

Suffolk Life warns of ASP curveball in latest Talking Points e-bulletin

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In its latest Talking Points e-bulletin for advisers, Suffolk Life, one of the UK's leading providers and administrators of SIPPs, has highlighted a potential curveball arising from the use of Alternatively Secured Pension (ASP). The new legislation concerning ASPs largely removes the attraction in using ASP as a means of passing on a member's residual assets on death to one or more other scheme members. The e-bulletin is a must-read for advisers when advising clients on ASP and the possible collateral damage clients could unintentionally cause to their intended beneficiaries.

The new legislation concerning ASPs has been well documented but the Suffolk Life e-bulletin points out there are still areas that advisers have been left unclear about. As advisers should now know, the amount of tax due on such a payment will in itself preclude the use of a family SIPP. However, the position is even worse as it is the recipient of the alternatively secured rights who will have to find the 55% unauthorised payments and unauthorised payments surcharge from his/her own resources, as the fund will remain within the registered scheme. It should also be noted that those who purchased ASPs before 6 April 2007 will also be affected by these changes. However, the charges will not be retrospective for those who died prior to this date.

The e-bulletin goes into further detail with regards to the rule changes and possible fall out for those who are not prepared.

Commenting on the e-bulletin, John Moret, Director of Sales and Marketing at Suffolk Life, said: "In our view, the changes to ASP are likely to severely limit its ongoing use, which in the future may be restricted to those cases where (a) a member is reluctant to commit to buying an annuity because of their own or their dependant's health, (b) the member plans to draw the maximum ASP income and use all or part of it to make 'normal expenditure gifts' free of IHT or (c) the intention is to leave the residual fund to charity, which will continue to be free of tax."

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About Suffolk Life

Suffolk Life is one of the UK's leading providers and administrators of specialist pension products, primarily Self Invested Personal Pensions (SIPPs). It has established over 8,000 SIPPs and total assets now exceed £2 billion at 2 January 2007. Suffolk Life has acquired properties for over 2,000 policyholders.

Established in 1971 and based in Ipswich, Suffolk Life employs over 130 people and has built an enviable reputation based on its expertise and knowledge of the SIPP market.

This has been recognised through numerous other awards including:-

Technology, Admin and Service award, SIPPs – Pensions Management 2006

Best SIPP Provider - Professional Adviser 2006

Best SIPP Provider - Professional Pensions 2006 & 2005

Best SIPP Product - Moneyfacts 2005

Best Buy - Investors Chronicle 2005

Admin & Service awards, SIPPs – Pensions Management, wins in 2002, 2003 & 2004, commended in 2005

Further details are available by visiting the Suffolk Life website: www.suffolklife.co.uk