



Market consolidation inevitable in 2012 according to Suffolk Life

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Of the estimated 120 SIPP providers in the market, Suffolk Life anticipates that less than 10 will have over 75 per cent of the assets required should the FSA change the capital adequacy requirements to two years. As a result, significant consolidation in the SIPP market is to be expected to commence in 2012.

With more than 800,000 SIPPs currently in existence and Suffolk Life estimates of an average growth of 30 per cent per annum since A-Day, recent comments from the FSA indicate that they believe providers' book levels are too low. They have proposed plans to link capital adequacy requirements to the complexity of a firms' business. The requirements are expected to be increased from six weeks to up to two years, with those providers dealing with investments at the more complex end of the SIPP spectrum hardest hit.

Chris Jones, Product and Marketing Director at Suffolk Life, remarks, "In 2012 SIPP providers are being faced with further regulatory scrutiny from the FSA and HMRC. In the pipeline are the FSA's ongoing thematic review, UCIS review and proposals for increased disclosure. HMRC is reportedly taking a closer interest in scheme reporting, record-keeping and at the same time there are changes for the abolition of protected rights, which will see SIPP providers having to amend their illustration systems and literature. Further to this, there's the continuing flow of other illustration changes arising from RDR, SMPI rules and the Test Achats European Court judgement.

"A number of providers, particularly those for whom SIPP administration is not a core service, are evaluating their business models and looking at alternative options to de-risk their regulatory exposure. The specialist providers that have the financial strength, robust systems and strong corporate governance infrastructure demanded in today's market are both best placed and most interested in this sector.

"Market consolidation is therefore the only viable option for many in the SIPP sector as they seek to battle against increased regulatory scrutiny and pressure from advisers."

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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 total assets exceeding £4 billion. Suffolk Life owns over 2,350 properties for over 4,000 SIPP investors. All figures are as at January 2012.

Suffolk Life is part of the Legal & General Group.

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 2010, 2009 & 2008
Defaqto 5 star SIPP award 2010 & 2011
- » Investor in Customers 2 star award 'outstanding' for 2008 and 2010

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