

Press release

Freedom of Information request shows 82% tax hits take-up of alternatively secured pension (ASP)

25 November 2009

Less than 3,000 individuals have opted for the alternatively secured pension (ASP) rules introduced on 6th April 2007, according to information obtained by SIPP provider A J Bell under a Freedom of Information request.

Over 40% of people moving into ASP at age 75 did so with a fund value of less than £100,000.

Andy Bell, Chief Executive and Actuary at one of the UK's largest SIPP Providers says, "We have long been campaigning for a change in the total tax charge applied to ASP funds on death from 82% to 55%. The Government's irrational concerns that ASP would be a tax-planning tool for the rich is clearly totally unfounded."

"We have been in contact with both the Government and the opposition on this issue and their responses could not have been more contrasting. The Conservative Party* has accepted that there is a powerful case for reform in this area whereas the Government* has unfortunately put its head back in the sand again."

* See correspondence below

Bell continues, "Overseas transfers are rocketing as UK pension savers seek safe haven in overseas pension schemes whilst a variety of innovative onshore structures designed to help avoid the 82% tax are starting to contaminate the pensions landscape."

"The current ASP tax regime is distorting behaviour and this is costing the Exchequer. As ever, wealthier individuals are able to find ways around this penal tax, whereas those with smaller funds who do not want to buy an annuity are faced with an 82% doomsday tax."

"We urge the next Government to accept that these penal tax charges only serve to encourage distortive behaviour at a significant cost to the Exchequer. Pension savers should be allowed to pass on their unused pension assets on death to their heirs after a reasonable tax to compensate the Exchequer for the tax relief granted."

Bell concludes, "In order to have confidence in pensions, savers need to understand what happens to their pension fund on death. Legislation that taxes unused pension funds at either 0%, 35% or 82%, depending upon the age of the pension saver and whether or not they have commenced benefits is ludicrous."

Information obtained from Freedom of Information request:-

Fund value	Number of members entering ASP in relevant year		
	2006/07	2007/08	2008/09*
Up to £50k	294	389	4
£50k - £100k	140	153	11
£100k - £250k	311	304	24
£250k - £500k	197	199	33
Over £500k	167	166	27
Total	1,109	1,211	99

* Not all reports submitted by scheme administrators for 2008/09 year.

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 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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