

Press release

New pensions rules a Trojan horse for tax hikes

09/12/2010

Low-cost SIPP provider A J Bell said the Government had used the change in rules around annuitisation post-75 as a Trojan horse to introduce tax hikes for millions of pension savers.

Previously the tax on uncrystallised pension funds of anyone who died before the age of 75 was 0% and on crystallised funds was 35%. Post 75 it was up to 82%. Now it is a flat rate of 55% for everyone who's started to draw money from their pension.

Billy Mackay, Marketing Director of A J Bell said: "It's great that they've introduced a fairer system for those who are 75 and older, but the government has effectively introduced a pensions death penalty. Millions of people have seen the tax charge on their pension funds when they die hiked up from 35% to 55%. Many savers want to be able to pass on a fair chunk of their pension funds to their families after they die. The Government wants to encourage people to save into pensions but now plans to pocket more than half of any funds left in their pension pot after their death. They're using the positive story about greater flexibility at 75 as a Trojan horse to introduce a tax rise for a vastly greater proportion of the population than are going to benefit from this change. We consulted over 600 clients extensively on this earlier in the year and 9 out of 10 were opposed to this proposal. They overwhelmingly favoured a flat tax charge of 25% across all pensions, regardless of whether they had started drawing a pension. It feels like the Government has missed an opportunity to reinvigorate pensions. We want greater flexibility and fairness on death – this is a big issue for many savers."

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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

Andy Bell
Chief Executive
07973 137 272

Kirsty Zollinger
PR & Events Manager
0845 40 89 100

billy.mackay@ajbell.co.uk

andy.bell@ajbell.co.uk

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 institutional stockbroker 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.



A J Bell includes A J Bell Holdings Limited and its wholly owned subsidiaries A J Bell Management Limited, A J Bell Limited and A J Bell Securities Limited.

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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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A J Bell Limited	3091664	639 0316 44
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