

Press Release

Pension tax relief announcement - a generation burdened with debt

22nd April 2009

A J Bell, one of the UK's largest SIPP providers responds to Chancellor Alistair Darling's decision to:-

- Restrict tax relief on pension saving to the basic rate of tax for individuals with a taxable income of £150,000 or more from 6th April 2011; and
- Immediately introduce the above restriction for most individuals earning over £150,000 who pay contributions of more than £20,000 pa.

Andy Bell, Chief Executive and Actuary at A J Bell says, "It is well accepted that when high earners, who are often employers, lose faith with pensions then this apathy transmits to their employees and children. How can asking high earners to accept basic rate tax relief on contributions but then to pay high rate tax on their pensions make sense? It doesn't."

"Whilst the announcement may directly affect only 1.5% of pension savers, the impact on existing products and systems will reverberate far wider. The complexity of these rules confirms that the simplicity of the UK pension system is being undermined at every turn by this government."

"Arguably, it would have made more sense to bite the bullet and just introduce the new rules immediately. The government's fear of criticism for further dismantling the UK pension system has manifested itself in a set of convoluted rules that are disproportionately complex.

"The next generation will not only have to live with the debt burden it will inherit, but now will have to support an ageing population's retirement costs."

"At a time when the cost of providing civil servants' pensions are at an unsustainable all time high, not only does this perk emerge from the budget unscathed, but with an earnings threshold of £150,000, the announcement will not trouble the civil servants who crafted the 130 pages of guidance and draft legislation required to implement this change!"

END

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 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, Sippdeal, Sippdealxtra, A J Bell Platinum and A J Bell Securities.

*As at 30th September 2008.



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