



## Suffolk Life says uncertainty over changes to CGT is driving interest in purchasing property in a SIPP

9 June, 2010

Suffolk Life, one of the UK's leading providers and administrators of SIPPs, says uncertainty and speculation surrounding changes to Capital Gains Tax (CGT) in the forthcoming Budget on 22 June has resulted in a flood of enquiries from property owners, specifically those looking to place properties they personally own into their pensions.

For many property owners, the expected change of rules could mean the CGT liability on disposal could more than double, from 18% up to the higher rate level of 40% and potentially to 50% for those earning over £150,000.

Suffolk Life has seen the number of enquiries from advisers double compared to a normal month as they urgently look at all the options available to their clients to try and complete on a property acquisition by 22 June. This follows the anti-forestalling measures to restrict higher rate relief on contributions announced in the last budget, which were implemented with immediate effect.

John Moret, Director of Marketing at Suffolk Life says: "Properties already within SIPPs are of course exempt from CGT upon disposal, making them an ideal way of saving for retirement. It is no wonder that so many people are bringing forward plans to place properties they own, as well acquire new buildings, into their SIPPs prior to the Emergency Budget on 22 June."

"By way of an example let's assume an investor bought a property for £175,000 some time ago and it has now appreciated to £350,000 and they want to put this into their SIPP. Under the current CGT regime they would expect a CGT cost of £29,682. If CGT were changed to 40% on 22 June they would see CGT cost increase to £65,960. That's a difference of £36,728 i.e. over 10% of the property price. If the acquisition was made in time, the savings of £36,728 could also be contributed to the SIPP. This would attract at least basic rate tax relief, increasing the value to £45,347.50 – a very significant difference."

Oliver Crichton, Director of Property at Suffolk Life says: "Suffolk Life has a particular specialisation in the purchase of property within SIPPs. There are a number of advantages of investing in commercial property through a SIPP, such as tax exemption and tax relief without which a commercial property investment could be decidedly less attractive. Four years ago we completed a record number of properties in the weeks coming up to A-day, and often deal with high volumes of business around the tax year end but over the past month we have received twice the volume of enquiries as a result of the expected changes to the CGT."

John Moret concludes: "There are a lot of questions about pensions waiting to be answered by the new coalition government. This bubble of demand around CGT shows that other areas of taxation can also impact upon pensions and the investment decisions SIPP investors choose to make."

## For further information, please contact:

John Moret, Director of Marketing  
Suffolk Life  
07711 492440

Louise Dolan  
FD  
020 7269 7192

## 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 16,000 self-invested plans and total assets exceed £3.5 billion. Suffolk Life has acquired over 1,900 properties for over 3,500 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 2009 & 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

Defaqto 5 star SIPP award 2010

Financial Adviser 5 star service award 2008

Investor in Customers 2 star award 'outstanding' for 2006 & 2008

Suffolk Life was acquired by Legal and General in May 2008