

## Press release

# Pension investors and advisers oppose Government's 55% death penalty

13 September 2010

Investors and advisers oppose the Government's proposal to introduce a 55% tax charge on crystallised pension funds according to research released today by low cost SIPP provider A J Bell.

The consultation "Removing the requirement to annuitise by age 75" closed on 10 September 2010. The Government is proposing to change the tax payable on death to 0% on uncrystallised funds and 55% on all crystallised income drawdown funds.

A J Bell's consultation submission suggested two alternatives for the Government to consider:

1. 25% tax on all pension funds i.e. uncrystallised funds and income drawdown funds; and
2. 0% tax on uncrystallised funds, 35% tax on income drawdown funds before age 75, and 55% tax on income drawdown funds from age 75.

Billy Mackay, Marketing Director at A J Bell comments: "The uniform application of a 55% tax charge on lump sum death benefits paid from income drawdown funds is clearly not viewed as fair by pension investors or their advisers. This research suggests that investors are favouring the simplicity of a 25% tax charge on all pension funds. Advisers favour a reduction in the 82% ASP tax but want an element of consistency with the current rules."

Mackay concludes: "The existing death benefit tax rules represent cliff edge tax policy where the tax charge can be 0%, 35% or up to 82% depending on the client's age. If the Government's proposal was introduced, the size of the cliff will be smaller with a 55% tax rate. However, in applying it to all clients with funds in income drawdown we will be ushering a mountain of people closer to the edge."

**The research involved responses from 580 investors and 300 advisers.**

Proposal	Investors	Advisers
The Government proposal for 0% tax on uncrystallised funds and 55% tax on all income drawdown funds.	9.3%	11.5%
A J Bell proposal 1 - 25% tax on all uncrystallised and income drawdown funds	55.9%	18.2%
A J Bell proposal 2 - 0% tax on uncrystallised funds, 35% tax on income drawdown funds before age 75, 55% tax on income drawdown funds from age 75	34.8%	70.3%

**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).

Billy Mackay  
Marketing Director  
07525 236 580

Andy Bell  
Chief Executive  
07973 137 272

Kirsty Zollinger  
PR & Events Manager  
0845 40 89 100

[billy.mackay@ajbell.co.uk](mailto:billy.mackay@ajbell.co.uk)

[andy.bell@ajbell.co.uk](mailto:andy.bell@ajbell.co.uk)

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

A J Bell is continuing to grow rapidly in challenging capital markets. Invesco Perpetual and Midas Capital own 37% and 10% 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 stockbroking services in the UK, with in excess of 44,600 individual SIPPs and assets under administration exceeding £12.6bn. It also provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and TD Waterhouse.

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.



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