

SIPP pioneers show new investors the way

6 January 2009

Suffolk Life, one of the UK's leading providers and administrators of SIPPs, has undertaken unique research into the company's first 1,000 investors to take out a SIPP. These early adopters of the SIPP provide great insight into the experience of a product that has been used increasingly by advisers and their clients

SIPPs were conceived by Chancellor Nigel Lawson in 1989 and Suffolk Life was one of the first companies to take advantage of the new flexibility that SIPPs offered. It has recently published the findings of a research project that looked at the experience of its earliest adopters of SIPPs

John Moret, Director of Sales and Marketing at Suffolk Life said: "For those who have been involved in the SIPP industry from the beginning, the market today is almost unrecognisable. There is much more competition with a huge range in providers and their propositions. Our research has shown that the majority of investors utilizing a Suffolk Life SIPP have taken advantage of the flexibility that a "bespoke" SIPP offers

The main findings of the research which was conducted as at 1st September 2008, and will be repeated in 2009, were:

- Over 80 per cent of the original Suffolk Life 1,000 still had an active SIPP with the company – in some case up to over 13 years later.
- The Suffolk Life 1,000 held assets in excess of £161m*
- More than half of SIPP investors were still building their pension pots, with 525 of the Suffolk Life 1000 still in the accumulation phase
- The average fund value of active members was £306,743*, much of which has come from transfers in from other pension schemes
- The largest pension transfer was for £1.36m
- Since A-day there have been 10 contributions at the annual allowance maximum level
- At 1 September 2008 263 of the Suffolk Life 1,000 had taken benefits. All but 29 of the 263 had used the SIPP income drawdown functionality by going into unsecured pension
- The majority, 57 per cent, of this group had gone into full drawdown, doing so at an average age of 61. They currently had funds averaging £421,890*
- Of those clients who reached the age of 75 nine individuals had selected alternatively secured pensions

*All fund values correct as at 1/9/08

John Moret added: "The investment performance of the various SIPP portfolios varied significantly. In most cases the best overall annual returns have been achieved by investors with some exposure to commercial property. The year that the SIPP was taken out obviously had an impact but as was to be expected asset allocation was the critical factor. Indeed there were several instances where the

annualised return for investors taking out a SIPP in the same year varied by over 30%.

In a climate where suitability of SIPPs is under question we were reassured by the results of this survey. Clearly recent financial market developments will have had an impact. However our survey shows that over the long term for many investors the investment flexibility offered by a SIPP has added real value to their retirement planning."

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 12,500 self-invested plans and total assets 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 around 200 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, Income drawdown – Pensions Management 2008

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

Financial Adviser 5 star service award 2008

Investor in Customers 2 star award for 2006 & 2008

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