

## Press Release

### 'SIPPs must be more clearly defined' says Premier Pension Services

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**17<sup>th</sup> October 2007, London:** The Financial Services Authority (FSA) has recently sent a warning shot across the bows of many Independent Financial Advisers (IFAs) by stating that it has concerns over the widespread sale of Self Invested Personal Pensions (SIPPs). It suggests that there may be instances where advisers are selecting the product based on its ability to offer a wide range of funds, rather than considering whether it is truly suitable for those clients.

Since A-Day, the number of SIPPs has increased to around 250,000, with billions of pounds pouring into this product.

It is not all the fault of the IFA, suggests Nigel Manley, Head of Self Invested Pensions at Premier Pension Services, "It seems almost every provider in the market place is turning its pension product into a SIPP because it is the fashionable thing to do. You have to ask yourself the question, how many of those products are actually true SIPPs and how many policyholders will ever extend their fund choice beyond a handful of managed or tracker funds.

"The FSA have every right to be concerned because undoubtedly there will be cases where a SIPP is patently not suitable for a client".

The FSA, in pursuing its end to have the SIPP wrapper regulated, is now faced with a situation where it is trying to apply the same rules to all products. Unfortunately, it is not that simple.

Manley continues, "With the race on to be top of the SIPP pile, providers have sold thousands of so-called SIPPs that are simply a personal pension plan by another name. The FSA is concerned because it appears to perceive a SIPP as being complex and costly, and on that basis would quite rightly challenge these numbers. What it has, however, are products being sold which may be just as cheap as stakeholders or personal pension plans because, in essence, they are."

Product providers have to share part of the blame. By inflating the numbers of SIPP sales, they have effectively brought the product under the eye of the FSA.

“You have the ludicrous situation,” says Manley, “of companies re-branding a product a SIPP just to get to the top of the sales tree. It’s great PR, but potentially does a lot of damage. We certainly don’t want to see SIPPs as the next big misselling scandal. We potentially have a heady combination of policyholders developing a taste for managing their pension fund assets online without suitable advice.”

Manley concludes, “I wonder, in fact, if the FSA knows just what it has got itself into, in trying to regulate SIPP. Undoubtedly, they have the best of intentions for the underlying client, but this doesn’t necessarily go hand-in-hand with regulation. The FSA will have to try and pick its way through a veritable minefield of product variations, all contained under the same banner. I almost feel sorry for them. Almost.”

### **Notes to Editors**

#### **About Premier Pension Services**

Premier Pension Services supplies a range of SIPP and SSAS services to IFAs, accountants and lawyers and is part of JLT Benefit Solutions Ltd.

JLT Benefit Solutions Limited (JLT) is one of the UK’s leading employee benefit providers offering a wide range of benefit and pension services, including administration, actuarial and pension consultancy, investment and wealth management, Self Invested Personal Pensions (SIPPs), Small Self Administered Schemes (SSASs) flexible benefits, healthcare, benefit communication and financial education.

Authorised and regulated by the Financial Services Authority, JLT employs over 800 professional staff in 11 offices in the UK with revenues of some £75m.

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