

Article

Competitive pressure

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As the SIPP market continues to grow, the strategic direction of others can be of great interest. Some look to muscle in with new SIPP products; some seem keen to dress up old products to look like SIPPs in the hope that advisers don't notice. Some are standing their ground while looking to highlight reasons why you should avoid these products, with a fear of losing existing assets often a key driver.

As the SIPP market develops and the strategic activity listed above continues, the distinction between the various types of product inevitably blurs. So a quick refresher may be in order.

The first product type could be described as the conventional SIPP, dealing in all areas from share portfolios and collectives to commercial property.

The second, typically a lower cost alternative, offers access to a wide range of investments but does not venture into the more labour intensive assets like commercial property. This helps to keep the costs down, often below those on offer from insured personal pension products with external fund links.

The third variant is the low cost execution only model, which appeals to those who rarely take advice and want to adopt a DIY approach. Clients using this model tend to be outside of the advice domain and deal online, mainly in collectives, stocks and shares.

As you would expect, the SIPP market continues to evolve. Recent developments include SIPPs that, in essence, work on a factory gate priced model with the ability to increase cost as you increase the investment sophistication and perhaps introduce adviser remuneration. The more sophisticated products offer a genuine whole of market investment choice and online access for valuations and administration into the bargain. Importantly, the client will only pay for increased flexibility that they use.

In a piece of research recently carried out by A J Bell we asked advisers to outline why they recommended this new type of product. The single biggest driver was low charges followed closely by online functionality, online control, investment choice, quality administration and ease of use. It is little surprise the market leading SIPPs score heavily in all of these areas.

Whenever charges on SIPPs are discussed, cross subsidy from other areas is often raised. The interest rate on cash accounts and fund rebates are provided as examples. Any margin on money held in cash or from fund rebates can cross subsidise the cost to the client on the underlying wrapper but any focus on this is missing the point. The client and adviser are in control of how the money is invested. The key question is whether the SIPP wrapper in question will allow you to invest in other cash accounts or other collectives or platforms as selected by the adviser and client. The products that provide this choice with low cost online delivery will continue to gain support from advisers and all for the right reasons.

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

Notes for Editors

Pictures available by contacting kirsty.zollinger@ajbell.co.uk.

Billy Mackay - Marketing Director
07525 236 580
billy.mackay@ajbell.co.uk

Andy Bell - Chief Executive
07973 137 272
andy.bell.@ajbell.co.uk

Kirsty Zollinger - Sales & Marketing Manager
0161 876 8706
kirsty.zollinger@ajbell.co.uk

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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