



20th Anniversary of Joint Office Memorandum 101 – the birth of SIPPs – time to consign pensions legislation to Room 101?

13 October 2009

13th October marks the 20th anniversary of the publication of Joint Office Memorandum 101 (Memo 101) – which for more than ten years was the only guidance on the investments that could be held within a SIPP.

Commenting John Moret said: "The introduction of SIPPs in the 1989 budget was a big surprise and it wasn't until 7 months later that Memo 101 clarified the investment rules. It was a great example of what pension simplification could have achieved. The permitted investments were covered in just eighty words in one short paragraph and the whole regime was effectively detailed in just two and half pages. Contrast that with the recent anti-forestalling legislation which runs to over a hundred pages!

"Today the rules on SIPPs are set out in pages and pages of the Registered Pensions Scheme Manual –the rules on taxable property alone are incredibly complex. And of course the operation of SIPPs is now regulated which adds a further layer of legislation."

John added: "The legislative complexity really started in 2001 when the Inland Revenue changed the approval regime. That was the start of the paper mountain and it continues to grow at an alarming rate. The early regime may not have been perfect but during the time that Memo 101 was in force around 75,000 SIPPs were established without any major problems or scandals. Maybe it's time for a rethink!

If I was to be on the BBC's Room 101* I would simply offer one item – the whole pensions legislation which has been estimated to exceed 50,000 pages. If that wasn't allowed then thinking specifically about SIPPs my suggestions for Room 101 would be:

1. Anti-forestalling legislation
2. Compulsory annuitisation including Alternatively Secured Pensions (ASP)
3. Taxable property legislation
- Bonus item**
4. Predictive text – a useless tool which hinders rather than helps!"

John concluded: Despite all the legislative complications the good news is that the SIPP market growth continues unabated at over 20% p.a. It took nearly fifteen years for the first 100,000 SIPPs to be established and only another five years to reach half a million. So at that rate we could be celebrating a million SIPPs by 2012 – but how many more pages of legislation will there be by then?

Further details on Suffolk Life can be found at www.suffolklife.co.uk/adviser

*Room 101 was a BBC comedy television series based on the radio series of the same name, in which celebrities are invited to discuss their pet hates and persuade the host to consign them to a fate worse than death in Room 101, named after the torture room in the novel Nineteen Eighty-Four by George Orwell.

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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 15,000 self-invested plans and total assets exceed £3 billion. Suffolk Life has acquired over 1,650 properties for over 3,000 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