

SURVEY SIPP

SIPPS Another year of rapid growth for the Sipp market has seen an abundance of new products and providers join the pensions fast lane

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The formidable self-invested personal pension (Sipp) market has unsurprisingly made vast gains over the last 12 months.

More Sipp providers have continued to enter the arena, and tales of people walking off the street into an IFA's office demanding a Sipp are not uncommon.

This year's PM Sipp survey indicates there are 244,250 plans and £29bn of assets tied up in the products.

This is a large leap from last year, when the survey showed there were just 148,000 plans.

The plans and assets are in reality a lot higher though, as a few Sipp providers are missing from the survey, and some of the firms that did respond did not disclose their number of plans or assets under management (AUM).

The number of plans in the market probably in fact sits around the 260,000 mark.

This year 50 Sipp providers took part, representing 58 Sipp between them (not including group Sipp).

This is an increase from last year when 41 companies participated, representing 48 Sipp.

New entrants to this year's survey are @sipp, Alltrust Services, Berkeley Burke, Charles Stanley, The Freedom Sipp, FundsNetwork Sipp, IPM Sipp Administration, Prudential, Rathb-ones Pensions & Advisory Services, Rowanmoor Pensions, Scottish Life, Towry Law Financial Services and Westerby Trustee Services.

Of those new faces, five companies set up their products in the last two years – Alltrust Services (September 2005), FundsNetwork Sipp (December 2005), Prudential (August 2006), Rowanmoor Pensions (October 2006) and Scottish Life (December 2006).

However, Scottish Widows has the newest Sipp, as it launched in March this year.

Merchant Investors' product and Axa's Sipp are also fairly recent additions to the market, launching in February 2007 and July 2006 respectively.

This reflects the continuous appeal of Sipp and how lucrative the market is.

Some of you may notice The Lifetime Sipp in the tables; this however is not a new entrant –

Hartley SAS has changed its name to The Lifetime Sipp.

Six companies that submitted responses last year failed to this time around.

David Booler & Co said it took too long to prepare the information, and Punter Southall Financial Management said the relevant people who completed surveys "seemed to be on holiday".

Norwich Union has not taken part in the survey as it has introduced some temporary conditions to its Sipp while in the process of integrating the Lifetime business previously administered in Cambridge into the York operations.

Premier Pension Services and TM Sipp Services also missed the boat this year.

As per normal, some of the figures in the tables are not disclosed, for example A J Bell continues to remain silent on exactly what market share it has.

Third-party administrators

Two companies did apologise for their frequent use of those letters, 'nd', and blamed their third-party administrators (TPAs).

Paul Riddell, PR and communications manager at Winterthur,

**KEY
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The race is on to see which companies can fasttrack their Sipp products to success

said it had trouble getting figures from Capita, and Friends Provident claimed it had difficulty getting information from James Hay.

However, a James Hay spokesman said it has provided most of the information to Friends Provident, "but some of this information is difficult to collate and requires significant manual intervention".

A Capita spokeswoman responded to the allegation, saying they had no knowledge of any of their clients requesting data for the survey adding, "we are always very willing to assist them".

Whether there is a problem of getting information out of these TPAs or not, the possibility will always exist that urgent information could be delayed and communication channels can break down.

Therefore, it's probably no surprise that the trend to move administration in-house continues.

Axa's new Sipp is now administered by the firm, leaving Capita to only administer its former product.

Scottish Widows has also pulled the plug on Capita, opting to perform the administration in-house on its recently-launched Sipp.

"It is interesting that while large players performed brilliantly in the same way they did last year, the smaller niche players have had significant gains too"

And Rensburg Sheppards said last year it used Wolanski & Co (now known as Alliance Trust Savings) in part, but has now brought its administration completely in-house.

The spokeswoman from Capita asserts that Capita is still doing very well: "Both Axa and Scottish Widows remain as Sipp clients and we are not aware from them of any plans to exit. We are aware that Axa are considering an in-house option which, according to them, is not a reflection of our service but more to do with how their products interact. Scottish Widows also decided to go in-house last year for similar reasons. We have also successfully launched St. James's Place, Scottish Life [closed book], Metropolitan Life and Zurich in the last 14 months, an indication of our strong position."

It seems even if Capita and James Hay are providing a good service, they may just be left with closed book business, as all the new Sipp seem to be plumping for in-house.

Wins and losses

Good job that James Hay therefore has its own Sipp.

But there is a question mark over

how James Hay fared in the last 12 months, as although in *Sipps and assets under management* (page 44) it looks like it's seen a slight boost in its AUM and number of plans from March 31, 2006 to March 31, 2007, looking back at last year's survey there seems to have been a small fall.

In the June 2006 issue of *PM*, James Hay said it had 37,766 plans, so there is a marginal decrease as the firm now has 37,034 plans.

When asked about the small decrease, the James Hay spokesman gave this confusing comment to *PM*: "Our figures have gone up slightly, but during this period NPI & Prudential migrated their backbook and have now taken it in-house."

The only other firm to have lost business over the last year, from what is disclosed, is Friends Provident.

In December 2004 the firm had 1,598 plans and £406m AUM, but after 12 months that had fallen to 1,586 plans and £324m.

The figures have continued to slide, as of March 31, 2007, the number of plans sat at 1,424 and its assets at £310m (*Sipps and assets under allocation*, page 44).

Nigel Hancock, product manager for executive pensions at Friends Provident, again tries to explain the losses.

"I guess not a huge amount has happened on the existing Sipp contract at the end of the day.

"Our Sipp is a post-retirement product only, it doesn't accept regular or single contributions, just transfer values. So some of our clients are going into annuities, and it's difficult to predict that."

He admits Friends Provident's market share has been falling over the last few years, and that the firm "is not regarded as one of the key players anymore".

Hancock stresses that the situation is under review and the firm has considered targeting the pre-retirement market instead.

However, these are merely a few hiccups in the Sipp survey.

Happily, from what is disclosed, all the other firms have experienced increases to their business.

Normally there is room to remark on all the firms that have seen increases, however due to the tremendous successes by so many providers, I'll limit it to ones ▶

SURVEY SIPP

SIPPS AND ASSETS UNDER MANAGEMENT

COMPANY	Product	Date launched	No of plans	Assets (£m)	Full Sipp	
					Plans under admin at 31/03/07 (31/03/06)	Assets under admin at 31/03/07 (£m) (31/03/06)
@sipp	@sipp	2002	820	180	800 (650)	175 (155)
Aegon Scottish Equitable	Aegon Scottish Equitable Self-Invested Personal Pension	1992	79,538	6,900	4,000 (nd)	756 (nd)
AIG Life	AIG Life Personal Pension Plan No2 Scheme	June 1999	130	24.3	0	0
A J Bell	A J Bell Sipp	June 1997	nd	nd	nd	nd
Alliance Trust Savings	Alliance Trust Full Sipp	1998	5983 ¹	nd	5,983 (nd)	nd
Alliance Trust Savings	Select Pension	1997	6445 ¹	nd	6,445 (nd)	nd
Alltrust Services	Alltrust Sipp	Sept 2005	97	25.5	97 (21)	25.5 (6)
Axa	Axa Life Self-Invested Personal Plan	July 2006	382 ²	252 ²	0	0
Berkeley Burke	Berkeley Burke Private Pension Plan	2001	186	70	186 (122)	70 (nd)
Barnett Waddingham	The Barnett Waddingham Sipp	1999	1,200	580	1,200 (960)	580 (430)
Central Tax & Trustee Planning	CTTP Sipp	Dec 2004	41	12.5	41 (34)	12.5 (10.5)
Charles Stanley	Charles Stanley Alpha Sipp	July 2004	212	38	212 (88)	38 (16)
Cooper Parry Financial Services	The Cooper Parry Sipp	Feb 2004	174	36	139 (78)	29 (16)
Dentons Pensions Management	Dentons Sipp	1996	1,514	678	1,483 (1,220)	666.2 (514.5)
EBS Management	EBS Sipp	Dec 1996	1,400	420	1,400 (1,253)	420 (375)
European Pensions Management	EPM Bespoke Sipp, EPM Stockmarket and Funds Sipp, EPM Global Investment Sipp, EPM iDealing Sipp, Sipp4Kids, EPM Group Sipp ⁴	2001	2,960	400	2,844 (2,252)	360 (263.35)
The Freedom Sipp	The Freedom Sipp	Jan 2005	nd	nd	250 (125)	60 (25)
Friends Provident	Friends Provident Sipp	Aug 1997	1,424	nd	1,424 (nd)	310 (nd)
FundsNetwork Sipp	FundsNetwork Sipp	Dec 2005	1,947 ¹	348 ²	1,947 (225)	348 (32)
Greyfriars Asset Management	Greyfriars Preferred Retirement Account	1991	534	270	534 (348)	270 (200)
Hargreaves Lansdown	Vantage Sipp	July 2002	31,114	1,307	27,227 (12,875)	1,014 (414)
Hazell Carr	Hazell Carr Sipp	Mar 1997	302	68.8	302 (251)	68.8 (nd)
Hornbuckle Mitchell	Private Pension	Feb 2001	nd	nd	8,500 (6,000)	>2bn (nd)
InvestAcc	Minerva Sipp	Oct 2003	503	57	503 (nd)	57 (nd)
IPM Sipp Administration	IPM Personal Pension Scheme	1995	3,285	1,000	3,285 (nd)	£1bn (nd)
IPS Actuarial Services	IPS Pension Builder	Sept 1995	4,600	1,017	4,600 (3,900)	1,017 (862)
James Hay Pension Trustees	Private Client Sipp	1996	37,034	nd	37,034 (37,002) ⁵	11,800 (10,400) ⁷
John Bradley Financial Services	North Star Sipp	Aug 2004	347	60	347 (160) ³	60 (27) ⁸
Legal & General Assurance Society	Legal & General Self-Invested Plan 2000 & 2001	April 2001	367	nd	0	0
Legal & General Assurance Society	Portfolio Plus Self-Invested Personal Pensions	April 2006	3,192	nd	0	0
The Lifetime Sipp Company	The Lifetime Sipp	2001	389	103	389 (251)	103 (74)
Merchant Investors Assurance Company	Self-Invested Pension Portfolio	Feb 2007	nd	nd	nd	nd
MC Trustees	MC Trustees Private Pension	1996	1,238	nd	1,238 (1,023)	612 (506)
Michael J Field Consulting Actuaries	The Michael J Field Sipp	1998	1,000	nd	975 (800)	nd
Origen	The Self-Invested Pension	Feb 2004	511	nd	511 (448) ¹¹	170 (140) ¹²
Pointon York Sipp Solutions	The PY Sipp, The Pointon York Self-Invested Personal Pension ⁴	PY - 2001, Pointon York - 1990	3,600	524	3,600 (nd) ¹³	nd
Prudential	Prudential Flexible Retirement Plan (including Sipp option)	Aug 2006	nd	nd	nd	nd
Purplecircle Consulting	The Purplecircle Private Pension Plan	Jan 2005	140	12	129 (53)	12 (7.5)
Rathbone Pensions & Advisory Services	The Rathbone Sipp	1997	712	277	712 (nd)	277 (nd)
Rensburg Sheppards Investment Management	Premier Pension	Sept 2003	1,040	360	1,040 (600)	360 (164)
Rowanmoor Pensions	The Rowanmoor Family Pension Trust	Oct 2006	153	15.4	153 (0)	15.4 (0)
Scottish Life	Pension Portfolio	Dec 2006	297	50	0	0
Scottish Widows	Scottish Widows Sipp	March 2007	nd	nd	n/a	n/a
Sippcentre	Sippcentre Sipp	Oct 2002	nd	nd	nd	nd
Sippdeal	Sippdeal e-sipp	Oct 2000	nd	nd	nd	nd
Skandia	The Skandia Sipp	Jan 2005	nd	nd	nd	nd
Standard Life	Standard Life Self-Invested Personal Pension Scheme	Dec 2004	30,800	5,300	30,800 (11,700)	5,300 (1,800)
Suffolk Life	Suffolk Life Sipp	1995	8,653	2,278	8,653 (6,399) ¹⁵	2,277 (1,490) ¹⁷
Towry Law Financial Services	Towry Law Sipp	1997	1,400	600	1,400 (nd)	600 (nd)
Wensley Mackay	Wensley Mackay Personal Pension	Oct 2001	225	40	225 (190)	40 (33)
Westerby Trustee Services	Westerby Private Pension	July 1998	450	54	450 (329) ¹⁸	54 (39.8) ¹⁹
Winterthur Life UK	Winterthur Life Self-Invested Pension Plan	1990	nd	nd	nd	nd

Key: nd - not disclosed.

Notes: 1) As at 31 March 2007; 2) As at 1 January 2007; 3) Hybrid and deferred Sipp combined, as at 1 January 2007 (as at 1 January 2006); 4) Figures throughout tables are combined for these products; 5) 80% for SSAS transfers, occupational scheme transfers and PP transfers combined; 6) 16,328 (13,512) own products, 20,706 (23,490) third-party brand/own admin; 7) £5.9bn (4.6bn) own products, £5.9bn (4.6bn) third-party brand/own admin; 8) 329 (142) own product, 18 (18) own brand TPA; 9) £57m

that have had a 100% increase or more in their number of plans in the 12 months up to March this year. To narrow it down so much shows just how buoyant the market is.

Here are some of them: Alltrust Services (362%), Standard Life

(163%), Purplecircle Consulting (143%), Charles Stanley (141%), Hargreaves Lansdown (111%) and The Freedom Sipp (100%).

Alastair Hardie, product marketing manager for Sipp and executive pensions at Standard Life, says his firm's achievement is down to

"first mover advantage", as Standard Life was one of the first life companies to launch a Sipp in 2004; doing well after A-day; and that 18%-20% of its AUM is from customers with existing Standard Life plans.

Rowanmoor Pensions has also

Hybrid Sipp		Deferred Sipp		Client profile		Origin of Sipp						Income drawdown		
Plans under admin at 31/03/07 (31/03/06)	Assets under admin at 31/03/07 (£m) (31/03/06)	Plans under admin at 31/03/07 (31/03/06)	Assets under admin at 31/03/07 (£m) (31/03/06)	Employed	Self-employed	SSAS transfers	Occupational scheme transfers	Personal pension transfers	Regular contributions	Lump sum contributions	Other	Phased drawdown	Full drawdown	Phased annuity purchase
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	75,538 (nd)	6150 (nd)	95	5	nd	nd	nd	nd	nd	nd	0	71.3	28.7
130 (98)	24.3 (15.75)	0	0	8	2	0	5	90	0	5	0	1.5	25	0
0	0	0	0	nd	nd	10	10	70	5	5	0	10	90	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	25	75	0
382 (324) ³	252 (133) ³	0	0	nd	nd	5	40	40	1	14	0	5	95	0
0	0	0	0	50	50	25	10	15	25	25	0	25	75	0
0	0	0	0	55	45	10	15	30	15	10	20	40	60	0
0	0	0	0	70	30	0	30	60	0	10	0	0	3	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	1	5	0
0	0	0	0	50	50	5	10	40	5	40	0	40	60	0
0	0	0	0	43	57	10	8	62	11	9	0	35	65	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	55	35	5	40	20	5	25	5	65	20	2.5
0	0	0	0	40	60	10	10	60	20	0	0	30	70	0
0	0	0	0	3	3	nd	nd	nd	nd	nd	nd	26	74	0
0	0	0	0	nd	nd	80 ¹	5	5	2	18	0	22	78	0
0	0	0	0	20	80	5	10	80	0	5	0	5	95	0
0	0	0	0	35	27	2	12	22	3	37	24	nd	nd	nd
0	0	0	0	nd	nd	8	2	2	17	71	0	6.99	88.71	4.3
0	0	0	0	35	35	10	10	70	5	5	0	40	60	0
0	0	0	0	60	40	7	5	88	27	73	0	4	10	0
0	0	0	0	69	31	8	9	40	8	35	0	34.1	65.9	0
0	0	0	0	40	60	5	5	50	20	20	0	6	12	5
0	0	0	0	29	25	nd	nd	nd	nd	nd	nd	28	72	0
0	0	0	0	55	45	¹⁰	¹⁰	¹⁰	¹⁰	¹⁰	¹⁰	2	4	0
367 (340)	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	10	67	0
3,192 (nd)	nd	0	0	nd	nd	nd	nd	nd	nd	nd	nd	10	67	0
0	0	0	0	38	62	19	18	37	9	17	0	0	11	0
nd	nd	nd	nd	16	31	11	24	7	5	4	0	4	0	0
0	0	0	0	29	71	9	4	70	5	7	5	67	33	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	48	20	10	15	65	3	7	0	30	70	0
0	0	0	0	45	55	15	4	42	0	0	39	35	65	0
1,500 (nd)	20 ¹⁴	nd	nd	80	20	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	80	20	nd	nd	nd	nd	nd	nd	1	99	0
0	0	0	0	28	72	nd	nd	nd	nd	nd	nd	55	45	0
0	0	0	0	80	20	10	30	40	5	15	0	15	85	0
0	0	0	0	43	24	10	11	34	4	41	0	0	100	0
297 (nd)	48.15 (0)	35,000 (0)	855.1 (0)	nd	nd	0	76	14	5	5	0	20	80	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	nd	nd	0	10	50	10	30	0	20	80	0
0	0	0	0	nd	nd	1	1	58	20	20	0	0	100	0
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
0	0	0	0	nd	nd	90 ¹⁵	¹⁵	¹⁵	1	9	0	25	74	0
0	0	0	0	nd	nd	nd	nd	nd	nd	nd	nd	32	68	0
0	0	0	0	75	25	10	30	40	10	10	0	50	44	6
0	0	0	0	50	50	1	19	30	20	30	0	70	30	0
0	0	0	0	65	35	4	5	80	5	6	0	80	20	0
nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd

(£25m) own product, £3m (£2m) TP brand/own admin; 10) An even spread from all of the sources; 11) 311 (238) own products, 200 (210) third-party brand/own admin; 12) £98m (55m) own products, £72m (85m) third-party brand/own admin; 13) 3,100 own product, 500 TP brand/own admin; 14) As at 31 December, 2006; 15) 90% combined figure for all pension transfers; 16) 7,990 (6,151) own product, 663 (248) TP brand/own admin; 17) £2,189m (1,460m) own product, £1,460m (30) TP brand/own admin; 18) 425 (314) own product, 25 (15) TP brand/own admin; 19) £51m (38m) own product, £3m (1.8m) TP brand/own admin.

performed well, gaining 153 plans and £15.4m AUM since August 2006, when the Sipp launched.

However, the runaway winner is FundsNetwork Sipp, with a 765% boost (from 225 to 1,947) to the number of Sipp under its belt over the year.

Its AUM also jumped from £32m to £350m.

Rob Fisher, head of sales and marketing at the firm, tells PM about its success: "We are delighted the Sipp has proven so popular with advisers since its launch at the end of 2005. Clearly our year-

on-year comparisons are particularly strong given we are a relative newcomer to the market, however the benefits of using a platform for Sipp, as well as wider retirement planning, are clearly being recognised by IFAs and their clients."

Fisher says substantial flows ▶

SURVEY SIPP

SIPP INVESTMENTS

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	Private equity	No. of properties managed	Any investments (permitted within rules) that you prohibit?
@sipp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	200	x
Aegon Scottish Equitable	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	x	375	futures
AIG Life	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	x	x	5	x
A J Bell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	cbc	nd	investments that would trigger an unauthorised payment
Alliance Trust Savings (Full Sipp)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
Alliance Trust Savings (Select)	x	✓	✓	x	x	✓	✓	✓	x	x	✓	x	x	x	x	x	n/a	x
Alltrust Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	43	investments that incur additional charges
Axa	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	x	69	overseas commercial property and unquoted shares
Berkeley Burke	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	48	nd
Barnett Waddingham	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	500	x
Central Tax & Trustee Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12	x
Charles Stanley	x	✓	✓	✓	x	✓	x	x	✓	✓	✓	x	✓	x	nd	x	0	hedge funds and property
Cooper Parry Financial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	private equity investment into member's own business restricted to 20%
Dentons Pensions Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	265	reserve right to reject taxable property
EBS Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	450	taxable property
European Pensions Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50	overseas property
The Freedom Sipp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	40	x
Friends Provident	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11	x
FundsNetwork Sipp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	some unquoted shares, shares from employee share scheme
Greyfriars Asset Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	220	taxable property and unlisted shares
Hargreaves Lansdown	✓	✓	✓	✓	x	✓	✓	x	✓	✓	✓	x	✓	x	x	x	n/a	commercial property, external insured funds, foreign currency, traded endowments, options, futures, private equity
Hazell Carr Pension Services	✓	✓	✓	✓	✓	✓	✓	x	x	✓	x	x	x	x	x	x	78	unlisted shares, options and futures, warrants, SHEPs and hedge funds
Hornbuckle Mitchell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
InvestAcc	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	133	x
IPM Sipp Administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	600	x
IPS Actuarial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1,206	taxable property
James Hay Pension Trustees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	unlisted shares
John Bradley Financial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	170	x
Legal & General Assurance Society (2000&2001)	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	x	nd	futures, options, traded endowments
Legal & General Assurance Society (Portfolio Plus)	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	nd	nd	futures, options, traded endowments
The Lifetime Sipp Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	114	x
MC Trustees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	387	x
Merchant Investors Assurance Company	✓	✓	✓	✓	✓	✓	x	x	✓	✓	x	x	x	x	x	x	nd	x
Michael J Field Consulting Actuaries	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	nd	x
Origen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	77	x
Pointon York Sipp Solutions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	600	loans to unconnected individuals
Prudential	✓	✓	✓	✓	✓	✓	✓	x	x	✓	x	✓	x	x	x	x	nd	derivatives, contracts for differences, futures, options, warrants, endowment policies, insurance company with profits funds, private company shares including unquoted shares
Purplecircle Consulting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	25	x
Rathbone Pensions & Advisory Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	✓	40	traded endowments, options, futures
Rensburg Sheppards Investment Management	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	n/a	nd
Rowanmoor Pensions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16	x
Scottish Life	x	✓	✓	✓	✓	✓	x	x	✓	✓	x	✓	x	x	✓	✓	36	overseas property, SHEPs/TIPs, OFEX shares, direct purchase of unquoted shares, NS&I products, CFDs, taxable property
Scottish Widows	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	x	✓	✓	✓	✓	x	1	foreign currency, traded endowments, private equity
Sippcentre	✓	✓	✓	✓	x	✓	✓	x	✓	✓	x	✓	✓	✓	✓	x	n/a	property and TIPs (but offered by sister company AJ Bell), private shares
Sippdeal	✓	✓	✓	✓	x	✓	x	x	✓	✓	x	✓	✓	✓	✓	x	n/a	private shares, 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	500	foreign commercial property and gold bullion
Suffolk Life	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	x	✓	x	x	x	x	>1,000	derivatives, with profits, TEPs, private company shares
Towry Law Financial Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	nd	nd
Wensley Mackay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	200+	x
Westerby Trustee Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	68	x
Winterthur Life	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	x	x	nd	some short-term leasehold properties and flying freeholds

Key: cbc – case-by-case; CFDs – contracts for difference; nd – not disclosed; SHEP – secondhand endowment policy; TEP – traded endowment plan; TIP – trustee investment plan. Notes: 1) Own 105 properties, but do not act as property manager; 2) but not with-profits.

SURVEY SIPP

came from consolidation of clients' legacy pensions into the Sipp, but there was also a marked increase in cash investment leading up the end of the tax year as people sought to maximise their annual contributions.

After FundsNetwork, Alltrust showed the biggest leap in its AUM, growing by 325%, from £6m to £25.5m, then Standard Life with 194% (from £1.8bn to £5.3bn) and the fourth largest increase was by Hargreaves Lansdown (145% - £414m to £1.014bn).

Hamid Nawaz-Khan, managing director at Alltrust, comments on his firm's recent Sipp growth: "It's mainly due to our proposition to the market of a bespoke service. We make every effort to make all transactions as easy as possible for the client and their adviser."

It is interesting that while large players Hargreaves Lansdown and Standard Life performed brilliantly in the same way they did last year, the smaller niche players have had significant gains too.

Mention and congratulations should also be given to the two firms which have crashed through the billion pound barrier - Hargreaves Lansdown and IPS Actuarial Services.

The daddies of the Sipp world continue to be Aegon Scottish Equitable (79,538 plans) and James Hay Pension Trustees (37,034), but Hargreaves Lansdown (31,114 plans) and Standard Life (30,800 plans) are catching up fast.

James Hay can surely not afford to rest on its laurels. We will have to wait until the next survey to see if it manages to make any significant gains, or whether some firms will just zoom right past.

The mean average AUM among the respondents is £728m and the mean average of plans is 5,890.

Adviser preferences

It's one thing to say how much money the provider is making or how many new Sipp it is winning, but what do the advisers actually think of them?

Some recent CoreData research answers this question.

Around 1,000 independent financial advisers (IFAs) were polled, and asked who their preferred Sipp provider was.

The choices were FundsNetwork, James Hay, Premier Pension

"There is a real danger that financial advisers are selling Sipp to generate commission levels in excess of those available from stakeholder pensions when the extra flexibility may not be required"

Services, Scottish Equitable, Winterthur Life, Hornbuckle Mitchell, Norwich Union, A J Bell Group, Sippcentre, Suffolk Life, Standard Life, and 'other'.

The surprising winner was 'other' with 28%, meaning well-established players such as Hargreaves Lansdown or Scottish Life could have come out on top, or perhaps smaller firms like @sipp or Berkeley Burke fared well.

It shows you can't give an IFA a list with just 11 providers to choose from anymore; the market has far outgrown that.

However, of the firms that were offered as an option, the winner by a mile was Standard Life, scooping 26% of the votes.

Sippcentre and Suffolk Life were joint second with 9% each.

Indeed, some Mastek research undertaken by CWC Research, which polled 50 IFAs who write Sipp business, confirms Standard Life is the clear favoured provider, followed by James Hay, A J Bell, Suffolk Life and Transact each receiving between 10% and 20% of the votes.

So why do IFAs like Standard Life so much?

A cynic may point towards commission levels and utter the word "churn".

But Hardie says the firm's success and its high rating among IFAs has nothing to do with commission, dismissing the idea as "rubbish".

He argues: "I completely disagree with that. There's no commission loaded into the pricing. The maximum commission is 5%; you compare that to other companies who pay up to 6%-8%. The average commission we pay is 2.2%-2.3%."

Instead, Hardie believes Standard Life is the preferred provider because of its service, its highly regarded salesforce and the technology.

More on commission later.

The CoreData research also shows that 52% of IFAs thought insurance company Sipp were a defensive move to retain assets, revealing a bit of a 'love 'em and hate 'em' attitude towards insurance firms.

What is a full Sipp?

Back to the tables, 42 of the Sipp surveyed claim to offer full self-

investment, while eight do not (*Sipp investments*, page 46).

However, what constitutes a full Sipp?

Hargreaves Lansdown says it has full self-investment, yet it won't allow commercial property, external insured funds, foreign currency, traded endowments, options, futures and private equity.

Aegon Scottish Equitable, Hazell Carr Pension Services, Prudential, Sippcentre, Sippdeal, Suffolk Life and Winterthur Life also claim to have full self-investment, but won't allow at least four different investments in their Sipp. Although Hazell Carr does say it is currently reviewing its stance on hedge funds.

But it still means there is a lack of transparency over what a full Sipp is - a full Sipp obviously does not mean allowing all investments permitted by HM Revenue & Customs (even if incurring extra charges for more risky assets and additional work) according to some Sipp providers, but to many IFAs this is what a full Sipp should be.

Private equity is the most widely banned asset in the Sipp world - 16 out of the 50 providers won't allow it.

That's followed by traded endowments (15), options (13) and futures (13).

Taxable property, unquoted shares and hedge funds also crop up as forbidden assets.

Surely the whole idea of a Sipp is for investors to be able to truly choose whatever assets they fancy in their portfolios; even if it means a higher charge for some investments, they should be given a choice, to be labelled a 'full Sipp'.

The Mastek research revealed 72% of IFAs said full Sipp (with a full range of investments) were most important to their firm, 24% said hybrid and just 4% said budget Sipp.

Michelle Cracknell, business development director at Origen, gives an IFA's opinion on the issue, saying she believes some Sipp are wrongly labelled.

"As personal pension plans have increased investment flexibility, it is the case that some personal pension plans have as much investment choice as certain Sipp.

"Sipp come in all shapes and sizes, ranging from the very

bespoke Sipp that allows complete investment flexibility, to a very basic Sipp product. The adviser needs to determine the needs of the client and advise them on the correct pensions wrapper. Labels are misleading," she declares.

Some of the providers see the 'full Sipp' branding as a problem too.

David Seaton, director of consultancy at Rowanmoor Pensions, says: "There are too many providers calling their offering a Sipp when it is simply an open architecture personal pension. The Financial Services Authority (FSA) has raised concerns over possible Sipp mis-selling. This stems from some products being wrongly named."

Chris Smeaton, propositions and e-commerce manager at James Hay, adds his thoughts: "Due to the new mainstream nature of Sipp it is paramount a client understands what they are paying for, as we are seeing many Sipp claiming self-investment but in reality only offering their own in-house funds."

Research undertaken by PM's sister title *High Net Worth* reflects this issue of providers promoting a 'full Sipp', which actually has lots of investment restrictions (March 2007 issue).

Pricing

Over on *Sipp charges* (page 52), Alliance Trust (Select Pension), Charles Stanley, Hargreaves Lansdown and Sippdeal can be found in the bargain basement, as they all have no initial and no annual charges, plus their transaction costs appear to be minimal.

It's not clear what Charles Stanley charges for the actual investments in its Sipp though.

The other three firms all have restrictions on what you can invest in, which could be why they have such low fees.

Hargreaves Lansdown and Sippdeal have 98% and 95% respectively of their customers in the 'less than £250,000' size bracket (*Size of plans administered*, page 54), so they are focusing on the smaller-sized plans that are arguably attracted to cheaper products and are less sophisticated in what they want investment-wise.

Rowanmoor Pensions has the heaviest initial charge (£950 plus £100 per member) and The

Freedom Sipp has the highest annual fee at almost a grand (£890). However, they do have minimal transaction charges and both are actually full Sipp, offering the complete range of investments.

The table shows there is definitely something for everyone then, from the high net worth investor who can afford £890 a year and who wants to invest in private equity, to those who are looking for a cheap product to park £100,000 or so in.

Size of plans administered shows Sipp are definitely not the reserve of millionaires, as the majority of the providers report that most of their business is coming from plans that are less than £250,000.

However, a few firms focus on the larger Sipp.

Towry Law Financial Services says 420 of its Sipp are more than £1.5m in value, and none of its Sipp are less than £250,000.

Dentons Pensions Management and Hornbuckle Mitchell have most of their business in the £500,000 to £1m bracket, and IPS Actuarial Services, The Lifetime Sipp Company and Rensburg Sheppards have most of their Sipp in the £250,000 to £500,000 category, compared to the other price brackets.

Mis-selling dangers

Moving onto commission, the Mastek study says in some cases commissions for selling Sipp are twice those for selling basic stakeholder pensions.

Dane Halling of Arcturus Investments gives his opinion from the IFA camp. He says he is aware that commissions for Sipp can be significantly higher than stakeholder products.

"What you have to ask yourself is whether these higher cost solutions have been designed overwhelmingly with the investor's long-term interests in mind. I think we might guess at the answer to that question in some cases," he observes.

Robert Lockie, investment manager and branch principal at Bloomsbury Financial Planning, is also cynical about the high commissions and says he wouldn't be surprised if commissions were sometimes twice as much as for stakeholders.

**KEY
STAT**

765%
Highest
increase
in Sipp
plans
for Funds-
Network Sipp

"It was only recently that I even discovered that commission was available from some Sipp, but given that the product flogging brigade can no longer make much from ordinary personal pensions, I'm not at all surprised to hear that they are looking for other ways to make money from pensions," he comments.

Some of the respondents are worried about the dangers of mis-selling and advisers lured by the high commissions from life offices leading to a churn in business.

Patrick Connolly, financial planner at Towry Law, says: "There is a real danger that financial advisers are selling Sipp to generate commission levels in excess of those available from stakeholder pensions when the extra flexibility may not be required, and those making their own investment decisions are investing in more volatile areas, and with no sensible guidance are not understanding or concentrating on the basics of asset allocation."

Francis Moore, managing director at European Pensions Management, brings up the issue of churning business. He believes that while Sipp sales will continue to grow, market figures are perhaps distorted by sales of Sipp which may in time not be considered to have been suitable, such as churning of insured business.

Martin Tilley, pension consultant and business development manager at Dentons Pension Management, tells PM he thinks the Sipp market is in danger of being oversold at the lower end.

"The whole point of the self-invested schemes is for entrepreneurial people to manage their own assets," Tilley says.

"At the lower end of the market, the clients aren't sophisticated enough and may be confused at the multitude of options available. Unless the advisers can manage these choices, the lower end Sipp is in danger of being mis-sold."

Regulation

The FSA will surely be hoping that Sipp regulation will help combat this alleged mis-selling.

The market is split in how it views regulation; some say it will provide comfort and protection for advisers and clients, while others point to additional costs and ▶

SURVEY SIPP

SIPP STRUCTURE

COMPANY	Own product?	Additional product provider/trustee?	Third-party administrator?	Deed poll	Individual trust scheme	Master trust scheme	Bankruptcy clause	Hybrid Sipp (min insured investment)	Deferred Sipp	Full Sipp	Income drawdown	Phased retirement
@sipp	✓	n/a	nd	X	X	✓	✓	X	X	✓	✓	✓
Aegon Scottish Equitable	✓	n/a	Capita	X	X	✓	✓	✓ ¹	✓	✓	✓	✓
AlG Life	✓	n/a	Capita SIP Services	X	X	✓	✓	✓ (£50,000)	X	X	✓	X
A J Bell	✓	n/a	X	X	✓	X	✓	X	X	✓	✓	✓
Alliance Trust Savings (Full Sipp)	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Alliance Trust Savings (Select)	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Alltrust Services	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Axa	✓	n/a	²	X	X	✓	X	✓ (£3,000)	✓	X	³	³
Berkeley Burke	✓	n/a	X	X	X	✓	nd	X	X	✓	✓	✓
Barnett Waddingham	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Central Tax & Trustee Planning	✓	n/a	X	X	✓	X	✓	X	X	✓	✓	✓
Charles Stanley	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Cooper Parry Financial Services	✓	n/a	X	X	X	✓	✓	✓ (no min)	X	✓	✓	✓
Dentons Pensions Management	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
EBS Management	✓	n/a	X	X	✓	X	✓	X	X	✓	✓	✓
European Pensions Management	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
The Freedom Sipp	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Friends Provident	✓	n/a	James Hay Pension Trustees	X	✓	✓	✓	✓ ⁴	X	X	✓	✓
FundsNetwork Sipp	X	Standard Life	Standard Life	X	X	✓	X	X	X	✓	✓	✓
Greyfriars Asset Management	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Hargreaves Lansdown	✓	n/a	X	X	X	✓	X	X	X	✓	✓	✓
Hazell Carr Pension Services	✓	n/a	X	X	X	✓	X	✓ (no min)	✓	✓	✓	✓
Hornbuckle Mitchell	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
InvestAcc	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
IPM Sipp Administration	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
IPS Actuarial Services	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
James Hay Pension Trustees	✓	n/a	James Hay Administration Company	X	X	✓	✓	X	X	✓	✓	✓
John Bradley Financial Services	✓	n/a	X	X	X	✓	nd	X	X	✓	✓	✓
Legal & General Assurance Society (2000&2001)	✓	n/a	X	X	X	✓	✓	✓ (£25,000)	✓	X	✓	X
Legal & General Assurance Society (Portfolio Plus)	✓	n/a	X	X	X	✓	✓	✓ (£25,000)	✓	X	✓	✓
The Lifetime Sipp Company	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
MC Trustees	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Merchant Investors Assurance Company	✓	n/a	X	✓	X	nd	X	X	X	✓	nd	nd
Michael J Field Consulting Actuaries	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Origen	✓	n/a	X	X	X	✓	X	X	X	✓	✓	✓
Pointon York Sipp Solutions	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Prudential	✓	✓	Suffolk Life	X	X	✓	X	✓ (no min)	X	X	nd	nd
Purplecircle Consulting	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Rathbone Pensions & Advisory Services	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Rensburg Sheppards Investment Management	✓	n/a	X	X	X	✓	X	X	X	✓	✓	✓
Rowanmoor Pensions	✓	n/a	X	✓	X	✓	✓	X	X	✓	✓	✓
Scottish Life	✓	n/a	The Royal London Mutual Insurance Society	X	X	✓	X	✓ (£1,000)	✓	X	✓	✓
Scottish Widows	✓	n/a	X	X	X	✓	✓	✓ (no min)	X	✓	⁵	✓
Sippcentre	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Sippdeal	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	X
Skandia	X	provider – Bank of Scotland, trustee – Sippdeal Trustees	A J Bell	X	✓	X	✓	X	X	✓	✓	✓
Standard Life	✓	n/a	X	X	X	✓	X	✓ (no min)	✓	✓	✓	✓
Suffolk Life	✓	n/a	X	✓	X	X	n/a	X	X	✓	✓	✓
Towry Law Financial Services	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Wensley Mackay	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Westerby Trustee Services	✓	n/a	X	X	X	✓	✓	X	X	✓	✓	✓
Winterthur Life	✓	n/a	Capita SIP Services	X	X	✓	✓	X	X	✓	✓	✓

Key: nd – not disclosed. Notes: 1) Flexible pension plan, no minimum, phased/USP £35,000; 2) Administered in-house, but former product is administered by Capita SIP Services; 3) To come later in 2007; 4) £75,000 after ttc; 5) Currently being developed.

unnecessary rules.

All the respondents have full authorisation from the FSA, and as *PM* goes to press, four firms have interim authorisation for personal pensions: CGL Pensions, Montpelier Pension Trustees, Pensions Administration and Stadia Trustees.

Mark Howard, partner at Barnett Waddingham, slams the regulation for adding bureaucracy, “which is generally of no benefit to the consumer”.

The insurance companies have been largely unaffected as they are regulated anyway, but smaller Sipp practitioners may feel the opera-

tional and financial burden.

As has been well documented in the press, this could lead to consolidations and smaller players merging or being snapped up by their larger competitors.

Steve Latto, pensions development manager of Alliance Trust, notes: “For smaller players, Sipp

SURVEY SIPP

SIPP CHARGES

COMPANY	Transaction costs (£)									
	Initial charge (£)	Annual charge (£)	UK shares	Overseas shares	Unit trusts	Investment trusts	Insured funds	Deposits	Other	Income drawdown (setup/annual)
@sipp	500 ⁽¹⁾	550 ⁽¹⁾	3	3	3	1 ³	3	3	3	£150/£70
Aegon Scottish Equitable	0	250	22	22	0	22	0	0	0	0
AIG Life	429	364	23	23	23	23	0	0	0	131+66
A J Bell	425	480	7	7	30 ⁽¹⁾	30 ⁽¹⁾	30 ⁽¹⁾	30 ⁽¹⁾	nd	150/150pm
Alliance Trust Savings (Full Sipp)	350	400	0	0	0	0	0	0	0	100
Alliance Trust Savings (Select)	0	0	12.50	n/a	12.50	12.50	12.50	12.50	0	200
Alltrust Services	375	550	38-125	38-125	38-125	38-125	38-125	38-125	38-125	125
Axa	299	349	15 online, otherwise 25	n/a	15 online, otherwise 25	15 online, otherwise 25	0	50	changing fund manager 100	0
Berkeley Burke	250	700	0	0	0	0	0	0	0	250
Barnett Waddingham	440	470	tc	tc	tc	tc	tc	normally inc	tc	125pa for monthly payments
Central Tax & Trustee Planning	205	498	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	unquoted shares 250	150
Charles Stanley	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF
Cooper Parry Financial Services	450	550	9	9	10	10	£30	0	variable	200/150
Dentons Pensions Management	495	466	0 if nominee	0	0	0	0	0	0	200
EBS Management	450	500	0	0	0	0	0	0	0	100
European Pensions Management	0-150	50-350	0, 15 if pdel	0, 15 if pdel	0, 15 if pdel	0, 15 if pdel	0, 15 if pdel	0, 100 if pdel	0	100
The Freedom Sipp	390	890	1st 5 free, then £10	1st 5 free, then £10	0	0	0	0	0	150
Friends Provident	Up to 290	Up to 525	24	24	24	24	24 external ¹²	24	0	0
FundsNetwork Sipp	100 IRI, 290 ORI	250 IRI, 400 ORI	£10+dealing charges	£10+dealing charges	0 for pl funds charges for ORI	£10+dealing charges	only IRI initial and admin	0	variable	120pa
Greyfriars Asset Management	600	15	0	0	0	0	0	0	0	0
Hargreaves Lansdown	0	0	16	16+£5 surcharge	0	16	n/a	0	0	17
Hazell Carr Pension Services	0	550	105 initial +50 annual	105 initial +50 annual	105 initial +50 annual	105 initial +50 annual	105 initial +50 annual	105 initial +50 annual	nd	105 initial + 25 per payment
Hornbuckle Mitchell	300	400	0	0	0	0	0	0	0	150
InvestAcc	0	400	0	0	0	0	0	0	0	100
IPM Sipp Administration	0	540	0	0	0	0	0	0	0	150
IPS Actuarial Services	495	395	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	0	150pa
James Hay Pension Trustees	290	455	30 (max 300pa)	30 (max 300pa)	30 (max 300pa)	30 (max 300pa)	30 (max 300pa)	30 (max 300pa)	ad-hoc valuations £60 lease 155, borrowing 260	60/120
John Bradley Financial Services	415	520	155	155, 75 through nominee a/c	35	35	35	0	84 ²³	75/125
Legal & General Assurance Society (2000 & 2001)	395	455	21	21	21	21	21	53 ²²	26	130
Legal & General Assurance Society (Portfolio Plus)	295	200-375	20	20	20	20	21	53 ²²	27	27
The Lifetime Sipp Company	350	450	0	0	0	0	0	0	0	100
MC Trustees	250	539	0	0	0	0	0	0	500 ³⁰	194
Merchant Investors Assurance Company	350	0.25%	nd	35	35	35	35	35	nd	nd
Michael J Field Consulting Actuaries	31	31	31	31	31	31	31	31	31	31
Origen	300	500	0	0	0	0	0	0	22	150
Pointon York Sipp Solutions	250-500	300-600	0	0	0	0	0	0	nd	250
Prudential	300	425	25 (0 via stocktrade)	25	25 (0 via Cofunds)	25 (0 via Cofunds)	variable	25	variable	nd
Purplecircle Consulting	245	395	1st 3 free then £25 as per fund mgr's tariff	1st 3 free then £25 as per fund mgr's tariff	1st 3 free then £25 as per fund mgr's tariff	1st 3 free then £25 as per fund mgr's tariff	1st 3 free then £25 as per fund mgr's tariff	1st 3 free then £25 as per fund mgr's tariff	unquoted shares 195	240
Rathbone Pensions & Advisory Services	300	35	0	0	0	0	0	0	0	150pa ³⁶
Rensburg Sheppards Investment Management	0	35	0	0	0	0	0	0	0	0
Rowanmoor Pensions	950+100 pmb	35	0	0	0	0	0	0	38	115/115
Scottish Life	0	300 online, 550 full inv	53-151	53-151	53-151	53-151	53-151	53-151	nd	TIPs 53-105
Scottish Widows	0	0.2%-0.7%	0	0	0	0	0	0	0	0
Sippcentre	120	80-160	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	150pa (pre 75), 250 (post 75)
Sippdeal	0	0	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	dealing cost	150 init, 10 per pension payment
Skandia	150	160+200 ext	0	0	0	0	0	0	0	150pa (ASP 250pa)
Standard Life	0-290	0-400	10 (max 300pa)	10 (max 300pa)	10 (max 300pa)	10 (max 300pa)	0	50	0	0-120
Suffolk Life	300	455	0-75 ⁴⁵	0-75 ⁴⁵	0-75 ⁴⁵	0-75 ⁴⁵	0-75 ⁴⁵	75 if standard a/c not used	0	150
Towry Law Financial Services	0	0	40	40	40	40	40	40	nd	215
Wensley Mackay	0	480	46	46	46	46	46	46	46	100/60
Westerby Trustee Services	300	500	0	0	0	0	0	0	0	120
Winterthur Life	560	560	48	48	15	15	15	variable	variable	85

Key: a/c – account; comm – commission; comm1 – commercial; ext – external; fbc – fee-based charge; inc – included??; inv – investment; IRI – inner ring investment; mgr – manager; nd – not disclosed; NWF – no wrapper fee; ORI – outer ring investment; pa – per annum; pdel – paper delivery; ph – per hour; pl – platform; pm – per month; pmb – per member; pq – per quarter; prop – property; RP – regular premium; Sips – self-invested personal pensions; SP – single premium; tc – time cost; TIP – trustee investment plan. Notes: 1) 300 for collective Sipp; 2) 350 for collective Sipp; 3) 1st 25 free, then £25 (collective Sipp – 1 free then £25); 4) Setup: value less than £250,000 – £250; value £250,000-500,000 – £750; value more than £500,000 – tc. annual – £450; 5) If in addition to fund supermarket; 6) Property acquisition: on issuing instructions – £510, on completion – £228, if a mortgage is required – £137; property administration ongoing charge – £164 per quarter, £556 pa. Further property administration activity charges too; 7) Must be held in nominee account (£30 for opening nominee account, no further transaction charges); 8) No charges on transactions within nominee account; 9) No charge, just £150 to set up account; 10) £30 if invested direct, or nil with £150 to set up account; 11) £750 + 375 for mortgage, + 500 for VAT registration; 12) Internal 2 free, then £15; 13) Except if clawback for funded init comm; 14) Init up to 5%, renewal up to 0.5%, level up to 0.5%, fbc around 0.5% from platform fund partners. Up to 3% funded init comm on singles and transfers, recouped at 0.2%pa for 6 years, for each 1% of funded init comm. Can be combined with init comm up to 5% max overall; 15) 0.25% of gross fund value (min 500, max 850); 16) Online, tiered £9.95-29.95, phone/post 1% (min £10, max £50); 17) 75 (GAD calculation), 10 (alter payment), 25 (ad hoc payments); 18) 350 without mortgage or 700 with mortgage; 19) Quinquennial; 20) Free for cash tv provided client obtains documentation; 21) Annual property account and rental invoicing 105pa, tc for non-standard requests; 22) To establish external bank account; 23) To establish building society account; 24) 470 init, 210 on completion, then 150 per quarter; 25) Init – 1 or 2 x 1st month's contribution, renewal – 0.2%, level – up to 3.5% + override, fbc – 0.4%, other comm option – 1.5% override level/SP comm plus 0.15% fund-based; 26) 84 to establish building society account, 110 to appoint new investment manager; 27) First income withdrawal in year 130, t/c and no income 130.

Additional services

	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
	nd		0	250	0	0	n/a	0	0	0	0	fee-based remuneration
	0	415 ⁴	0	0	0	0	0	0	0	0	0	initial 0%-6%, fund-based 0.5%
	131+66		0	0	nd	nd	n/a	n/a	0	0	0	variable
	150	550/30pm	75	75	inc	150	inc	inc	inc	inc	0	negotiable
	100	600	0	100	150	n/a	0	0	0	0	n/a	adviser remuneration
	100	n/a	50	125	150	n/a	0	0	0	0	0	0
	125	525	125	125	0	0	0	0	0	0	0	n/a
	0	variable	25+90ph for comm'l prop	25+90ph for comm'l prop	0	0	n/a	0	0	0	0	initial up to 100% RP, up to 15% of SP; level up to 10%; fbc up to 0.5%
	250	550-800	250	tc	tc	500	0	0	0	tc	0	negotiable
	85-275	tc, normally from 400	tc	tc	inc	tc	inc	inc	inc	inc	0	n/a
	150	500 (750 for overseas)	0	100	50	50	0	0	0	0	0	variable
	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	NWF	initial as agreed; fbc 0.5%
	200/150		£95	250	0	0	0	0	0	0	0	as agreed by client
	200	500-900	tc	tc	tc	tc	0	0	0	0	0	flexible
	100	tc	125	125	100	100	0	0	0	0	nd	as agreed by client
	100	tc, min 600	0	100	0	0	n/a	0	0	0	0	as agreed by client
	150	490	0	200	inc	inc	inc	inc	inc	inc	0	as agreed by client
	0	550+0.1% of the value in excess of £400k	0	0	0	0	n/a	n/a	0	0	Y - variable	0%-6% initial (max 4% with fbc), fbc 0.25%-0.5%
	120pa	variable	0	0 ⁽⁵⁾	0	0	0	0	0	0	0	Y - variable ³⁴
	0	400	0	0	0	0	0	0	0	0	0	fee from Sipp subject to client agreement
	17	n/a	0	75	0	0	0	0	0	free online	0	n/a
	nd	625 initial + 310 annual fee per property	50	nd	nd	nd	nd	nd	nd	nd	nd	as agreed by client
	250-400	750	0	0	0	0	25	0	0	0	0	nd
	100	250	0	0	0	0	0	0	0	0	0	n/a
	150		0	80	0	150 ³⁸	n/a	0	0	0	0	as agreed by client
	195pa	500-750 one-off fee	20	100-250	0	100	inc	inc	inc	inc	0	remuneration included, as agreed by client
	nd	550+0.1% of value over 400K	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
	75/125	625	55	tc	0	n/a	n/a	0	0	0	21	as agreed by client
	130		0	0	0	0	0	0	0	0	0	25
	27	400 init, 150 on completion, then 150 pq	0	0	0	0	0	0	0	0	0	sale or transfer 470 ²⁸
	100	465	50	200	0	0	0	0	0	0	0	0
	194	539	135	539	0	0	0	0	0	0	0	29
	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	0%-5% initial, 0.4%-1.4% fbc, 1%-5% funded comm
	31		31	31	31	31	31	31	31	31	31	0
	nd		0	0	0	0	0	0	0	0	nd	nd
	250	800	50 after 1st 2	350	350	350	0	tc	0	tc	0	as agreed by client
	nd	nd	0	0	0	0	0	0	0	0	0	init 10% max, level 50% max for first 5 yrs, then 10% max, fbc no limit
	240	500	95	245	0	0	0	0	0	0	0	as agreed by client
	150pa ³⁶	nd	75	100	0	0	0	0	0	0	0	adviser builds remuneration in on top of charges
	0	n/a	0	0	0	0	0	0	0	0	nd	init 3%, fbc 0.5%
	115/115	575	0	39	0	n/a	0	0	0	0	40	0
	63 per designation	427 init, 313 completion charge, 599 annual variable	0 for cash, 136 in specie	0 for cash, 136 in specie	0	0	0	0	0	0	nd	41
	0		0	0	0	0	0	0	0	0	nd	init to 50% RP, 5% SP; fbc 0%-1.5%; flex comm to 100% RP, up to 15% SP
	150pa	n/a	60 (max £300)	75	0	0	n/a	0	0	0	0	42
	n/a	n/a	50	75	n/a	75	n/a	0	0	0	0	nd
	150pa	550pa	60 (max £300)	75	0	0	0	0	0	0	0	43
	0-120	nd	0	0	0	0	0	0	0	0	0	44
	150	tc	0-75 (300 max)	0 (charge for inspecie)	n/a	150	n/a	0	0	0	0	0
	85	variable	47	80	0	0	0	0	0	0	nd	0
	100/60	tc (min 300)	tc (min 100)	tc (min 100)	0	0	0	0	0	0	nd	100 initial
	120	UK 500, overseas tc (min 750)	0	75	0	0	0	0	0	0	47	deduction from fund, as agreed with client
	85	variable	15	0	0	0	0	0	0	0	nd	flexible adviser remuneration

variation of regular payments 50, further designation of income withdrawal 50, payment by cheque rather than BACS 35; 28) 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%. Cont-based comm - funded by an equivalent deduction from the standard allocation of 100%, max deduction = 5%; 29) Property management charge - 916 (no loan), 970 (with loan), property VAT 140, distribution of death benefits 539, pension sharing on divorce 539; 30) For investment in unquoted shares; 31) All fees dependent on expected level of work to set up and run the scheme. All fees quoted to clients in advance of commitment; 32) 100 external investment portfolio, 150 contributions; 33) 500 purchase, 200 pa borrowing, 200 pa property fee; 34) 500 or 1% on 1st £500,000 and 0.5% on balance where Rathbones manage funds on a discretionary basis; 35) 0.25% of fund value (min £250, max £1,250); 36) 0 where Rathbones manage funds; 37) 250 trustee fee, 600+125 per member in the 1st yr; 38) unquoted shares - 180 purchase, 180 sale; 39) 235 cash, 575 in specie; 40) HMRC reporting/trustee meetings/consultancy - tc, borrowing - 300, loan establishment - 250 per loan, loan monitoring - 115 per loan, tax reclamation - 115, self-assessment - 135pa, specialist actuarial calculations - 170 or tc; 41) Up to 75% adviser's fee for RPs and for SPs; up to 0.5% fund-based renewal comm (RPs); up to 1% fund-based renewal comm (SPs); 42) Init on collectives up to 3%, renewal on collectives 0.5%, adviser remuneration at Sipp wrapper level up to 3% init and 1% renewal; 43) Telegraphic transfers 25, property purchase - loan arrangement fee 250, VAT init registration 100, joint property purchase 100 for each Sipp, property management - annual property admin 360pa, loan admin 120pa, VAT quarterly returns 120, renewal/new lease 250; 44) commercial property charges; 45) 0 if manager with data feed is used; 46) Total transactions - 10 free, then £25; 47) Annual property admin fee - 150, VAT registration - 120, borrowing fee - 250; 48) Up to £25k=£30, £25k-100k=£45, over £100k=0.045% based on deal.

SURVEY SIPP

SIZE OF PLANS ADMINISTERED

COMPANY	Size of plans 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
@sipp	nd	nd	nd	nd	nd	5	0	95	0	0
Aegon Scottish Equitable	74,679	3,630	1,023	147	59	0	0	100	0	0
AIG Life	104	15	9	1	1	0	0	100	0	0
A J Bell	nd	nd	nd	nd	nd	0	0	90	0	10
Alliance Trust Savings (Full Sipp)	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Alliance Trust Savings (Select)	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Alltrust Services	nd	nd	nd	nd	nd	0	10	75	15	0
Axa	173	71	50	29	0	0	0	100	0	0
Berkeley Burke	91	49	27	7	12	30	10	35	25	0
Barnett Waddingham	40%	30%	15%	5%	10%	10	40	30	10	10
Central Tax & Trustee Planning	20	17	4	0	0	10	10	60	20	0
Charles Stanley	183	15	9	3	2	nd	nd	nd	nd	nd
Cooper Parry Financial Services	95	32	10	1	1	1	1	5	85	8
Dentons Pensions Management	223	502	530	145	114	9	23	50	9	9
EBS Management	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
European Pensions Management	nd	nd	nd	nd	nd	25	30	40	5	0
The Freedom Sipp	232	12	5	0	0	10	20	40	30	0
Friends Provident	1,042	274	86	17	5	0	14	86	0	0
FundsNetwork Sipp	1,722	316	96	19	9	0	2	98	0	0
Greyfriars Asset Management	340	112	80	2	0	5	0	70	25	0
Hargreaves Lansdown	98%	1.27%	0.32%	0.03%	0.009%	0	96	4	0	0
Hazell Carr Pension Services	75.4%	13.8%	7.8%	2.2%	0.8%	0	5	95	0	0
Hornbuckle Mitchell	20%	25%	40%	10%	5%	0	0	100	0	0
InvestAcc	90%	6%	2%	1%	1%	3	3	90	4	0
IPM Sipp Administration	62%	20%	8.7%	3.5%	5.8%	3	0	92	5	0
IPS Actuarial Services	1,760	2,100	560	120	60	5	5	80	9	1
James Hay Pension Trustees	22,742	8,363	4,046	1,010	873	0	9	91	0	0
John Bradley Financial Services	239	59	32	14	3	10	0	90	0	0
Legal & General Assurance Society (2000&2001)	nd	nd	nd	nd	nd	0	0	100	0	0
Legal & General Assurance Society (Portfolio Plus)	nd	nd	nd	nd	nd	0	0	100	0	0
The Lifetime Sipp Company	88	154	83	39	25	4	0	61	30	5
MC Trustees	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Merchant Investors Assurance Company	nd	nd	nd	nd	nd	12.5	9.38	90.63	0	0
Michael J Field Consulting Actuaries	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Origen	309	118	66	13	5	3	60	10	25	2
Pointon York Sipp Solutions	nd	nd	nd	nd	nd	3	12	68	12	5
Prudential	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd
Purplecircle Consulting	nd	nd	nd	nd	nd	1	5	92	8	0
Rathbone Pensions & Advisory Services	387	151	118	30	26	0	0	100	0	0
Rensburg Sheppards Investment Management	220	400	270	100	50	50	40	5	5	0
Rowanmoor Pensions	135	5	11	1	1	4	0	91	5	0
Scottish Life	233	39	17	3	5	0	0	100	0	0
Scottish Widows	nd	nd	nd	nd	nd	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	24,729	4,226	1,467	239	139	0	2	98	0	0
Suffolk Life	nd	nd	nd	nd	nd	0	0	100	0	0
Towry Law Financial Services	0	420	280	280	420	0	0	100	0	0
Wensley Mackay	125	60	20	15	5	10	50	30	10	0
Westerby Trustee Services	396	25	14	10	5	1	1	97	1	0
Winterthur Life	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd

Key: nd – not disclosed.

regulation will have a much greater impact – the penny may still need to drop with some about how Sipp regulation will impact them on an ongoing basis.”

Seaton stresses that regulation will probably be a good thing and “perhaps remove any providers who were not up to standard from the market”.

A source close to PM says he expects that the number of Sipp providers will reduce to around 15

over the next few years, due to regulation.

He names Capita as one company that may be looking to absorb other players, but says he hasn't noticed any other firms being vocal in their intentions to acquire competitors.

Simplification

The respondents are on the whole quite happy with how simplification is affecting their businesses.

The greater contribution flexibility has been a real boost for Sipp providers, and probably accounts for some of the surges in AUM.

Alliance Trust has seen contributions of up to £675,000 since A-day by taking advantage of the input period rules, and Aegon Scottish Equitable has seen maximum contributions of £215,000 for the first time.

Seaton also cites increased interest in transfer of commercial prop-

SURVEY SIPP

ASSET CLASS ALLOCATION

COMPANY	% of assets in each asset class								
	Host providers insured funds	External providers insured funds	Cash	Direct equities	Unit trust/Oeics	Investment trusts	Fixed interest	Property	% of assets managed by stockbroker
@sipp	nd	nd	nd	nd	nd	nd	nd	nd	nd
Aegon Scottish Equitable	89.05	1.59	1.23	2.03	4.34	0.22	0.09	1.45	2.03
AIG Life	38	nd	nd	nd	nd	nd	nd	1	>5
A J Bell	0	10	12	53	0	0	5	20	30
Alliance Trust Savings (Full Sipp)	nd	nd	nd	nd	nd	nd	nd	nd	nd
Alliance Trust Savings (Select)	nd	nd	nd	nd	nd	nd	nd	nd	nd
Alltrust Services	0	10	20	5	0	0	0	40 ¹	25
Axa	25.06	20.41	11.13	10.25	15.88	61	86	14.97	nd
Berkeley Burke	0	0	30	5	10	5	10	40	10
Barnett Waddingham	0	25	25	10	4	5	5	25 ⁵	5
Central Tax & Trustee Planning	0	5	20	20	10	0	0	40 ³	0
Charles Stanley	1	1	98 ⁴	4	4	4	4	0	98
Cooper Parry Financial Services	0	2.5	19	5	3	0.5	0	70	10
Dentons Pensions Management	0	8	10	37	12	4	5	24	21
EBS Management	nd	nd	nd	nd	nd	nd	nd	nd	nd
European Pensions Management	0	15	15	35	15	2.5	5	10 ⁸	40
The Freedom Sipp	0	20	35	10	10	15	0	30	10
Friends Provident	nd	nd	nd	nd	nd	nd	nd	nd	nd
FundsNetwork Sipp	1	<1	13	<1	83	<1	<1	0 ⁶	<1
Greyfriars Asset Management	0	21	25	5	5	2	2	30 ⁷	2
Hargreaves Lansdown	0	0	26	10	58	3	2	0 ⁸	nd
Hazell Carr Pension Services	0	20.54	13	9.04	17.3	inc in unit trusts	0	40.29	<8
Hornbuckle Mitchell	0	5	5	10	10	8	1	40 ⁹	20
InvestAcc	0	2	45	3	23	2	1	16 ¹⁰	10
IPP Sipp Administration	0	13	13	21	18	5	1	29	35
IPS Actuarial Services	0	12	23	8	13	4	2	37 ¹¹	nd
John Bradley Financial Services	0	27	29	5	8	5	5	19 ¹²	5
James Hay Pension Trustees	nd	nd	nd	nd	nd	nd	nd	nd	nd
Legal & General Assurance Society (2000&2001)	nd	nd	nd	nd	nd	nd	nd	nd	nd
Legal & General Assurance Society (Portfolio Plus)	nd	nd	nd	nd	nd	nd	nd	nd	nd
The Lifetime Sipp Company	0	5	12	21	5	2	0	55	12
MC Trustees	nd	nd	nd	nd	nd	nd	nd	nd	14
Merchant Investors Assurance Company	nd	nd	nd	nd	nd	nd	nd	nd	nd
Michael J Field Consulting Actuaries	nd	nd	nd	nd	nd	nd	nd	nd	nd
Origen	0	15	20	15	30	0	5	15	12
Pointon York Sipp Solutions	0	6	29	9	10	0	0	32 ¹³	15
Prudential	nd	nd	nd	nd	nd	nd	nd	nd	nd
Purplecircle Consulting	nd	nd	nd	nd	nd	nd	nd	nd	0
Rathbone Pensions & Advisory Services	0	3	5	82 ¹⁴	14	14	14	8 ¹⁵	82
Rensburg Sheppards Investment Management	0	5	10	30	20	10	15	10	100
Rowanmoor Pensions	0	19	37	13	19	0	0	12	12
Scottish Life	39	0	7	5	11	24	1	13	nd
Scottish Widows	nd	nd	nd	nd	nd	nd	nd	nd	nd
Sippcentre	0	0	10	10	75	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	43	22	5	2	16	5	5	2	6
Suffolk Life	0	10	21	23	17	6	6	17	nd
Towry Law Financial Services	0	1	10	5	74	10	0	0	4
Wensley Mackay	0	0	20	10	30	0	0	40	2
Westerby Trustee Services	0	30	25	20 ¹⁴	14	14	14	22 ¹⁵	nd
Winterthur Life	nd	nd	nd	nd	nd	nd	nd	nd	nd

Key: nd – not disclosed. Notes: 1) Also 25% unlisted shares; 2) Also 1% loans; 3) Also 5% loans; 4) 98% for cash, direct equities, unit trusts/Oeics, investment trusts and fixed interest combined; 5) Also 2.5% private company shares and loanstock; 6) Also 3% for other investments; 7) Also 10% loans; 8) Also 1% hedge funds and warrants; 9) Also 20% loans and 1% hedge funds, options and futures combined; 10) Also 8% loans; 11) Also 1% other investment; 12) Also 2% other investment; 13) Also 15% other investment; 14) Combined figure for direct equities, unit trusts/Oeics, investment trusts and fixed interest combined; 15) Also 2% loans; 16) Also 3% other investment.

erty following the removal of the connected party transaction ban.

However, as with all government regulation, there are still some niggling criticisms and current uncertainty.

John Fox, director at The Freedom Sipp, thinks the government has made a mistake about continuing to keep borrowing at 50% of scheme assets rather

than the previous 75% of property value.

Seaton names benefit crystallisation events, inheritance tax, transfer lump sum death benefits, wholly and exclusively for the purpose of trade tests, tangible moveable property, definition of residential property, and alternatively secured pension as additional complications and uncertainty for

clients and their advisers.

Group Sipp

While many experts argue that Sipp are now mainstream, group Sipp haven't really been around long enough to gain that tag, but there is a lot of noise surrounding them.

Having said that, compared to the 58 Sipp featured in this year's

survey, there are only two group Sipp: Hargreaves Lansdown and Legal & General.

Both launched in April last year, and as of March 2007, the HL Group Sipp had 36 schemes and £12m under management.

Legal & General wouldn't disclose those details about its Group Portfolio Plus Self-Invested Personal Pension.

Both have limited investment range with the same permitted investments as their single Sipp.

John Moret, director of sales and marketing at Suffolk Life, thinks that over the next three to five years there will be a gradual increase in workplace provision of Sipp, partly as a result of full concurrency.

"The decline of defined benefit schemes and the increased burden of running occupational defined contribution schemes are also factors that will influence this market," Moret adds.

Tom McPhail, head of pensions research at Hargreaves Lansdown, is naturally upbeat about the product: "Group Sipp can compete with many existing pension arrangements on cost, while also delivering greater member engagement and more flexible investment choices. At present, the bulk of the group Sipp market is for larger companies and higher earning individuals, but the threshold of suitability is coming down all the time, and we are now seeing group Sipp replacing low margin schemes that would once have been confined to stakeholder or CIMP."

Latto agrees: "Many group Sipp products are focused on directors and other senior managers - with more flexible investment options and charges (and perhaps a default fund range) the target market for group Sipp will expand.

"We are likely to see employers, employee benefit consultants and Sipp providers working together to develop products that are suitable for a wider range of employees."

However, other providers warn that employees might join a group Sipp but not understand the more risky assets they can choose from.

Connolly says it could be a disaster: "Providing access to a wide range of volatile investment options for individuals that do not understand investment could, in some circumstances, be a recipe for

"A Sipp is the ideal pension vehicle for many clients, but only where it is combined with a sensible investment strategy"

disaster."

Tony Moore, pensions development manager at Axa, says it is unclear what a group Sipp is.

"It is currently difficult to define where the market for group Sipp actually lies. Generally, Sipp in this area will be focused around providing fund solutions, rather than full self-investment flexibility. Employers will need to consider carefully to what extent they allow employees to access self-investment, particularly where there is no provision for ongoing advice to be given to employees wishing to use the service," says Moore.

And have we forgotten about the poor old small self-administered scheme (SSAS)?

Paul Wensley, director at Wensley Mackay, reminds *PM*: "We believe that with the relaxation of pension regulation generally, SSAS will fulfil much of the demand that is perceived by the group Sipp market."

"As a SSAS provider also, our group SSAS is likely to be much cheaper to run than a group Sipp."

Will the boom in Sipp sales continue?

The respondents concur that likely future growth of Sipp will be around the 20% a year mark.

This could be partly through large contributions thanks to the A-day changes, and partly through new members.

Latto says now many players are marketing their personal pensions under the Sipp banner, Sipp will continue to grow significantly in the coming years.

According to McPhail, there is a huge existing market in pension transfers of underperforming personal pension schemes, "for people who are looking for greater control and investment potential", so that could really super-turbo the market.

Moret stands by his prediction made in 1999 that there will be half a million Sipp by 2010 - so the current number of plans needs to double in the next two-and-a-half years.

Julian Palmer, managing director of Rathbone, is more optimistic than many of his industry peers, putting the future growth of Sipp at 20%-40% per year for the next three years.

This will come from, says Palmer, "consolidation of pensions, requirement for bespoke discretionary

investment management and clients requiring administration and investment management to be undertaken in-house".

Finally, the market should get a real boost if protected rights money is allowed to be invested in Sipp.

Protected rights money is currently bound by strict rules that limit investment choice, but the Department for Work and Pensions has told the House of Lords it plans to remove most of these restrictions.

If the proposals are approved, investors will be able to transfer their protected rights pots into Sipp.

Seaton hopes the proposals will go ahead, and tells *PM*: "A major boost to Sipp will come when protected rights are permitted into a Sipp, where they can be properly invested. Currently there are vast protected rights sums tied up in occupational schemes which members will want to transfer to a plan they have control over."

Final advice

The outlook looks rosy then: healthy growth and just a couple of issues for the government to iron out.

The challenge ahead will be getting to grips with the large market and all its offerings, says Nawaz-Khan, and Smeaton names the development of technology as a key issue.

McPhail is on a crusade to make Sipp the future of individual retirement saving.

"They encourage member engagement and promote financial literacy. They also give consumers the power to reject underperforming and overly expensive older style personal pensions," he explains.

So we don't get carried away with 'Sipp power', Connolly has these final wise words for the industry: "Despite the likely continued growth in the Sipp market, it is important to appreciate that the added flexibility of a Sipp is only a benefit if it is used wisely.

"If inappropriate investment decisions are made or high charges incurred when the flexibility is not required then the flexibility can become a disadvantage. A Sipp is the ideal pension vehicle for many clients, but only where it is combined with a sensible investment strategy." **PM**