money and reinvesting it and diversifying still further. Well, you can do that in SaaS because you've got such a breadth of investments.

So you could have stock market, but you can buy stock market investments wholesale prices because it's a wholesale product. It's not a retail product. A SIP is for one person.

A SaaS is for up to 11. So if you've got a spouse or a partner or a business partner, you can pool your money together. And the benefit of the pooling is then you've got more cash.

So if you've got more cash, you've got more buying power. If you've got more buying power, you can negotiate better deals. So you've got the power to bring your own skill set into the equation in SaaS that you don't have generally in SIP, particularly in funds, because you could have a preference.

Anybody can have a preference. But they can't do something today to impact the result of the S&P 500. But you could bring an impact into a commercial to a residential project tomorrow.

And you could get double ROI. You could get the value of the project. You could keep it and get the value of the income.

You could sell it and get the value of the capital. And all of those things are you adding value when they're all tax free. So the difference is in the power of performance and in the, excuse me, and also the wholesale nature of it means you don't really need to be buying through an intermediated service.

You don't have to buy the product through somebody else. Now, Vanguard, low cost. We know that.

And maybe you haven't used an intermediary, but most people you mentioned earlier on in your kind of pension summary, somebody else does it for me. Well, that's somebody else who does it is normally charging a fee. So you can remove that fee if you don't need it, because you're the person doing the work.

So if you're running a property project, instead of just getting a SIP provider to run it, and then they want to manage the project, they want to choose the person who's managing the project. What if you manage the project? What if you charged a fee to your own company to manage your own property?

Well, you can do that in a SaaS because it's a legitimate expense of the business, which is the pension itself. So there's two or three. Do you want to pick up on any of those?

[Daniel Hill] (14:27 - 14:47)

That sounds great. I think probably one area just to sort of clear up is when you talk about all pensions have trustees, when you're looking at the SaaS model and having this organization up to 12 people, is there still a governing body or trustee that's overseeing your decision making process?

[Kevin] (14:47 - 16:50)

Yeah, there is. There doesn't have to be by law. I mean, because you could do the role.

But unless you want to go to bed with a pensions manual, you probably want to have somebody, but that somebody can be a low cost administrator. So typically, you know, a SaaS administrator, as they're called, again, the language, the administrator who does the sort of legal and compliance work, keeps the money separate from you. So you can't dip in and buy yourself a car or a watch or a Krugerrand.

You can't do that kind of stuff. So somebody has to keep it separate. And they normally cost between 500 and 1500 quid a year.

Now, that's fixed fees. Now, if your money is growing, growing, growing, and you're paying an intermediary, you're getting a percentage that's being deducted from that. And the percentage typically in the UK is 2%.

Well, if the stock market's growing at 6%, and you're paying out 2%, a third of your money has gone in fees and charges. And most people don't realize there are seven layers of fees that apply to most pensions, not all, but to most pensions. And if you don't know how many of those seven are being applied, you're probably paying too much, which means some of your money is going out when you could keep that money, reinvest that money, compound that money, all tax-free over your lifetime.

So I've never seen, in my experience, a SaaS that wouldn't do a better job than a SIP at lower cost, unless the fund size is tiny. If someone's starting to build their pension, I'd build it up in a SIP. Get it to about 50 grand, then you could look at a SaaS.

Because the costs of running a SIP are low when you start off, but they get progressively higher as a percentage. A SaaS, the percentages are high at the beginning, because you've got to create something bespoke. But then you divide that over the cost of your lifetime is tiny.

So it's just a different way of doing it. One's bespoke and is owned by you. The other is it's off the shelf, and it's owned by somebody else.

[Daniel Hill] (16:50 - 17:37)

And just before we jump over to say, when you say about, you could be the administrator or you have an administrator, their job is obviously to make sure it operates in line with the pension rulebook, to use your words. Before we jump over to look at what some of those rules are that we have to adhere to within a SaaS, with the administrator, any limited dealings that I've had with pension companies, as you'd expect, is slow, painful, bureaucratic nightmare. Does the administrator bring that same level of delays, complexity, or are you able to be quite entrepreneurial and dynamic and flexible of actually getting, if you had just SaaS set up, you administrate a place, you went to an auction, can you get stuff done quick?

[Kevin] (17:38 - 18:55)

That's a great question. And that depends on who you choose an administrator. So it's in the same way as you could say, getting funding, is that easy or hard?

Well, sometimes it's hard, sometimes it's easy, depends on who you've chosen to be your provider. Sometimes they want to ask the same question time and time and time again. Sometimes they change the rates on newlastminute.com.

An administrator's role is really just to give you the facility to do what you want to do. And if you choose that administrator well, and most of them are relatively small, the big ones who are SIP and SaaS administrators will always be slower because the SIP is regulated by the FCA and there are fines, penalties, charges, and a whole raft of rules that they need to follow because they're guiding retail people. A SaaS is much more flexible because you're guiding business people.

And we have very fast turnover times, turnaround times, not turnover, in terms of the people that we work with, because we know they're smaller, they're leaner, and they're much more focused on working with property people where things like auctions, things like getting deals done, where speed is of the essence can be done.

[Daniel Hill] (18:56 - 19:17)

Very good. And if we go jump over to the rules now, so with regards to the rules that people need to be aware of to consider SaaS as part of their commercial development auction strategy, what are the sort of headline, the big sort of real considerations around loan to value, security, rates, et cetera? What are the key like rules you need to be aware of?

[Kevin] (19:17 - 22:56)

Well, I mean, first of all, because we know, and just worth repeating, that inside a pension fund, a SaaS in particular, there's no income tax, corporation tax, capital gains tax, or inheritance tax, or national insurance tax. So there's no taxes. And you get the tax back, as you mentioned earlier on.

So if you're redirecting profit, you're getting the tax back. If it's old pension money, you've already had the tax back on that, so you can use that. Anyway, so you've got to use the money for purposes of growing your wealth.

That's the whole point of a pension. So if you're doing that, that's fine. Now, in simple terms, let's say there are three strategies, three broad strategies, OK, worth sharing.

And let's call them buy, bridge, and borrow, OK? So buy means you take the money in your SaaS. And let's say you've managed to accumulate some old pensions, a patchwork quilt of pensions over your life.

If you put them all in one place, you've got your company. It's all approved by HMRC. So HMRC gives you a stamp.

Here's your driving license to run your SaaS. And let's say, for the sake of an argument, you've got a couple hundred grand, right? It doesn't matter what the figure is.

Then you can use that money to buy assets. So what's an asset? Well, it could be the stock market, gold, crypto, property.

And as long as you're buying it, you've just got to determine the nuances. So can you buy a piece of land? Yes.

Commercial property? Yes. Commercial to residential?

Yes. Can you buy number three, Acacia Avenue? No, because that's out-and-out residential property.

So you can't own that and hold that inside of a pension. It's not allowable. There's some rules about what's not allowable.

One is Acacia Avenue type property. And two is things that you can wear, you can watch, like a giant TV or a car or a bit of jewelry. You can't have those paintings on the wall.

You can't have those things because they're movable. So the rule is tangible, movable property you can't have. So how do you understand the nuances to make it work?

Well, if you want residential property, for example, you could do a commercial to residential. That could work. You could buy an old B&B that was operated by, let's say, some crusty people who didn't want to go over the VAT threshold so that they kept it below 80 grand.

You buy it, you convert it to service accommodation, and you get a massive return on investment. You could hold that in a SAS because it's a commercial enterprise. So it's just understanding the differences.

So you could do that, a care home, student hall of residence. You could even buy a pub if it's got a flat that has to be occupied by a manager. I mean, there's a whole raft of things.

Plus, there's a whole category of residential property called exempt residential property, things where you're providing an element of care together with the accommodation. So we know there's a big demand for supported living, whether that's blind, whether that's children, whether that's rehabilitating from all sorts of things. All of those areas are genuinely possible.

So your pension can buy those. So you can own those, run those completely tax free, and build that up. Now, if you want to not own them in the pension, you want to get profit today.

Well, one of the other strategies is the borrow strategy.

[Daniel Hill] (22:57 - 23:39)

Just before we move on to that, Kevin, just a couple of clarification points. So residential is off limits for the SAS model, whereas a commercial to residential development would be. Now, if it was a commercial to residential development, and it ended up being a block of residential apartments, which as end units would be residential, but for stamp duty purposes, or finance could be commercial.

Does that, I've got lots of blocks of flats that I've developed and I own. Would they class as residential? Would they class as, if they were used, most of them are on commercial leases.

So then would I assume, would they fall into commercial? And then the ones that- I think not.

[Kevin] (23:40 - 24:07)

I think they'd fall into residential. But the point I made earlier, the buy strategy is the SAS can get you there. The SAS can facilitate the initial purchase, and then you change it to face, and then you shift it out.

But let's say you bought a shop with a flat above. Okay. You could buy the shop, and you're going to buy the unit, submit the title, and then the SAS can own the shop, and you can own the top.

[Daniel Hill] (24:07 - 24:25)

So what point do you have to remove the SAS? So for example, I'm building a block of apartments at the minute, 88 apartments. It's an office block.

It'll be developed into 88 apartments, and then at the end, it'll be residential. At what point in that process does the SAS have to be removed from the financing?

[Kevin] (24:26 - 24:46)

Okay. Well, the technical definition is on the issuance of Certificate of Habitation. Okay.

So basically practical deletion. Right. But it sort of means really before it's genuinely habitable.

Okay. And I don't want to get into the grayness of that, because that's where the expertise comes in.

[Daniel Hill] (24:48 - 24:53)

Could you use it for traditional commercial development, where you build it out, and you refinance out a lot shorter?

[Kevin] (24:55 - 26:38)

You can as long as the pension doesn't own it by the time it becomes residential, as I mentioned. And it's a bit too technical to get into the details of how to do that. And the purpose of a podcast is trying to get people curious and interested rather than a technical speech on how pensions work.

But what's exciting to me is people are using money they thought was off the table, and is now buying them more property in doing what they want to do. And they're not therefore using that money just to drift on some stock market rollercoaster. They want to manage and control it themselves.

And both are possible, and both are desirable. It's just what works for you. Great.

Just out of interest, why is residential off the cards? That's a great question. And you're definitely the right person to do the interview, because you're asking the really nubby questions.

Why on earth, given the sheer amount of properties that need to be built to fulfill the housing shortage need, why wouldn't the government, probably because they're in a bit of turmoil, but why wouldn't they just go, you know what, we'll let pensions buy property, and we'll let pensions buy resi property, then we'll solve the problem overnight. They would. But their fear, I think, because they looked at this once before in the 90s, and then changed their mind, another U-turn, I'm afraid.

They changed their mind. And the rumor has it, because we don't know, because nobody shared it with us, the chancellor didn't give us a plug into his thinking, it was so much money would leave the stock market, the stock market would just go to hell in a handbasket and crash. So consequently, it didn't happen.

[Daniel Hill] (26:41 - 27:15)

Just jumping in quickly with two things. So the first is, if you're enjoying these podcasts, and you haven't already ordered a copy of my brand new first ever release book, Karma Credits, please go to Amazon now and order yourself a copy of Karma Credits by Daniel Hill, and it'll explain to you the universal law of wealth, health and happiness. And the second, if you want a free report that you can read straight away, go to www.boomorbus.co.uk to understand the five things that I'm doing as we head into this next phase of recession. Back to the podcast.

[Kevin] (27:17 - 29:09)

The borrow strategy, okay, so I know I've missed this stage out, but we'll come back to it. So buy, I'll go buy, borrow, bridge. So buy, we've done.

You can buy what you want, do the conversion, can't do direct resi, but there's ways to facilitate it. The borrow strategy says, and only SAS can do this, by the way, SIP can't do this. So here's a key difference between SIP and SAS.

You got your 200 grand pension, as I mentioned earlier on, and who knows what size anybody's pension could be who's listening. But if you imagine, if you pooled other people as well, so think about that, how much would all that be, right? Okay.

So, all right, I didn't realize I could join forces with my wife. She's got 100, right? Okay, let's do that.

I've now got 300. I can lend half of that, 50% of that to my limited company. And then I can use that for any purpose that the limited company wants to use it.

Now, if I want to buy, let's say I'm an HMO specialist for the sake of an argument, Dan, and I've got an HMO portfolio and I want to buy more HMOs, I could make a loan of the 50% of the total value, not just what I had, so we've opted to 300. I can now lend 150 to my own limited company, and I bankroll that. So we can now use that money to buy resi property.

But the resi property isn't owned by the SAS, so it doesn't sit in SAS. It's a loan instrument. A loan is created to the limited company.

The limited company creates the loan note. The loan's got to be repaid over a five-year period. And there are some other rules around that.

But the money is used by the company. And if the company does HMOs, it can do HMOs. If the company does blocks of flats, it can do blocks of flats.

It can do what it wants.

[Daniel Hill] (29:12 - 29:19)

You can borrow 50% of the SAS, or you can lend 50% of the loan to value.

[Kevin] (29:20 - 29:45)

No, no loan to value here. It's nothing to do with the property value. It's whatever you've got in the SAS, 50% can be loaned to the company.

What the company does with that money is entirely up to the company. It's just treated in the hands of the company's cash. Understood.

It's not banking in the traditional sense where there are loan to values and rules and regs. There's none of that because you're in control. You're both a borrower and the lender in that regard.

[Daniel Hill] (29:48 - 30:11)

So there's the loan between SAS and the limited company. That makes sense. If the SAS was to lend for an acquisition direct to a commercial block, and you were to use a third-party lender as well as the SAS, is there any rules around that loan to value in that the SAS can only lend if there's a third-party lender involved, it has to have first charge or it can only be a certain percentage?

[Kevin] (30:12 - 33:43)

All right. Well, that's a technical question. So let me go to that strategy.

I think anyway, I think I understand your question. So to what extent then can different people involved? So in the buy strategy, it's kind of you, but you can combine the buy strategy with others.

So you could go, Dan, we're good friends. Let's buy a block of flats or let's buy a commercial unit together. So you put your SAS in and I put my SAS in and the two SAS can buy.

So you can do that. You can collaborate that way. The bridge strategy or the borrow strategy, so when you lend, you're lending to yourself, you're not lending to a third party, you're lending to yourself.

But the bridge strategy says, I've got SAS and I've got money in my SAS. If I've got undeployed funds, I can lend that money to somebody else. And the only rules that exist is the loan needs to be to an unconnected third party.

Now, what does that mean? No blood, no business. So let's, again, just take the scenario just for listenership.

Let's say I was looking to lend to you. Are we connected by blood? Are we in the same family?

No, we're not. Do we have a business relationship? No, we don't.

So therefore, I could lend to you. How much of my SAS can I lend to you? As much as I want.

There are no rules. I could lend all of my money to you. So you can be a banker in the sense then you could fund somebody else.

Now, you need to do rigorous due diligence, as you will always do if you're lending money. So here's the rule. Unconnected, number one.

Prudent, commercial, and secure. That's the rule. So as long as you lend to an unconnected party, you do some due diligence, you've got genuine commercial terms between two people, and there's no rule on what those genuine commercial terms are.

And you've undertaken to make sure the loan is secure as it can be. It doesn't mean secured by first legal charge. It doesn't mean secured with a D.

It just means secure. So let's say you and I have been best buddies at school. We couldn't be because we're so different in age.

But imagine we were for the sake of an argument, and I've known you for 30 years. That could be all the security I need. Let's say we're in the same community.

We've been on the same training course. We've been involved with each other for 12 months. I've seen what you do.

You've seen what I do. We resonate. We share integrity.

I could lend to you. That could be all the security that I need. Now, that might not be what you would want, but that's all you need in law.

So would the administrator sort of underwrite it? The administrator doesn't need to underwrite it. The administrator just needs to check that you've done your due diligence.

So they don't have a role to play. Well, depends on the administrator. You could have an administrator who says, what's the purpose of this loan?

Residential property, we're not letting it happen. So you've got to know what the administrator feels. And that's role that me and my business take.

So as independent SAS practitioners in the context of we give guidance to people on what to do with SAS, we look at what they're trying to achieve, and then match them to an administrator who will allow them to do what it is they want to do.

[Speaker 3] (33:43 - 33:44)

Very good.

[Kevin] (33:44 - 35:04)

In that regard, we're kind of like a matching service and an educational service, because you and I are scratching the surface here. You're asking good questions, but we're scratching the surface. You can't get to the detail in a phone call or a meeting or a couple of hours.

It takes time. And that's why the nurturing of the education, the connection, I mean, we've helped thousands of people. So if somebody wants to do something, and so I'd like to do a bond conversion.

I don't know how to do that with my SAS. OK. Here's Fred, Joe, and Mary.

They've all done bond conversions with their SASes. Go talk to them. Go meet them.

Go see what they've done. And then you learn not just the technical aspects of it, but what to do practically. And that's the whole benefit of wealth builders as a community of people who, like you, Dan, with the Karma Credits idea, are sharing value, sharing sometimes the values sharing, but being willing to both be humble in terms of accepting help, but also being selfless and being willing to give help.

And that's incredibly powerful in an area where there is some complexity.

[Daniel Hill] (35:05 - 35:31)

Understood. A couple of quick questions for me before we start rounding up and maybe throw over to you with any other additional information, resources, anywhere, direction you can point people in to get more information on SASes and wealth builders and all the things you do. So quick one for me, with regards to the SAS as security, is there any rules around the security that SAS has to have over a loan, a bridge, a deal?

[Kevin] (35:32 - 38:41)

No. There are guidance notes. If you're doing the loan back, for example, the borrow strategy I mentioned, the 50%, there has to be a first legal charge there.

If you're, let's say you want to buy a big project and you want to borrow from a bank as well as your own money, then you've got to deal with the security of what the bank will do. So security and property are always going to go hand in hand, but it's not always the SAS that's the determining factor there. It's usually a third party.

But the nuances can always work out what's the best way or what are the two or three different ways that SAS can play a role. And sometimes just because a SAS can play a role doesn't mean it should. But I think increasingly with more interest rate rises, with more challenging lenders, if you can become your own bank at the same time, I was interviewing one of my coaches last night on a Wealth Builders event.

And he said, you know, he's an ex-Lloyds Bank banker. And I'll try not to do the Yorkshire accent too badly, but he said to me, you know, the biggest realization was, I used to work for a bank. Now I am one.

And I love it. So he loves the fact that a sizable pension pot from an old banking career of him and his wife combined together, and now having left the bank is completely financially independent from the use of that money, which is doubled or tripled in its value compared to what it would have been had he just left it under the control of the bank. Now, he's done the work.

I don't claim any credit for that. The credit he gives me is the education and the support and the connections to the people so he could see, yeah, I can do that. If he can do it, I can do it, and I can get the guidance.

And that's really what this is all about, isn't it? So it's like what you're doing as well is helping people get the confidence and the permission to do things that probably on their own they might be a bit fearful and not do it. And all I'm saying to people out there is if you've got some old frozen and forgotten pensions, find out where they are.

There's 10 billion of lost money in the ether just floating around. People have forgotten about their pensions. That's huge.

That would solve the bloody housing crisis. Could they really repatriate that? Yes, they could because all pensions are linked to your national insurance number.

So in a kind of a little bit of technical work, all pensions could be matched back to the originating owner, but they won't do it because the industry makes too much money. They've got a special name for them. They're called orphan pensions, can you believe?

So they're orphans, little babies looked after or not. Rocket is kept by the industry. So yeah, a lot of money out there.

Claim it and just explore if you've got a limited company, whether a SAS might be right for you.

[Daniel Hill] (38:41 - 39:11)

And that's all I would ask anybody to do. Couple more for me with regards to rates. So if people are looking at, they're considering using their pension into a SAS and then lending it out to people and also people who've got deals that maybe don't have their own pension or their own SAS and they're thinking about borrowing the money.

What rates, obviously, completely depends on the deal, but what sort of range or what average would you typically see if you're using a SAS investment or SAS capital? What sort of rates would you normally say?

[Kevin] (39:11 - 40:52)

Well, I'm going to hesitate to give rates on anything which is broadcast because I've seen everything, right? And what I normally see, so I'm going to spin the question a bit more and say, if you can learn as a developer, property owner wants to get money. I've done a podcast on this and I would signpost that to anybody who wants to know, if they reach out, I'll send them into it, which talks about the five different ROIs that private investors want.

And the more of those you can give them like knowledge, return on intelligence, like a great story, return on impact, like a brilliant relationship and return on interaction. And you can do those things. The amount of the cost to borrow the money is normally 25 to 30% less than what you're thinking because you're giving them such an enriched experience.

And I'm now working with some developers saying, you know, I'm actually going to fund everything from private investors because once you build that relationship, you don't have the underwriting problem. You don't have the rate negotiation problem. You've got a relationship that you're building and nurturing over time that as long as you understand their problem, and what's the problem of a typical person with a pension?

Well, cash gives a terrible return and the stock market gives a volatile return and there's no dependable, secure residual income. Well, if you can provide that, then they will not just lend to you, but they will repeat and repeat.

[Daniel Hill] (40:52 - 42:37)

Yeah, absolutely. For anyone who sort of underestimates the value of that, for the last eight years in our development, we've only really used private capital, but our own cash and investors' cash. And it's so much easier, different, flexible, just less stressful when you're working with people rather than, you know, platforms and institutions.

So having the same with the staff, I assume takes that to the next level. Just final one before I throw over to you for any sort of closing sentiments or additional information that you think could be of value to the audience. Thinking about sort of case studies.

So I think I mentioned to you previously, we're buying, we're doing a roll up of a portfolio of private schools at the moment. Where we're looking and with the traditional market just disappearing right now, would SAS be an option? So this one we're completing on in a couple of weeks, I'm buying with my own capital, but moving forward, we're basically, we buy the build M, the school goes over to Opco.

So Propco has a 10 year lease with a business that's got four years trading history. Would a SAS work for purchasing that property? Perfect.

Entirely SASable, 100% SASable. Excellent. Well, that'd be worth having a conversation because it'd be good to know what sort of, what the rules are, what the rates are, because I can imagine for a lender, 10 year guaranteed lease at a fixed percentage from pension money would be very attractive.

And also from our side, you know, it's in a time when the market's changing, it would be a win-win. Very good. Kevin, over to you for any closing sentiments, any way you want to direct people.

You mentioned a podcast there that perhaps people could get a bit more information on, where would people get those things from?

[Kevin] (42:37 - 44:41)

You were a guest on that, weren't you? Which was great. And we'll definitely be guesting back to promote Karma Credits.

And I think I was fascinated by your podcasts on that. I'm an old season gear, right? And I often think, well, I probably know quite a lot, and the wizened expression can show that, but I listened to your Karma Credits when I was on a dog walk.

And instead of just, when I finished, instead of just having my earphones on, you know, I thought, I'll put this to the test, right? Because this young Dan Hill is teaching me a thing or two. And I just engaged with a lady on the walk and I helped her load some bricks into a car and she was lovely and got to know her.

And then when I went into the coffee shop where I had my coffee, you know, the guy, I said, I'm outside with my dog. He said, what's your dog's name? I said, it's named after Alan Shearer because I'm a Newcastle United fan.

And he said, oh, I'm Michael. Nice to meet you. We shook hands and he brought treats out to my dog.

It's like, that's never happened before. And all I did was take a little leaf out of your book. So we'll get you back to talk about that.

I think the podcast is called Wealth Talk. It's a all one word, Wealth Talk. The episode that if people want to understand how to be completely irresistible to private investors is number 74.

Like you, I've done a lot of podcasts and I love doing them. I love giving value out there. But if anybody wants to know about SaaS, there are some complexities, but don't let the complexities put you off because we can guide you through that.

I'll probably create, Dan, for you a landing page just so that, you know, your own people can get access to some videos, some written information, maybe a podcast. So however you like to get information, read it, listen to it, you know, watch it. You can do that.

I'll create a little kind of little bag of tricks, a little sort of special magic bag for you. And I'll send it, put it under a landing page called wealthbuilders.co.uk forward slash property entrepreneur. How about that?

[Daniel Hill] (44:42 - 45:18)

There you go, ladies and gents, anything SaaS wealth builders related, check out www.wasitwealthbuilders.co.uk forward slash property entrepreneur. Amazing. Kevin, you're a gentleman, really appreciate the insight there.

And it answered a lot of my questions around SaaS. So as and when the time arises, you will be my first port of call to put that into action. And thank you for the value that you gave on the podcast and also those additional resources you're going to put together.

So thank you very much. And with people reaching out apart from that landing page, where can they find you on social media, things like that?

[Kevin] (45:19 - 45:40)

Oh, yeah. So, you know, find me on LinkedIn, Facebook and wealthbuilders.co.uk. Any way that you normally do things, just reach out and we'll be delighted to help you. But always mentioned, Dan, so we know where you heard of us because we always like to say just a nice thank you for nothing other than one of your listeners reached out to us today.

And that's always nice to know.

[Daniel Hill] (45:41 - 47:03)

Amazing. Kevin, thank you very much. I wish you the very best.

Have a great week. And listeners, I hope that's given you everything you're looking for as an introduction to SaaS. Very, very powerful mechanism and wealth builders and Kevin Whelan would be a great place to start for some more information.

So I wish you the best. And I'll see you next week for the next episode of the official Profit Entrepreneur podcast. I hope you enjoyed this episode of the official Profit Entrepreneur podcast.

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Join that group. And if you're not in one of the private WhatsApp groups, maximum of 20 people in each group in the show notes, type VIP podcast and send it to the number that's in the show notes on WhatsApp. And we'll get you added to one of the private VIP WhatsApp groups where you can request your own podcast.

It will be dedicated to you and your business. And every Tuesday I'm in there answering questions, giving you one to one direct support. And we don't know how long we're going keep these open for.

Success and failure are both very predictable. I will see you on the next episode.