

► Findings contradict FSA suitability concerns for customers

# SIPP investors benefit from flexibility for active approach post-retirement

By John Bakie

A large majority of SIPP investors benefit from the flexibility offered, despite the FSA's claims that unsuitable recommendations have been made, says Suffolk Life.

Research into the firm's first 1,000 SIPP customers found most believe there is long-term value in the product, and many continue to manage their investments after retirement.

Late last year, an FSA investigation of pension transfers suggested many clients were being sold unsuitable SIPP products, which offered a degree of flexibility that was not required by consumers, at significant additional cost.

However, Suffolk Life's research shows more than 80% of its first 1,000 investors still

have an active SIPP, with an average fund value of £306,743.

The majority of cash came from pension transfers, with some customers transferring over £1m at a time.

Fund performance varied significantly for different customers, though those with substantial commercial property exposure saw some of the best annual returns.

"The year that the SIPP was taken out obviously had an impact but as was to be expected asset allocation was the critical factor," explains John Moret, director of sales and marketing.

"There were several instances where the annualised return for investors taking out a SIPP in the same year varied by over 30%."

Many investors continued to manage their SIPP after

entering retirement, with 89% of those taking benefits using income drawdown on an unsecured pension.

Of the 263 clients taking benefits, 57% have entered full drawdown, at an average age of 61 and with an average pension fund of £421,890.

Moret says consumer loyalty to SIPPs suggests the investment flexibility on offer is valued by pension savers.

"In a climate where suitability of SIPPs is under question we were reassured by the results of this survey. Clearly recent financial market developments will have had an impact.

"However our survey shows that over the long term for many investors the investment flexibility offered by a SIPP has added real value to their retirement planning."