

Risk of brand damage increasing as SIPP volumes grow

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In his introductory comments at the twelfth Henry Stewart SIPP and Retirement Options conference in London yesterday, John Moret, conference chair and Director of Sales and Marketing at Suffolk Life highlighted the growing concerns about the industry's capacity to cope with the sharp increase in new business volumes. He said that from media stories even some of the larger SIPP administrators seem to be struggling to provide the levels of service that advisers and their clients have come to expect. He highlighted in particular the length of time that some operators take to process transfer requests which in a regulated environment he felt was unacceptable.

Speaking after the conference, he commented: "Once again the conference has highlighted the enormous growth potential that exists within the SIPP marketplace and the opportunity that exists to restore some confidence in pensions as a savings vehicle through the use of SIPPs. However, there appears to be a genuine shortage of operational capacity which threatens to damage the SIPP brand reputation. The full impact of regulation has yet to be felt but as other speakers highlighted there are concerns over the low and inconsistent levels of regulatory capital required to be a SIPP operator."

He continued: "There are also some very different views being taken on some of the more esoteric types of investment which are worrying given the potential exposure to tax charges for both the investor and the scheme administrator. The most worrying aspect is the poor standards of turnaround times on transfer business – a problem that is also affecting some of the Wrap platforms. Given the increasing importance of SIPP and pensions business in the growth of the platforms it is vitally important that SIPP administrators demonstrate their ability to be able to process transfer requests in a timely fashion – particularly now SIPPs are regulated."

He concluded: "There appear to be several areas where the FSA's handbook are being interpreted differently by SIPP operators – particularly stock and cash reconciliations and the holding of client money. Most speakers at the conference suggested that the growing demand for SIPPs will continue so it is very important that these operational issues are resolved. In the future balancing growth with operational capacity will be an even more important issue for those running SIPPs."

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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 9,000 SIPPs and total assets now exceed £2.4 billion at 31 May 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