

Press Release

Premier Pension Services warns Industry Focus on SIPP's and Protected Rights is missing the Real Issue

14th November 2008, London: Premier Pension Services warns that the recent industry focus on SIPP and protected rights is in danger of missing the real issue.

Nigel Manley, Head of Self Invested Pensions, Premier Pension Services, says "All of the focus during the summer was on the facility to hold protected rights within a Self Invested Personal Pension (SIPP) with effect from the 1st October 2008. As an independent SIPP provider we have duly adapted our rules to accommodate such funds but the more significant challenge for the industry has little to do with SIPP. The reality with the 3 million or so protected rights policies is that they are too often left languishing in under performing funds with the complete absence of any review".

Premier Pension Services believe there are 10,000's of policyholders who are not receiving any ongoing financial advice and are still invested in the same funds that they selected 20 years ago. In the absence of any review these decisions are not being challenged and updated nor is there any alignment to the member's current attitude to investment risk.

Nigel Manley continues, "The industry has escaped a review of protected rights but the challenges for our industry are significant and the option to place these assets in a SIPP are secondary. The exact number of plans and their value is unknown but industry opinion is that total fund values under management might be as much as £10bn. The reality is that large numbers of these policies have been languishing in some underperforming funds with providers either having been sold or closed funds or both".

Premier Pension Services feels the facility to transfer protected rights to a SIPP is really just a prompt to the pension industry that these plans need to be reviewed with investment selection to meet the client's attitude to investment risk and retirement objectives.

Nigel Manley concludes, "Over the coming months we will see the SIPP industry promoting their products as the vehicle to receive these protected rights. With the average fund value likely to be well below £50,000, unless they have other benefits that can be consolidated those clients will find themselves better served with a modern personal pension with multiple fund choices. For some providers the product will be labelled a SIPP but the client will never need the full investment options that the 'real' SIPP can offer.

"In my opinion the first challenge to the industry is to review these plans and challenge the current investment allocation and fund performance. It will almost then become a secondary consideration as to whether a full conversion to a 'real' SIPP is suitable".

Notes to Editors

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About Premier Pension Services

<http://www.premierpensionservices.co.uk/>

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JLT Benefit Solutions Ltd (JLT) is one of the UK's leading employee benefit providers offering a wide range of benefit and pension services, including administration, actuarial and pension consultancy, investment, wealth management, Self Invested Personal Pensions (SIPPs), Small Self Administered Schemes (SSASs) flexible benefits, healthcare, benefit communication and financial education.

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