

SIPPS APPEAL

Why Sipps are still
seducing investors



Sipp: a growth market just waiting to happen

Sipp are on the march. According to *PM's* annual survey of this sector of the pensions market, they are destined to be the top choice for pensions and are growing at up to 50% a year, says Ruth Emery



Everything's coming up roses: the Sipp market is predicted to grow like Topsy – or like Betty Harkness



“There are more than 148,000 Sipp plans. Some providers do not reveal their figures, so the Sipp market could comprise as many as 160,000-170,000 plans”

A -day has been and gone and with it a smattering of self-invested personal pensions (Sipp) have been launched and there's a certain buzz coming from never-ending reports revealing Sipp's phenomenal demand and that they are now 'mainstream'.

Sipp have been available in the UK since 1989 and, according to our annual *PM* Sipp survey, there are now more than 148,000 plans, up 27% on the 2005 figure of 116,613.

Although some providers do not reveal their number of plans, so the Sipp market could comprise 160,000 to 170,000 plans.

The survey respondents agree that Sipp will become, if they are not already, the number one choice for pensions, and that growth in the market will be at least 20% pa, with some even predicting 50%.

European Pensions Management's Francis Moore says he expects a 30% to 50% increase in Sipp volumes until 2007, and thereafter it

will level out at around 25% a year.

He believes much of the increase will come from transfers from the insured market, transfers from occupational schemes and contributions from the corporate pensions market.

“The future of the Sipp market looks very healthy. It is the pension scheme of choice,” he adds.

The survey

Forty-one companies took part in this year's survey, representing 48 Sipp between them. Eight new Sipp have been launched in the last two years, two of which were initiated recently, around A-day.

Norwich Union launched its Sipp on April 6, using Lifetime platform and servicing, and including access to Suffolk Life's commercial property funds. Legal & General unveiled the Portfolio Plus Sipp on April 10, aimed at the mass affluent market, using the Cofunds plat-

form and offering more than 250 insured funds.

Andy Agar, head of pre-retirement products at the firm, says: "Developments such as our new Sipps in conjunction with Cofunds will revolutionise the traditional Sipps market by introducing enhanced fund choice at comparatively low cost.

"Also, being able to manage a client's investments in one place creates great administration savings."

Mike Morrison, pensions strategy manager at Winterthur, says we can expect many more product launches this autumn, once providers have settled into the post A-day routine. Scottish Life is one such firm developing a new Sipps proposition, and it therefore declined to participate in the survey.

With one exception, all the companies have seen impressive gains in numbers of plans and assets under management, with some of them doubling their business (table one, see page 38).

Standard Life's product that was launched less than 18 months ago (in December 2004) has seen an explosive start to its business, as it boasts 14,941 plans and has more than £3bn assets under management (AUM).

Hargreaves Lansdown is also worthy of a mention as its HL Vantage Sipps has grown from 4,106 plans in December 2004 to 8,460 plans in December last year, and its AUM has shot up from £130m to £271m in the same period.

Alex Davies, head of life and pensions at the company, explains the growth: "It has purely been because we've been promoting the Sipps since 2002, and everyone wants Sipps. We've done another 3,000 plans this month and the market is just absolutely huge."

Hartley SAS, Hornbuckle Mitchell, InvestAcc, JB Trustees, Merchants Investors Assurance, Pointon York Sipps Solutions, Premier Pension Services, PSFM, Purplecircle and Wensley Mackay have all seen very strong growth too.

Friends Provident has seen a small decrease in its Sipps business though, with the number of plans falling from 1,598 to 1,586 and AUM reduced from £406m to £324m. Nigel

Hancock, product manager for executive pensions at Friends Provident, was frank about this: "The decrease is a combination of people retiring and people moving away from our arrangement," he says. "The situation is not all we would like it to be and our market share is falling.

"This is because we haven't been as big on maintenance as some of our competitors have, and because our Sipps is focused on post-retirement, so we're not reaching the pre-retirement market."

He declined to say whether there would be any big product changes this year, but told PM that the situation was now "pretty actively under review".

While Hazell Carr declined to give their figures for last year, a quick look back at the 2005

(which in many cases has been Capita) out in the cold.

When PM probes the situation, a Capita spokeswoman says: "We are not aiming to be a provider." She also says: "It is not appropriate to give figures of the products we administer," and adds: "We are a firm that just acts behind the scenes."

Therefore, she says, no figures of their aggregate number of plans and assets under management will be given out.

What we do know though is that Capita has lost two mandates (Legal & General and Axa) recently, and one industry source says Capita's Scottish Widows mandate has been put out to tender, so it could lose that as well. "They are definitely struggling to win any new mandates. And James Hay has also had a tough time as

"Being able to manage a client's investments in one place creates great administration savings"

Sipps survey shows a loss of 20 plans for the provider, down to 270 at 31 Dec 2005. Axa has also seen a small decrease in number of plans, from 331 to 324, but its assets are up by £1m, to £133m. Five companies have not disclosed any figures.

The heavyweights in the Sipps market appear to be Scottish Equitable (with 39,441 plans) and James Hay Pension Trustees (37,766).

There are no major changes of services offered this year. We can expect to see some developments at Axa though, as it will launch an in-house Sipps at the end of June.

Talking to PM Tony Moore, pensions development manager at Axa, says: "This will replace the current product administered by Capita and will offer both deferred self-investment and a broad range of self-invested options."

While Capita submitted a response to the survey last year, it declined to do so this year. An increasing amount of providers, with Axa the latest, have been moving their Sipps in-house, leaving the third-party administrator

they've lost one or two mandates too," he says.

Another insider offers his view: "Capita are really playing the service game, they don't want to be known as a pensions provider. I would expect some moves or repositioning from them in the next few months."

In table two, the majority of the respondents offer full self-investment and a complete suite of investments (see page 40), although investments that providers are least likely to offer are traded endowments (11 firms do not offer that), options and futures (10 firms do not offer those).

Following Gordon Brown's U-turn on residential property last year, and the clarification in March about what constitutes as commercial and residential property, some firms have got cold feet about allowing investments in bricks and mortar. Residential property is deemed as taxable now (Sipps can invest in them but the penalties are pretty steep), and includes beach huts, and ground rents relating to residential property.

However, hotels, children's homes, halls of

In association with

James Hay

SUFFOLKLIFE

Expertise that makes the difference

Table one: Sipps and assets under allocation

Company	Product	Date launched	No of plans	Assets (£m)	Full Sipps		Hybrid Sipp		Deferred Sipp	
					Plans under admin at 31/12/05 (31/12/04)	Assets under admin at 31/12/05 (31/12/04)	Plans under admin at 31/12/05 (31/12/04)	Assets under admin at 31/12/05 (31/12/04)	Plans under admin at 31/12/05 (31/12/04)	Assets under admin at 31/12/05 (31/12/04)
AJ Bell	AJ Bell Sipp	Jun-97	nd	nd	nd	nd	0	0	0	0
AIG Life	AIG Life Personal Pension Plan No2 Scheme	Jun-99	98	15.75	0	0	98 (nd)	15.75	0	0
Alliance Trust Savings	Select Pension	1997	nd	nd	5,162 (4,690)	237 (160)	0	0	0	0
	Personal Pension Plan	1998	nd	nd	2,448 (1,490)	857 (521)	0	0	0	0
Axa	Axa Sipp Scheme	Mar-01	323	133.35	324 (331)	133 (132)	0	0	0	0
Barnett Waddingham	The Barnett Waddingham Sipp	1999	960	400	960 (800)	400 (300)	0	0	0	0
Central Tax & Trustee Planning	CTTP Sipp	Dec-04	37	10.5	37 (24)	10.5 (8.5)	0	0	0	0
Cooper Parry Financial Services	Bright Sipp	Feb-04	78	nd	58 (30)	17 (nd)	0	0	0	0
David Booter & Co	Sipp Focus	Aug-03	282	84	253 (172)	62 (50)	0	0	0	0
Dentons Pensions Management	Dentons Sipp	1996	1060	47	972 (864)	42.7 (36.8)	0	0	0	0
European Pensions Management	EPM Bespoke Sipp ²	2001	2252	263.35	2,019 (1,602)	214.65 (148.1)	0	0	0	0
Friends Provident	Friends Provident Sipp	Aug-97	1,564	330	1,586 (1,598)	324 (406)	0	0	0	0
Greyfriars Asset Management	Greyfriars Preferred Retirement Account	Jun-09	400	200	400(300)	200 (150)	0	0	0	0
Hargreaves Lansdown	HL Vantage Sipp	Jul-02	14,407	411	8,460 (4,106)	271 (130.2)	0	0	0	0
Hartley SAS	The Hartley Sipp	2001	251	74	251 (159)	74 (28)	0	0	0	0
Hazell Carr	Hazell Carr Sipp	Mar-97	nd	nd	270	nd	0	0	0	0
Hornbuckle Mitchell	Flexible Pension	Mar-04	5,000	nd	138 (29)	nd	0	0	0	0
	Private Pension	Feb-01	5,000	nd	3,600 (2,000)	nd	0	0	0	0
InvestAcc Ltd	Minerva Sipp	Oct-03	329	114	260 (141)	88 (23.4)	0	0	0	0
IPS Actuarial Services	IPS Pension Builder	Sep-95	3,800	840	3,800 (3,370)	840 (750)	0	0	0	0
James Hay Pension Trustees	Private Client Sipp	1996	37,766	11,400	4	5	0	0	0	0
JB Trustees	North Star Sipp	Nov-04	150	c.30	150 (30)	30 (6)	0	0	0	0
Legal & General Assurance Society	Portfolio Plus Sipp	Apr-06	nd	nd	nd	nd	nd	nd	nd	nd
MC Trustees	MC Trustees Private Pension	1996	1023	506	1023 (918)	506 (450)	0	0	0	0
Merchant Investors Assurance	Self Invested Pension Portfolio	Jun-96	370	67	370 (274)	67 (29.9)	0	0	0	0
Michael J Field Consulting Actuaries	The Michael J Field Sipp	1998	c.800	nd	c.750 (c.640)	nd	0	0	0	0
Norwich Union	Norwich Union Sipp	Apr-06	nd	nd	nd	nd	nd	nd	nd	nd
Origen	The Self-Invested Pension	Feb-04	373	128	6	7	0	0	0	0
Pointon York Sipp Solutions	The Pointon York Sipp and the PY Sipp	1990 & 2001	nd	nd	14	nd	0	0	0	0
Premier Pension Services (ILT)	Premier Sipp	Jan-02	450	140	450 (170)	140 (90)	0	0	0	0
PSFM	PSFM Sipp	Apr-02	210	nd	180 (90)	82 (62)	0	0	0	0
Purplecircle	Purplecircle Private Pension Plan	Feb-05	54	13	54 (9)	nd	nd	nd	nd	nd
Rensburg Sheppards	Rensburg Sheppards Premier Pension	1992	909	316	8	9	0	0	0	0
Scottish Equitable	Scottish Equitable Sipp Plan	1992	39,441	3,710	39,441 (29,825)	3,707.6 (2,933.9)	0	0	0	0
Scottish Widows	Scottish Widows Sipp	Mar-97	263	53.7	nd	nd	263 (257)	53.7 (44)	0	0
SIPPcentre	Sippcentre Sipp	Oct-02	nd	nd	nd	nd	0	0	0	0
Sippdeal	Sippdeal e-sipp	Oct-00	nd	nd	nd	nd	nd	nd	nd	nd
Skandia	The Skandia Sipp	Jan-05	nd	nd	nd	nd	nd	nd	nd	nd
Standard Life Assurance Company	Sipp, from Standard Life	Dec-04	14,941	3,057	871 (0)	221 (0)	10	11	4925 (0)	611 (0)
Suffolk Life	The Suffolk Life Sipp	1996	7,000+	c.1500	12	1,300 (994)	0	0	0	0
TM Sipp Services	Elite Retirement Account	2000	750	nd	13	nd	0	0	0	0
Wensley Mackay	Wensley Mackay Personal Pension	2001	200	50	200 (125)	30 (15)	0	0	0	0
Winterthur Life	The Winterthur Life Sipp Scheme	May-05	8,077	1,423	8,077 (7,903)	1,423 (1,348)	0	0	0	0

Notes: 1) AJ Bell regular and lump sum contributions combined. 2) EPM Bespoke Sipp, EPM Stockmarket and Investment Funds Sipp, EPM Global Investment Sipp, EPM iDealing Sipp, Sipps4kids, EPM Group Sipp are all combined in the figures. 3) And 10% other, such as non-

earning spouse. 4) 13,512 (7,967) own products, 23,490 (28,344) third-party brand/own admin. 5) £4.6bn (2.2bn) own products, £5.8bn (6.8bn) third-party brand/own admin. 6) 200 (36) own products, 173 (228) third-party brand/own admin. 7) £73m (15m) own products, £50m

(74m) third-party brand/own admin. 8) 194 (69) own products, 715 (773) own brand/third-party administrator. 9) £54m (17m) own product, £262m (202m) own brand/third-party administrator. 10) 1817 (0) own products, 7328 (0) own brand/third-party administrator.

residence, care homes, hospitals, hospices and prisons are not taxable property – so should generally be tax exempt.

AJ Bell says it will not allow any taxable property where there is an unauthorised pay-

ment charge in its Sipps, and Hazell Carr Pension Services and IPS Actuarial Services say the same. European Pensions Management (EPM) is dubious about nursing homes so won't be allowing that either. And it, along

with Skandia, has banned all overseas property from its Sipps too. Most providers allow commercial property, and James Hay and Suffolk Life clients seem to be big fans of the asset as they manage 2,285 and 1,100 com-

Client profile Sipp contributions as %		Origin of business as%							Income drawdown split as %		
Employed	Self-employed	SSAS transfers	Occupational scheme transfers	Personal pension transfers	Regular contributions	Lump sum contributions	Other	Phased drawdown	Full drawdown	Phased annuity purchase	
nd	nd	10	5	70	15 ¹	15 ¹	0	10	90	0	
8	2	0	5	90	0	5	0	3	16	0	
60	40	0	15	25	10	50	0	30	60	10	
60	40	2	18	80	5	2	0	60	40	0	
45.7	11.4	2.8	36.9	60.3	0	0	0	6	110	0	
55	45	10	15	30	25	20	0	40	60	0	
65	35	0	30	60	0	10	0	nd	nd	nd	
50	40	5	20	70	5	0	0	5	95	0	
40	60	20	1	29	5	45	0	7	93	0	
46	54	30	7	43	16	4	0	22	78	0	
55	35 ³	5	40	20	5	25	0	30	65	5	
nd	nd	nd	nd	nd	nd	nd	nd	27.54	70.67	1.78	
25	75	5	7	40	5	43	0	20	78	2	
44	27.5	5	6.5	52	3.5	33	0	0	1	0	
30	70	22	11	36	6	25	0	0	8	0	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
35	35	0	20	40	0	40	0	40	60	0	
35	35	10	10	70	0	10	0	40	60	0	
59	32	7	10	57	15	36	0	0	2	0	
36	64	6	6	52	18	18	0	16	10	5	
nd	nd	nd	nd	nd	nd	nd	nd	29	70.09	0.91	
60	40	20	20	20	20	20	0	nd	nd	nd	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
31	69	11	3	65	4	4	13	73	27	0	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
43	57	30	5	60	0	5	0	30	69	1	
50	50	2	1	70	50	50	0	10	10	0	
40	60	20	0	78	2	0	0	20	80	0	
80	20	5	20	70	5	0	0	25	75	0	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
30	30	5	30	50	5	10	0	20	80	0	
67.3	32.7	nd	nd	nd	nd	nd	nd	0	69.6	30.4	
nd	nd	nd	nd	nd	nd	nd	nd	0	12.17	0	
nd	nd	10	Note ⁶	65	10	15	0	10	90	0	
nd	nd	1	1	58	20	20	0	0	100	0	
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	
15	85	2	20	70	2	6	0	25	75	0	
46	46	2	25	65	4	4	0	34	66	0	
nd	nd	40	0	40	0	0	20	nd	nd	nd	
50	50	5	10	40	5	40	0	0	100	0	
31.1	28.7	2.2	21.3	76.5	0	0	0	235 plans	2,251 plans	0	

11) £258m (0) own product, £1967m (0) own brand/third-party administrator. 12) 5,661 (4,249) own products, 193 (nd) third-party brand/own admin. 13) 700 own product, 50 third-party brand/own admin. 14) 3,000 (1,500) own product, 3,000 (1,500) own brand/third-

party administrator, 100 (50) third-party brand/own admin.

mercial properties respectively.

Now that connected party transactions are allowable, there is definitely a growing trend for commercial property, although the effects of the reduced borrowing capacity remain to

be seen.

To deal with increasing investment types and the complications surrounding them, Pointon York Sipp Solutions recently set up an internal committee that reviews all requests

for alternative or new investments that come in from independent financial advisers (IFAs), and then the trustees decide if they want to proceed.

Managing director Christine Hallett explains: "The types of investments we've reviewed recently have been a Scottish residential fund, a private equity fund, unquoted shares and GuestInvest.

"We believe GuestInvest is a trading activity. If clients want to go forward and invest in it they can, but we as scheme administrator would report it as a trading activity to the Inland Revenue and there would be enquiries from there and normally a charge.

"We'll be allowing unquoted shares, but with some specific conditions, such as no more than 50% of a fund can invest in it, and we'll make a transaction charge."

Table six (page 48) gives further analysis into the Sipp world of investments – property (and we can assume nearly all of that will be commercial) is the favourite with an average percentage asset allocation of 21.6.

Unit trusts and Oeics are hot on its heels with 19.2, while fixed interest (3.7) and investment trusts (6.6) are the losers in the assets battle.

Hallett observes: "Property, unit trusts and Oeics are more mainstream whereas investment trusts are more specialist and advisers don't understand them fully."

Hugo Shaw, investment manager at Bestinvest, agrees: "Investment trusts are a slightly alien structure for some Sipp clients so I'm not surprised they're unpopular.

"Unit trusts can be easier and simpler to understand."

Table three (page 42) reveals the low cost Sipp providers as Alliance Trust Savings (Select Sipp), Hargreaves Lansdown and Sippdeal, as they all have no initial or annual charge, and low transaction and drawdown costs.

Nine providers in total have no initial charge for their Sipp, proving that perhaps Sipp really are accessible for the typical 'man on the street' and not the reserve of the wealthy.

Table five (page 46) illustrates that the majority of plans have less than £250,000 in them, which reinforces the idea that Sipp are not just for those who boast more than £1m.

A few providers, such as Dentons Pensions Management and Hornbuckle Mitchell (Private Sipp), do focus on the more affluent clients though, as they both have the most

Table two: Sipp investment

Company	Full self investment	External unit trusts	UK stocks and shares	Overseas stocks and shares	Commercial property	Investment trusts	Deposit accounts	External insured funds	Foreign currency	Warrants	Gilts	Traded endowments	Hedge Funds	Options	Futures	No. of properties managed	Any investments (permitted within rules) that you prohibit?
AJ Bell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	taxable property where there is an unauthorised payment charge
AIG Life	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	5	x
Alliance Trust Savings (Select)	x	✓	✓	x	x	✓	✓	✓	x	x	✓	x	x	x	x	n/a	nd
Alliance Trust Savings (Personal Pension Plan)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	350	x
Axa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	67	nd
Barnett Waddingham	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	450	x
Central Tax & Trustee Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8	nd
Cooper Parry Financial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
David Booler & Co	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Note ¹	x
Dentons Pensions Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	219	x
European Pensions Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	nursing/care homes, overseas property
Friends Provident	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	x
Greyfriars Asset Management	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	200	x
Hargreaves Lansdown	✓	✓	✓	✓	x	✓	✓	x	x	✓	✓	x	✓	x	x	0	commercial property, external insured funds, foreign currency, traded endowments, options, futures
Hartley Pensions Administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	53	x
Hazell Carr Pension Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	tax neutral property, such as residential or foreign
Hornbuckle Mitchell - Flexible	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	nd
Hornbuckle Mitchell - Private	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	nd
InvestAcc Ltd	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	78	x
IPS Actuarial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	taxable property
James Hay Pension Trustees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,285	nd
JB Trustees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	70	x
Legal & General Assurance Society	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	nd	futures, options
MC Trustees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	353	x
Merchant Investors Assurance	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	x	x	x	x	nd	external insured funds, foreign currency, traded endowments, hedge funds, options, futures
Michael J Field Consulting Actuaries	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
Norwich Union	✓	✓	✓	✓	✓	✓	✓	✓	x	x	x	x	x	x	x	nd	nd
Origen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	72	x
Pointon York Sipp Solutions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	500	nd
Premier Pension Services (JLT)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	75	x
PSFM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	7	nd
Purplecircle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
Rensburg Sheppards Investment Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20	nd
Scottish Equitable	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	363	options, futures
Scottish Widows	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	59	options permitted only if they are covered so the max potential loss does not exceed the portfolio value
SIPPcentre	✓	✓	✓	✓	x	✓	✓	x	x	✓	✓	x	✓	✓	✓	n/a	property and TIPs (but offered by sister company AJ Bell)
Sippdeal	✓	✓	✓	✓	x	✓	x	✓	✓	✓	✓	x	✓	✓	✓	n/a	property and TIPs
Skandia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	unquoted/private company shares, residential property, wasting assets, pride in possession/personal chattels, loans to connected parties, overseas property
Standard Life Assurance Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	200	unlisted shares
Suffolk Life	✓	✓	✓	✓	✓	✓	✓	✓ ²	✓	x	✓	x	✓	x	x	1,100	derivatives
TM Sipp Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	150	nd
Wensley Mackay	✓	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	100+	nd
Winterthur Life	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	x	x	679	traded endowments, hedge funds,

Notes: 1) Own 105 properties, but do not act as property manager. 2) not with-profits

plans in the £500,000 to £1m bracket.

Matt Ward, head of pensions at Defaqto, says the popularity of Sipps will be partly driven by people other than high net worth individuals: “It is clear that Sipps are coming of age as a pension instrument and are a solution for more than just very rich investors.”

And Samantha Stewart, marketing consultant at Norwich Union, says initial Sipp market growth is likely to come from high net worth clients as they look to secure their future pensions, but, she says: “In time, we expect mass

affluent and high-end mass market consumers to be attracted by the flexibility and control which self-investment affords.”

Stewart also points out that growth is likely to go hand in hand with the provision of wraps, as “there will be a greater drive to look at the entire investment portfolio of the individual rather than just looking at products in isolation”.

Shaw acknowledges that Fidelity and Cofunds have seen some business growth, and remarks: “With a fund supermarket you

benefit from the economies of scale and can have a smaller portfolio, of as little as £50,000 or even smaller than that if you’ve got healthy contributions.”

A-day Impact

A discussion point for the providers is inevitably the impact of the much-awaited A-day.

The big changes to Sipps include a simpler payment limit to encourage lump sum investment, full concurrency to allow Sipps to be

Table three: Sipp charges

Company	Initial charge (£)	Annual charge (£)	UK shares	Overseas shares	Unit trusts	Investment trusts	Insured funds	Deposits
AJ Bell	425 + VAT	480 + VAT	30 ³ + VAT	30 ³ + VAT	30 ³ + VAT	30 ³ + VAT	30 ³ + VAT	30 ³ + VAT
AlG Life	412	349	22	22	22	22	0	0
Alliance Trust Savings (Select)	0	0	0	0	0	0	0	0
Alliance Trust Savings (Personal Pension Plan)	350	400	0	0	0	0	0	0
Axa	474	557	22	22	22	22	22	22
Barnett Waddingham	425 + VAT	450 + VAT	nd	nd	nd	nd	nd	nd
Central Tax & Trustee Planning	205	495	1st 8 free, then £15	1st 8 free, then £15	1st 8 free, then £15	1st 8 free, then £15	1st 8 free, then £15	0
Cooper Parry Financial Services	£750	£425-850	0	0	0	0	0	0
David Booler & Co	1250	750	0	0	0	0	0	0
Dentons Pensions Management	495	448	0 if nominee	0 if nominee	0 if nominee	0 if nominee	tc	tc
European Pensions Management	Up to 150	50-350	0-15 ⁴	0-15 ⁴	0-15 ⁴	0-15 ⁴	0-15 ⁴	0-100 ⁵
Friends Provident	Up to 290	Up to 525	24	24	24	24	24 for external (internal 2 free, then £15)	24
Greyfriars Asset Management	600 + VAT	min £650, based on % of Sipp value	0	0	0	0	0	0
Hargreaves Lansdown	0	0	Note ⁷	Note ⁸	0	Note ⁷	n/a	0
Hartley Pensions Administration	100	530	100 init + 50 pa	100 init + 50 pa	100 init + 50 pa	100 init + 50 pa	100 init + 50 pa	nil if no nominated scheme account, or 100 init + 50 pa
Hazell Carr Pension Services	510	510	160 pa	160 pa	160 pa	160 pa	160 pa	nd
Hornbuckle Mitchell - Flexible	210	390	0	0	0	0	0	0
Hornbuckle Mitchell - Private	210	390	0	0	0	0	0	0
InvestAcc Ltd	0	400	0	0	0	0	0	0
IPS Actuarial Services	495 + VAT	395 + VAT	1st 6 free, then £5	1st 6 free, then £5	1st 6 free, then £5	1st 6 free, then £5	1st 6 free, then £5	1st 6 free, then £5
James Hay Pension Trustees	290	455	30 (max 300 pa)	30 (max 300 pa)	30 (max 300 pa)	30 (max 300 pa)	30 (max 300 pa)	30 (max 300 pa)
JB Trustees	400	500	0	0	0	0	0	0
Legal & General Assurance Society	295	200-375	20	20	20	20	35	50
MC Trustees	250	nd	inc	inc	inc	inc	inc	inc
Merchant Investors Assurance	0-2 ⁹	0.75-0.25% ¹⁰	1st 10 free, then £25	1st 10 free, then £25	1st 10 free, then £25	1st 10 free, then £25	0.75% AMC on funds in drawdown	0.75% AMC on funds in drawdown
Michael J Field Consulting Actuaries	12	12	12	12	12	12	12	12
Norwich Union	0	c.0.55%	7.50 per trade	nd	nd	nd	nd	nd
Origen	300	500	0	0	0	0	0	0
Pointon York Sipp Solutions	500	600	0	0	0	0	0	0
Premier Pension Services (JLT)	275	350	35	35	35	35	35	35
PSFM	500	600	nd	nd	nd	nd	nd	nd
Purplecircle	195	395	1st 3 free then, £25 (max £250 pa)	1st 3 free then, £25 (max £250 pa)	1st 3 free then, £25 (max £250 pa)	1st 3 free then, £25 (max £250 pa)	1st 3 free then, £25 (max £250 pa)	1st 3 free then, £25 (max £250 pa)
Rensburg Sheppards Investment Management	0	0.25% of fund value (min £250, max £1,250)	0	0	0	0	0	0
Scottish Equitable	0	250	20	20	0	20	0	0
Scottish Widows	412	474	22	22	22	22	56 (TIPs)	56
SIPPcentre	120	80-160	Dealing cost	Dealing cost	Dealing cost	Dealing cost	Dealing cost	Dealing cost
Sippdeal	0	0	Dealing cost	Dealing cost	Dealing cost	Dealing cost	Dealing cost	Dealing cost
Skandia	150 + VAT	160 + VAT (200 + VAT if invested externally)	0	0	0	0	0	0
Standard Life Assurance	0-290	0-400	10 (max 300 pa)	10 (max 300 pa)	10 (max 300 pa)	10 (max 300 pa)	0	0-50
Suffolk Life	300	435	Note ¹⁵	Note ¹⁵	0 if preferred fund supermarket, otherwise 25	Note ¹⁵	n/a	Note ¹⁶
TM Sipp Services	375 + VAT	615 + VAT	10 (max £200 pa)	nd	nd	nd	nd	nd
Wensley Mackay	0	420	10 free, then 25 each	25	0	0	30	0
Winterthur Life	0	545 (345 in first yr if £100K invested Winterthur funds)	30	30	15	15	15	15

Notes: 1) Intermediary remuneration facility offered. 2) Discretionary and advisory investment advice offered. 3) No charges on transactions within nominee account. 4) Charge is nil for electronic transaction and £15 for paper based transaction. 5) Charge is nil for electronic transaction and £100 for paper based transaction. 6) £60 ad-hoc withdrawals, £48-144 additional valuations. 7) Charges online £9.95 to £29.95, phone 1% (min £10, max £50). 8) Charges as for UK shares but with £5 surcharge. 9) 2% for plans up to £99,999, 0.5% for plans between £100k to £149,999 and no charge on plans

over £150k. 10) 0.75% on first £250K then 0.25% on balance over £250k. Min charge of £450 pa. 11) Regular premiums 0-130%, single premiums up to 5.2%, renewal commission regular premiums up to 8%, FBC up to 0.5% regular premiums. 12) All fees are set depending on expected level of work to set up and run the scheme. All fees quoted to clients in advance to any commitment. 13) FBC – 0-1%, payment linked commission – up to 5% of each single or regular payment, funded commission – single payments up to 4% of the single payment, or up to 12% of regular payments. 14) Regular pay-

ments – up to 50% of first expected annual payment, single payments – up to 5% init commission, up to 3% funded init commission, level commission – up to 5%, fund-based commission – up to 1%. 15) 0 if electronic, 25 if paper based. 16) 0 if Bank of Scotland, 75 if acceptable alternative. 17) £490 once issuing instructions, +219 on completion, +131 if mortgage required. Solicitor fees up to £5k+VAT+disbursements. Ongoing administrations fees of up to 157 per quarter, and activity fees, also apply. 18) First income withdrawal in year 130 pa, t/c and no income 130 pa, variation of regular pay-

Other	Income drawdown (setup/annual)	Phased retirement	Property purchase	Transfers in	Transfers out	Annual review	Triennial review	Bank account co-signatory	Liaison with pension scheme office	Record keeping	Trust documentation and rules	Other	IFA commission
30' + VAT	150+VAT init +15+VAT pm	150+VAT	550+VAT init +30+VAT pm	75+VAT	75+VAT	inc	150+VAT	inc	inc	inc	inc	0	neg
0	125	125+63	131-490	0	0	0	nd	n/a	n/a	0	0	0	variable
0	200	100	n/a	50	125	50	n/a	n/a	n/a	n/a	n/a	0	0
0	100	100	600	0	100	150	n/a	n/a	n/a	n/a	n/a	n/a	0'
discretionary fund managers 115	136 pa	21 per tranche	nd	0	22	0	0	n/a	0	0	0	nd	Note11
nd	120	55-275	tc	tc	tc	inc	tc	inc	inc	inc	inc	0	0
unquoted shares 250	150	150	500 (750 for overseas)	0	25	25	25	0	0	0	0	report testing against lifetime limit 25	advice charge can be added in addition to fees
0	200	200	£750min	£95	£195	0	0	0	0	0	0	0	0
0	125	125	tc	tc	0	0	0	0	0	0	0	✓ ²	n/a
tc	tc	tc	tc (500-800 approx)	tc	tc	tc	tc	0	0	0	0	tc	flexible
nd	100	100	tc (min 600)	0	100	0	0	n/a	0	0	0	0	Up to 5% init and 0.5% FBC
nd	0	0	550 init, 720 amc	0	0	0	0	n/a	n/a	0	0	✓ ⁵	0-6% init (max 4% with FBC), FBC 0.25-0.5%
0	0	0	200 + VAT	0	0	0	0	0	0	0	0	0	no comm but fee may be available
0	75+VAT (GAD calculation), 10+VAT (alter payment), 25+VAT (ad hoc payments)	same as income drawdown	n/a	0	75+VAT	0	0	0	0	0	free online	0	n/a
0	100 init + 25 per payment	100 init + 25 per payment	600 init + 300 pa. if borrowing, 100 init + 50pa	50	100	0	0	0	0	0	0	0	0
nd	50 + 25 per withdrawal	n/a	390	0	0	0	0	0	0	0	0	0	0
0	100	175	750	0	0	0	0	25	0	0	0	0	neg
0	100	175	750	0	0	0	0	25	0	0	0	0	neg
0	100	100	250	0	0	0	0	0	0	0	0	0	neg
0	150 + VAT pa	195 + VAT pa	250-500 + VAT	100-250 + VAT	100-250 + VAT	0	100 + VAT	0	0	0	0	0	can include remuneration
Ad hoc valuations £60	60 initial, 120 pa	nd	550 + 0.1% of value over 400K	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
borrowing 250, leases 150	30 for annual payments	nd	600	50	nd	nd	nd	0	nd	nd	nd	nd	variable
22	18	18	23	0	0	0	0	0	0	0	0	sale or transfer 470	Note ¹⁸
inc	140	104 per tranche	519 or 778 with loan	0	519	0	0	0	0	0	0	0	0
0.75% AMC on funds in drawdown	available through flexible retirement option	available through flexible retirement option	750	0	0	0	0	0	0	0	0	£400 loan to fund charge	up to 5% comm, up to 0.5% FBC
12	12	12	12	12	12	N ¹²	N ¹²	N ¹²	N ¹²	N ¹²	N ¹²	N ¹²	0
nd	0	0	24	0	0	0	n/a	nd	0	nd	nd	nd	Note ¹³
0	150	0	500+300pa+200pa ²⁵	0	0	0	0	0	0	0	0	21	0
0	250	0	800	50	350	0	250	0	0	0	0	nd	n/a
35	125 pa	125 pa	500	50	tc	0	0	0	0	0	0	0	n/a
nd	250	250	250-500	50	0	nd	nd	nd	nd	nd	nd	nd	nd
1st 3 free then, £25 (max £250 pa)	50 init + 100 pa	50 init + 175 pa, + income drawdown charge	500	95	295	0	0	0	0	0	0	0	flexible
0	0	0	individually costed	0	0	0	0	0	0	0	0	nd	init 3%, renewal 0.5%
0	0	0	400 ²⁶	0	0	0	0	0	0	0	0	0	init 0-6%, renewal 0.5%
nd	136	61 per additional tranche	17	0 (22 per line of stock in specie)	0 (22 per line of stock in specie)	0	0	0	0	0	0	nd	variable
Dealing cost	150 pa	150 pa	n/a	60 (max £300)	75	0	0	n/a	0	0	0	0	27
Dealing cost	150+VAT ²⁸	n/a	n/a	50 + VAT	75 + VAT	n/a	75 + VAT	n/a	0	0	0	nd	n/a
nd	150 + VAT pa	150 + VAT pa	550 + VAT pa (max £300 + VAT)	60 + VAT	75 + VAT	0	0	0	0	0	0	20	Up to 1% FBF pa, init fee up to 3% of each premium
(ASP is 250 + VAT pa)													
discretionary fund managers 250	0 unless self invested then 120pa	0 unless self invested then 120 pa	550 per property	0	0	0	0	n/a	0	0	0	200 ²⁹	14
other unquoted investments 100	150 establishment, 150 annual charge if income taken, 150 per review	150 establishment, 150 annual charge if income taken, 150 per review	Note ³⁰	0 ³¹	0	0	0 ³¹	n/a	n/a	n/a	n/a	0	variable
nd	100	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	neg
0	set up 100, + 60 pa	set up 100, + 60 pa	tc	tc, min 100	tc, min 100	0	0	0	0	0	0	nd	100 init
nd	32	140	370 once solicitor is appointed, 270 on completion	15	15	0	0	0	0	0	0	nd	neg

ments 50, further designation of income withdrawal 50, payment by cheque rather than BACS 35. 19) Init (RP only) up to 2.5% x MP + 0.5% fund based, capped at 4,000. Renewal (SP/TV only) FBC up to 0.5% level commission. FBC – up to 1%. 20) Telephonic transfers 25 + VAT, property purchase loan arrangement fee 250 + VAT, VAT initial registration 100 + VAT, joint property purchase 100 + VAT for each Sipp. Property management annual property administration 360 + VAT pa, loan administration fee 120 + VAT pa, VAT quarterly returns 120 + VAT pa. Renewal/new lease 250 + VAT. 21) 150 pa additional

contributions, 100 pa external investment portfolios, 150 pa vat registered. 22) External TIP 50, external bank account 50, external building society account 50, new investment manager 110. 23) Acquisition 400, completion 150, mortgage 125, ongoing admin 150 per quarter. 24) 375 init + 320 pa + 0.12% of the net value pa + tc fees £1200-£1500. 25) For borrowing, 26) If in addition to fund supermarket. 27) Tiered rates with 3.5% on balances of £20k, and higher rate applies to entire balance. 28) init, 10+VAT per installment. 29) for customers who move to ASP. 30) c.1,500 init, + c.600 pa. if VAT elected 150 per property pa, property facili-

ty fee 100/investor pa. 31) But 300 if advisor doesn't process all paperwork. 32) for USP and ASP 85 annually, additional tranche is 140 as is a one-off charge taken at set-up.

Abbreviations: tc – time cost; pm – per month; pa – per annum; neg – negotiable; FBC – fund based commission; init – initial; FBF – fund based fee; inc – included.

Table four: Sipp structure

Company	Own product?	Additional product provider/trustee?	Third party administrator?	Deed poll	Individual trust scheme	Master trust scheme	Bankruptcy clause	Investment or linked life regulations	Hybrid Sipp (minimum insured investment)	Deferred Sipp	Full Sipp	Clustered (no of clusters)	Regeneration	Income drawdown	Phased retirement
AJ Bell	✓	n/a	X	X	✓	X	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
AIG Life	✓	n/a	Capita SIP Services	X	X	✓	✓	✓	✓ (£50,000)	✓	X	n/a	n/a	✓	X
Alliance Trust Savings (Select)	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	n/a	✓	✓
Alliance Trust Savings (Personal Pension Plan)	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	n/a	✓	✓
Axa	✓	Suntrust trustee	Capita	X	X	✓	X	✓	X	X	✓	✓ (10,000)	✓	✓	✓
Barnett Waddingham	✓	X	X	X	X	✓	✓	✓	X	X	✓	✓ (10,000)	✓	✓	✓
Central Tax & Trustee Planning	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Cooper Parry Financial Services	✓	nd	X	X	X	✓	nd	✓	X	X	✓	✓ (1,000)	X	✓	✓
David Booler & Co	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (10,000)	X	✓	✓
Dentons Pensions Management	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (100)	✓	✓	✓
European Pensions Management	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	X	n/a	✓	✓
Friends Provident	✓	n/a	James Hay Pension Trustees	X	✓	✓	✓	✓	✓ (£75K after tfc)	X	X	✓ (10,000)	X	✓	✓
Greyfriars Asset Management	✓	X	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Hargreaves Lansdown	✓	n/a	X	X	X	✓	n/a	nd	X	X	✓	X	n/a	✓	✓
Hartley Pensions Administration	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Hazell Carr Pension Services	✓	n/a	X	X	X	✓	nd	nd	X	X	✓	y (1,000)	X	✓	✓
Hornbuckle Mitchell - Flexible	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	nd	✓	✓
Hornbuckle Mitchell - Private	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	nd	✓	✓
InvestAcc Ltd	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,00Y)	✓	✓	✓
IPS Actuarial Services	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
James Hay Pension Trustees	✓	n/a	James Hay Administration Company	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	X	✓	✓
JB Trustees	X	Butterfield Private Bank	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Legal & General Assurance Society	✓	n/a	X	X	X	✓	✓	nd	✓ (£25,000)	✓	X	n/a	n/a	✓	✓
MC Trustees	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (10,000)	✓	✓	✓
Merchant Investors Assurance	✓	n/a	X	✓	✓	X	X	✓	✓ (0)	✓	✓	X	n/a	✓	y
Michael J Field Consulting Actuaries	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Norwich Union	✓	n/a	X	X	X	✓	nd	✓	✓ (no min)	X	✓	✓ (no max)	✓	✓	✓
Origen	✓	n/a	X	X	X	✓	X	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Pointon York Sipp Solutions	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Premier Pension Services (JLT)	✓	n/a	X	X	✓	✓	✓	✓	✓ (no min)	✓	✓	X	n/a	✓	✓
PSFM	X	✓	Bank of Scotland provider	X	X	X	✓	✓	X	nd	✓	✓ (1,000)	X	✓	✓
Purplecircle	✓	n/a	X	X	X	✓	✓	post A-day regs	X	X	✓	✓ (1,000)	✓	✓	✓
Rensburg Sheppards Investment Management	✓	n/a	Wolanski & Co in part	X	✓	X	✓	✓	X	X	✓	✓ (1,000)	X	✓	✓
Scottish Equitable	✓	n/a	Capita SIP Services	X	X	✓	✓	✓	✓ (flexible pension plan no min, phased/ USP £35k)	✓	✓	X	n/a	✓	✓
Scottish Widows	✓	n/a	Capita SIP Services	X	X	✓	✓	✓	✓ (£20k personal pension, £50k income drawdown/phased)	✓	X	n/a	n/a	✓	✓
SIPPcentre	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	X	✓	✓
Sippdeal	✓	n/a	X	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	X	✓	X
Skandia	X	Sippdeal Trustees	Sippdeal Trustees	X	✓	X	✓	✓	X	X	✓	✓ (1,000)	X	✓	✓
Standard Life Assurance Company	✓	n/a	X	X	X	✓	X	✓	✓ (0)	✓	✓	X	n/a	✓	✓
Suffolk Life	✓	n/a	X	✓	X	X	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
TM Sipp Services	✓	n/a	X	X	X	✓	✓	✓	nd	nd	✓	✓ (1,000)	nd	nd	nd
Wensley Mackay	✓	n/a	X	X	✓	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓
Winterthur Life	✓	n/a	Capita SIP Services	X	X	✓	✓	✓	X	X	✓	✓ (1,000)	✓	✓	✓

Abbreviations: TFC – tax free cash

used for top ups alongside an occupational pension, the removal of the requirement to buy an annuity at age 75 and the ability to draw alternatively secured pension (ASP) after

age 75, and the ability to take a tax-free lump sum only and defer drawing a taxable income. Agar says the main issue with simplification is the greater contribution flexibility. He

notes: “This will allow mass affluent and high net worth customers the ability to fund to higher levels and require wider fund choice as a result.” Other providers say the introduction

Table five: Size of plans administered

Company	Size of plan administered					Source of business				
	Up to £250k	£250k to £500K	500k to £1m	£1m to £1.5m	Over £1.5m	Existing clients	Direct sales	IFAs	Accountant/ Solicitors	Other
A J Bell	nd	nd	nd	nd	nd	0	10	90	0	0
AIG Life	84	9	4	0	1	0	0	100	0	0
Alliance Trust Savings (Select)	4,300	750	100	10	2	20	60	15	5	0
Alliance Trust Savings (Personal Pension Plan)	10%	75%	5%	5%	5%	2	10	75	10	3
Axa	173	71	50	16	13	0	0	100	0	0
Barnett Waddingham	50%	20%	15%	5%	10%	10	45	20	25	0
Central Tax & Trustee Planning	7	14	12	4	0	10	0	90	0	0
Cooper Parry Financial Services	47	6	5	0	0	5	2	2	94	2
David Booler & Co	113	80	50	5	5	10	0	0	90	0
Dentons Pensions Management	172	324	342	76	58	18	15	60	3	4
European Pensions Management	nd	nd	nd	nd	nd	25	30	40	5	0
Friends Provident	1167	292	83	16	6	0	14.64	83.36	0	0
Greyfriars Asset Management	46	269	70	10	5	2	5	40	53	0
Hargreaves Lansdown	14,161	187	57	1	1	0	100	0	0	0
Hartley Pensions Administration	78	127	29	11	6	4	0	52	36	8
Hazell Carr Pension Services	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Hornbuckle Mitchell - Flexible	45%	45%	10%	0	0	0	0	100	0	0
Hornbuckle Mitchell - Private	20%	25%	40%	10%	5%	0	0	100	0	0
InvestAcc Ltd	209	89	19	10	2	25	0	65	10	0
IPS Actuarial Services	1,300	1,800	520	130	50	7	8	77	7	1
James Hay Pension Trustees	24,318	8,210	3,642	870	726	0	11.38	88.62	0	0
JB Trustees	nd	nd	nd	nd	nd	10	10	60	20	0
Legal & General Assurance Society	nd	nd	nd	nd	nd	0	0	100	0	0
MC Trustees	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Merchant Investors Assurance	nd	nd	nd	nd	nd	0	10	0	0	0
Michael J Field Consulting Actuaries	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Norwich Union	nd	nd	nd	nd	nd	0	0.2	99.8	0	0
Origen	160	103	82	17	11	5	50	10	35	0
Pointon York Sipp Solutions	nd	nd	nd	nd	nd	1	10	70	10	8
Premier Pension Services (JLT)	160	120	90	50	30	2	2	96	0	0
PSFM	152	28	21	5	4	20	0	75	5	0
Purplecircle	nd	nd	nd	nd	nd	0	5	85	10	0
Rensburg Sheppards Investment Management	314	314	186	20	15	20	60	10	10	0
Scottish Equitable	36,146	2,414	726	107	48	0	0	100	0	0
Scottish Widows	195	47	13	6	2	nd	nd	nd	nd	nd
SIPPcentre	nd	nd	nd	nd	nd	0	0	100	0	0
Sippdeal	95%	nd	nd	nd	nd	0	100	0	0	0
Skandia	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Standard Life Assurance Company	11,056	2689	896	152	147	0	2	98	0	0
Suffolk Life	4,184	854	430	103	90	0	0	80	10	10
TM Sipp Services	20%	50%	25%	5%	0	10	5	80	5	0
Wensley Mackay	70%	20%	10%	0	0	10	40	40	10	0
Winterthur Life	5,777	1,266	726	147	161	0	0	100	0	0

of ASP is a real bonus as many consumers who were previously put off Sipps because of the attached annuities are now entering the market.

AJ Bell has already reported its first £215,000 employer contribution and says it expects many more to follow.

While none of the providers have gone public about any major problems with implementing the A-day regime, Francis Moore undoubtedly speaks for other firms as well when he admits that delays to primary legislation have made transition to the new regime “more difficult and uncertain”.

Survival in the Sipp market

Selling Sipps is becoming more lucrative by the

day and providers are anxiously jostling for a place in an increasingly crowded market. So how can a company triumph in the big Sipp struggle?

Friends Provident has already admitted to losing market share and it will be urgently reviewing its proposition.

According to Defaqto’s *Self-Invested Personal Pensions in the UK* report, published earlier this year, Standard Life and James Hay are the best Sipp providers across disciplines of ‘new business service’, ‘existing business and technical service’ and ‘retirement and claims services’.

Ward says providers who invest time and resource in educating and supporting advisers

will reap the benefits in new business.

The report further adds that many investors will not put up with high charges, limited investment options and poorly performing or unstructured portfolios and will increasingly move to Sipps that offer more flexibility and personal control.

Shaw tells *PM* that customers shopping around for a Sipp take a broad range of investments for granted. “A Sipp with a low range of investments to choose from is crazy,” he says.

“So the deciding factors will often be costs and simplicity. Costs are important as you often get a set-up charge, an annual charge and transfer costs. And simplicity is important as the number of forms and paperwork can be

Table six: Asset class allocation

Company	% of assets in each asset class								
	Host providers insured funds	External providers insured funds	Cash	Direct equities	Unit trusts/Oeics	Investment trusts	Fixed interest	Property	% of assets managed by stockbroker
A J Bell	n/a	10	12	53 ¹	53 ¹	0	5	20	30
AIG Life	44	0	0	0	0	0	0	4	nd
Alliance Trust Savings (Select)	n/a	0	11	13	5	62	9	0	0
Alliance Trust Savings (Personal Pension Plan)	nd	30	15	25	50	15	10	10	25
Axa	25.06	20.41	11.13	10.28	15.88	0.61	0.86	14.97 ²	c.25%
Barnett Waddingham	0	10	26	5	2	12	5	25	15
Central Tax & Trustee Planning	0	15	15	0	35	0	0	35	10
Cooper Parry Financial Services	0	6	23	20	10	1	1	40	5
David Booler & Co	0	32	12	1	15	1	2	37	0
Dentons Pensions Management	0	27	11	33	4	1	4	20	28
European Pensions Management	0	20	15	32	1505	0	0	12	40
Friends Provident	71.28	0	3.67	2.37	10.08	10.53	0.7	1.37	nd
Greyfriars Asset Management	n/a	14	25	5	8	5	8	35	3
Hargreaves Lansdown	n/a	n/a	21	14	59	4	1	n/a	nd
Hartley Pensions Administration	0	5	12	4	22	2	0	55	12
Hazell Carr Pension Services	nd	nd	nd	nd	nd	nd	nd	nd	nd
Hornbuckle Mitchell - Flexible	0	0	0	0	0	0	0	65 ²	5
Hornbuckle Mitchell - Private	0	5	5	10	10	8	1	40 ³	20
InvestAcc Ltd	0	12	10	2	19	2	15	40	2
IPS Actuarial Services	n/a	12	20	9	15	5	2	36	nd
James Hay Pension Trustees	0	34.58	9.05	10.9	23.7	10	3.71	6.07	18.86
JB Trustees	0	15	10	5	10	0	0	50 ⁴	10
Legal & General Assurance Society	nd	nd	nd	nd	nd	nd	nd	nd	nd
MC Trustees	0	16	13	2	9	20	1	39	12
Merchant Investors Assurance	nd	nd	nd	nd	nd	nd	nd	nd	nd
Michael J Field Consulting Actuaries	nd	nd	nd	nd	nd	nd	nd	nd	nd
Norwich Union	nd	nd	nd	nd	nd	nd	nd	nd	nd
Origen	0	10	15	5	35	5	5	15 ⁵	10
Pointon York Sipp Solutions	10	10	15	10	20	2	8	25	15
Premier Pension Services (JLT)	0	17	20	20	8	2	1	32	19
PSFM	0	5	11	72	5	2	1	4	60
Purplecircle	nd	nd	nd	nd	nd	nd	nd	nd	nd
Rensburg Sheppards Investment Management	0	5	10	75 ⁷	75 ⁷	75 ⁷	75 ⁷	10	90
Scottish Equitable	1.17	21.91	10.97	14.28	30.34	2.79	1.19	17.01 ⁸	nd
Scottish Widows	3.47	28.36	18.12	14.35	10.19	1.64	2.74	21.14	nd
SIPPcentre	0	0	10	0	85	0	5	0	40
Sippdeal	0	0	10	50	25	5	10	0	0
Skandia	nd	nd	nd	nd	nd	nd	nd	nd	nd
Standard Life Assurance Company	66	2	5	2	11	2	2	6 ⁶	13
Suffolk Life	0	3	27	0	21	31	5	13	36
TM Sipp Services	nd	nd	nd	nd	nd	nd	nd	nd	nd
Wensley Mackay	0	0	20	15	25	0	0	40	10
Winterthur Life	26.64	19.21	4.91	4.34	10.95	0.68	0.43	10.9 ¹⁰	nd

Notes: 1 Combined figure for direct equities, unit trusts and Oeics. 2 Also 30% loans, 5% other investments. 3 Also 20% loans, 1% other investments. 4 Also 10% other investments. 5 Also 0.8% loans. 6 Also 10% external discretionary portfolios. 7 Combined figure for cash, unit

trusts/Oeics, investment trusts and fixed interest. 8 Also 0.34% loans. 9 Also 2% loans and 2% other investments. 10 Also 0.23% loans and 21.70 other investments.

daunting, and customers will really need a helping hand from their IFA here," he notes.

He says quality of service is also vital, because, with some providers, it can take a long time for transfers to come through. "You really need a slick admin operation to be in the Sipp business," he comments.

However, Hallett believes the market has been segregated so there is a place for all kinds of Sipp providers: "There's room for sophisticated, more expensive Sipp providers which have extensive choice and flexibility, and also cheaper options that have limited choice."

Some of the smaller Sipp providers are opti-

mistic about their prospects in the market and confident they can cash in on new business where other providers, notably insurers, are failing.

Nick Gardener, managing director of InvestAcc, believes customers have become "disillusioned with increasingly poor insur-

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ance company performance and service". And Ian Smith, director of Central Tax & Trustee Planning, agrees, as he anticipates strong Sipp growth "from individuals leaving insurance-based funds."

Ward gives his view on the smaller providers versus insurers contest: "There is a battle going on between the insurers and other smaller providers, it's getting very competitive."

"Insurers are paying new attention to this market by revamping their Sipp and launching different products, so the market must be very important to them."

FSA Regulation and the Finance Bill

Another talking point for Sipp specialists is that the product will not be regulated by the Financial Services Authority (FSA) until April 2007. The FSA says that, in the meantime, it is encouraging all firms to adopt regulatory standards now.

According to the Treasury, any type of firm can operate a personal pension scheme, but the FSA has warned that firms must apply for authorisation and obtain permission from them before doing so.

Francis Moore says once Sipp are regulated, it should give consumers "even more confidence in the product". He believes fund managers and other new providers will enter the personal pensions market following the regulation.

Talking to *PM*, George Ladds, marketing manager at Merchant Investors, says that regulation will create a level playing field, which is good for consumers and advisers, but he warns that regulation may bring in additional costs that could push up charges for the end consumer.

"Regulation will create a level playing field, which is good for consumers and advisers, but may bring in additional costs that could push up charges for the end consumer"

"The other factor to consider is that, with the introduction of capital requirements, some Sipp providers may find themselves unable to meet the more stringent risk-based criteria and as a result we may see consolidation in the market place," he says.

While A-day may be past, the industry is still in the midst of other changes – for example, the finance bill.

Francis Moore says EPM will exercise cau-



tion until the finance bill becomes the Finance Act 2006, but takes a swipe at providers such as Suffolk Life, which has declared it will refuse unquoted shares in its Sipp until everything is concrete when the act is passed.

"EPM will exercise caution but will not go as far as some providers in entirely prohibiting transactions until the Finance Act 2006, involving unlisted shares for example," he comments.

Additional Sipp concerns

Aside from legislation or regulation concerns, some firms have a few basic worries, such as Sipp not being fully used by clients or being bought for the wrong reasons.

Ian Naismith, head of pensions market development at Scottish Widows, notes: "We have some concerns about the amount of pension money that is switching over to Sipp and then being left either in insured funds or deposits."

"Sipp are generally significantly more expensive than standard personal pensions,

and if the customer ends up in the same underlying investment the transfer has been detrimental to them."

But he concedes: "Where self-investment is genuinely needed, we see the Sipp market becoming increasingly vibrant, with rapidly improving technology."

Martin Tilley, business development manager at Dentons Pension Management, thinks Sipp will become more popular, but not main-

stream: "We have seen many people come to us suggesting they need a Sipp almost as a fashion accessory. For the vast majority of these people, an insured product with a very wide range of funds will do the job."

He adds that the additional costs of a Sipp wrapper may not be warranted if a customer can acquire a platform-based personal pension with a good adviser constantly managing the investment allocation.

Is there a definition of a Sipp anymore?

In light of the ongoing changes that are shaping the pensions industry, the definition of the word Sipp is somewhat muddled.

Morrison describes a Sipp as a "bag", and you have the same bag throughout your life but with different contents, in other words the wrapper stays the same but the investments can change freely.

Ladds says Sipp are replacing traditional pension plans, which offered links to other investment houses' funds, and are now seen as a wrapper with access to a platform of funds. "To some extent the true meaning of a Sipp has become blurred," he observes.

In the future, Smith believes two types of Sipp will emerge: "Investment funds only that become commodities and gravitate towards platforms, and full Sipp with property and unquoted shares that will gravitate to small bespoke providers."

And Colin Moody, associate director of James Hay Pension Trustees, sums up the crumbling Sipp definition: "The dividing line between insured personal pensions and Sipp has been getting more difficult to define for some time."

"Post A-day and taking the spirit of simplification on board, a pension is a pension and the Sipp label may not last too long."