



## Suffolk Life calls for increased attention to investor protection for SIPPs

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Suffolk Life, one of the UK's leading providers and administrators of SIPPs, calls for increased attention to investor protection issues for SIPPs during a time of financial market uncertainty

The SIPP market's £60billion is relatively small when measured against the recent fall in values of financial services companies, but Suffolk Life believes for individual SIPP investors and their advisers there are some salutary lessons to be learnt. The recent market turmoils have once again demonstrated that particularly for individual investors in times of crisis the value of security and peace of mind cannot be underestimated.

With the SIPP market set for further rapid growth fuelled in many cases by access to protected rights funds for the first time all current and potential SIPP investors and their advisers should undertake thorough due diligence on their chosen provider.

John Moret, Director of Sales and Marketing, Suffolk Life commented "In surveys of key criteria for selecting SIPP providers, financial strength and investor protection provisions rarely get a mention. Far more often it is price and investment flexibility – along with quality of service – that matter most. Given that the average SIPP has assets of around £150,000 more attention should be paid to the issue of what happens if a SIPP investment manager – or indeed a bank holding SIPP funds – were unable to meet its liabilities.

Generally speaking SIPPs that are structured using a life assurance contract will offer a higher degree of protection under the FSCS as compared with trust based schemes should the SIPP provider fail. Advisers and their clients would be well advised to ask their SIPP provider for confirmation of their understanding of the position in the event that the bank holding SIPP assets were to default. For an average SIPP fund of £150,000 holding only cash with one bank the answer might, in certain circumstances, be just over £135,000 in the case of life company backed SIPPs and at most just £35,000 in the case of some trust based schemes."

He continued "Recently the FSA announced that they were reviewing the disclosure regime for SIPPs suggesting that they had in mind bringing it into line with traditional personal pensions. Their focus appeared to be on illustrations and other point of sale material but one other important area that to date has been largely overlooked is the differing investment protection regimes that apply – in part as a result of the different regulatory capital requirements."

He adds: "Bank accounts and cash movements are central to the operation of all SIPPs – and yet the security of those bank accounts is largely overlooked."

He concluded: "Hopefully these are exceptional times but the reward for undertaking due diligence might be the difference between a secure retirement and years of worry. We

believe that with the SIPP market set for further rapid growth fuelled in many cases by access to protected rights funds for the first time all current and potential SIPP investors and their advisers should check the investor protection provisions with their chosen provider."

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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 12,000 self-invested plans and total assets now exceed £3 billion. Suffolk Life has acquired around 1,500 properties for over 2,500 SIPP investors.

Established in 1971 and based in Ipswich, Suffolk Life employs over 195 people and has built an enviable reputation based on its expertise and knowledge of the SIPP market.

This has been recognised through numerous 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

Suffolk Life was acquired by Legal and General in May 2008.

Further details are available by visiting the Suffolk Life website: [www.suffolklife.co.uk](http://www.suffolklife.co.uk)