SUFFOLKLIFE

Suffolk Life says DWP needs to reconsider its proposals on self-investment of protected rights

4 March 2008

Suffolk Life, one of the UK's leading providers and administrators of SIPPs, has suggested in its response to the latest DWP proposals on self-investment of protected rights that the assumption that there is now a level playing field as far as SIPP regulation and investor protection is concerned is incorrect.

It pointed out that there are different tiers of capital adequacy depending upon the legal and regulatory framework adopted by the SIPP provider. Insurance based specialist SIPP operators are likely to have a much greater financial resources requirement than trust based SIPP operators.

Commenting on their response John Moret, Director of Sales and Marketing at Suffolk Life said: "Historically the Government has been more concerned about the risk of default on the part of the provider of SIPPs rather than with risks posed by poor investment performance. We believe it is entirely reasonable to require a higher level of investor protection of protected rights given that the source of those rights is either partially or totally a rebate as a result of contracting out of the State Second Pension.

"However under the proposals in the consultation document not only will solvency levels be different depending on the SIPP provider but importantly life assurance based SIPPs will usually offer a higher level of investor protection – a point frequently overlooked by advisers and their clients. Given this situation we believe the draft legislation should be amended so that any SIPP operator prepared to accept protected rights funds should be required to have a capital requirement in respect of those funds at the same level as that expected of life assurers and should pay comparable fees to the FSA."

He went on "We have also suggested that there is a case for restricting the investments that are allowed for protected rights to those that are allowed for linked life insurance funds. This restriction should reduce the risk that the protected rights benefits are lost through investment in higher risk products.

"We have also suggested that the current proposals leave a number of other requirements around protected rights unaltered. We believe that it would be better to remove the current inconsistencies in the benefit provisions between protected and non-protected rights – for example, the prohibition on the phased purchase of annuities that apply to protected rights."

The consultation process closed on the 29 February and currently the amending regulations are scheduled to come into effect on the 1 October 2008.

- Ends -

For further information, please contact:

John Moret, Director of Sales and Marketing
Suffolk Life
07711 492440

Louise Dolan/James Marshall
FD
020 7269 7192/7222

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 10,000 SIPPs and total assets now exceed £3 billion. Suffolk Life has acquired properties for over 2,500 SIPP investors.

Established in 1971 and based in Ipswich, Suffolk Life employs over 180 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 2007 & 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

Investor in Customers 2 star award for 2007

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