

## Press Release

### Volatile market adds weight to demands for review of ASP tax

23rd March

A J Bell, one of the UK's leading SIPP providers, believe that the current volatile market conditions increases the financial burden on consumers and adds weight to the demand for reducing the tax on lump sum payments on death in Alternatively Secured Pension (ASP) from 82% to 55%.

On the 1 October 2007 the FTSE 100 closed at 6,506.20. By the 17th March 2009 it had fallen 40% closing at 3,857.10. The majority of clients invested in Unsecured Pension (USP) who are considering ASP will have stock market exposure.

The yield applying to the Government Actuary's Department's (GAD's) rates on 1 October 2007 was 4.75%. Based on this, a male-aged 75 entering ASP would have received £102 income for every £1,000 of pension fund. The gilt yield that applies from the 1 April 2009 has fallen to 3.25%. This means that a 75 year old male would now receive £92 per £1,000 of fund, a fall in potential income of 10%.

Over and above this, any client opting for ASP will be faced with the prospect on death of a charge to tax on the residual fund of 82%. The four different tax charges making up the 82% tax charge are the unauthorised payments charge, the unauthorised payments surcharge, the scheme sanction charge and inheritance tax.

Billy Mackay, Marketing Director of A J Bell comments, "The Government has an irrational fear that unless you have a penal tax rate, pension savers will use their pension schemes as an inheritance tax avoidance scheme. Funds in excess of the lifetime allowance are taxed at 55% and lump sum death benefits at ages younger than 75 are taxed at either 0% or 35%. The current economic conditions have dramatically reduced the net wealth of all savers. A tax charge of 55% on lump sum death benefits under ASP would be fairer, more appropriate in the current conditions and would certainly not be open to abuse."

Mackay continued, "It was inevitable that such a penal tax regime along side current market conditions would distort behaviour. Pension savers are flocking in their droves to overseas pensions schemes, the only way to change this behaviour is to urgently review the taxation rules on death in ASP".

**END**

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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](mailto:kirsty.zollinger@ajbell.co.uk).

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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 one of the largest SIPP trustee and administrators in the UK with in excess of 32,000\* individual SIPPs and assets under administration exceeding £8bn\*. It provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and E\*Trade.

Recent research by CoreData Research placed SIPPcentre as one of the two most preferred SIPPs.

A J Bell has won an array of prestigious industry awards recognising our reputation for leading products and services. A J Bell products

include SIPPcentre, Sipdeal, Sipdealxtra, A J Bell Platinum and A J Bell Securities.

\*As at 30th September 2008.



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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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