

Article

At retirement

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There have been a wide variety of economic conditions over the past decade but Self Invested Personal Pensions (SIPPs) have been the only retirement solution able to cope with them all, according to Billy Mackay, A J Bell's marketing director.

"We have seen everything from positive growth to extreme volatility where markets have been all over the place with different investors adopting a mix of passive and active investment strategies" he says. "SIPPs have catered for all such conditions."

No matter how the stock market or investment styles change in the future, you can be sure that SIPPs will continue to evolve, he believes, as they have done so impressively since becoming mainstream products.

"Over this period we have come out of a bull market and into a period of sustained volatility. If you can continue growing your market in such times then it shows you have a robust underlying product that can work in a whole variety of market conditions," he says.

A prime example was in October last year when there were two days of huge movements in the FTSE, he recalls, which triggered record levels of online trading activity through the company's hugely popular Sippcentre product.

"People were looking at the falls in the market as value opportunities which they could take advantage of," he explains. "At the other end of the scale, meanwhile, you had people who reacted to the volatility and decided to adopt a more passive approach. Again, SIPPs catered for all approaches."

Unsurprisingly, many advisers are using Sippcentre with 90% of them saying its low charging structure made them comfortable recommending it to their clients. Investment choice, online control and functionality were among the other benefits and reasons listed.

"There is a raft of reasons why people are using SIPPs," adds Mackay. "They like having access to cost efficient structures that provide them with substantial investment choice delivered online in an easy-to-use manner."

That is not to say the entire SIPPs area is without its challenges. The industry has been in the news of late, particularly with regard to the review of small SIPP providers that was recently carried out by the Financial Services Authority (FSA).

Incidences of misleading coverage of these issues, however, are a source of frustration to Mackay. "The FSA has categorically said small SIPP providers do not represent a disproportionate risk to their statutory objectives but a lot of the speculation has not been consistent with the report itself," he points out.

There has also been speculation about the security of insured pension schemes versus trust based SIPP products. "The fact is that under a trust based structure assets are ring fenced from the assets of the underlying provider," he adds. "It is important that you look beyond the headlines and get to the detail."

Mackay believes scepticism is a natural reaction when a niche product enters the mainstream. "An increasing number of advisers understand how they work and the perception issues, where they are wrongly viewed as being complicated or expensive, are slowly but surely being undone," he says.

The job of A J Bell – and other industry players – is to stress to advisers and their clients the positives of offering SIPPs to clients. It is a task made simpler by the fact that so much money is still held in old style products with outdated charging structures and fund ranges.

"If you look at the popular product structures, investment styles or funds used over the past 10 years they have changed dramatically and many of these older structures will never change to accommodate this," he adds.

The company itself has come a long way since its launch back in 1995. Not only does the flourishing business now boast 300 employees, it has firmly established itself as the largest privately owned SIPP provider in the UK over this time.

Mackay is also very proud of A J Bell's reputation in the industry. "We provide first class technical information that people trust," he says. "People that know us appreciate our accuracy and the detail we provide."

With 40,000 SIPP clients and assets under administration having grown to £8.3bn, it is clear that it is a very serious player in an industry that is expected to grow rapidly over the next few years.

"You now have a SIPP market that has become more competitive because of the increased competition, costs have been driven down and the raft of investment choice continues to evolve," he adds. "It is a compelling option."

That is why A J Bell has focused on building a suite of products in which clients only pay for the flexibility they need. "We are showing people that SIPPs are growing in popularity because of the flexibility, transparency and value they provide."

Steady growth and further product enhancements are on the cards over the coming years suggests Mackay. "Despite very challenging conditions I remain convinced that simple but smart products will provide A J Bell with opportunities to further enhance how advisers use us," he says.

Looking to the future, Mackay strongly believes that advisers will continue to acknowledge the benefits of using low cost, online SIPPs. It is clear that advisers and their clients are appreciating the benefits, regardless of the economic or stock market backdrop.

"They will ultimately get flexible products with low cost access to a wide range of investments that will evolve in line with demand," he explains. "Being able to offer a combination of substantial investment choice and low charges along side a quality service will always be an attractive option for advisers."

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Please note this document is intended for trade and national press individuals.

Notes for Editors

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A J Bell is the UK's largest privately owned SIPP provider and is continuing to grow rapidly in challenging capital markets. Invesco Perpetual and Midas Capital own 23% and 15% respectively of the share capital, the remainder being owned by Andy Bell and the management team.

Established in 1995, A J Bell specialises in providing administration, trustee and actuarial services for SIPP and SSAS.

A J Bell is now the largest privately owned provider of self administered pensions and institutional stockbroker services in the UK, with in excess of 40,000 individual SIPPs and assets under administration exceeding £8.4bn. It provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and E*Trade.

Our customer proposition - Market leading, low cost, transparent, service, value, choice, leading functionality, integrity, award winning.

Our business - Market leaders, growing, innovative, own intellectual property, profitable, stable, we don't provide advice or investment management.

Research by CoreData Research places Sippcentre alongside Standard Life as advisers' two most preferred SIPPs.

Moneywise have awarded Sippcentre the accolade of Best Low-Cost SIPP Pension Provider for the 5th consecutive year.

A J Bell has been announced as the winner of the 2009 Best SIPP Provider award at the Professional Pension Awards and more recently picked up Best SIPP Provider at the Moneyfacts Investment Life & Pensions Awards.



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The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
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A J Bell Limited	3091664	639 0316 44
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