LONDON & COLONIAL

INNOVATION IN PENSIONS

Press Release

London & Colonial Believes Commercial Property Assets Need To Be Given A Level Playing Field

Adam Wrench, London & Colonial's Head of Product and Business Development, is surprised by the recent calls by some SIPP providers for all UK Commercial Property to be classified as a non-standard asset, when invested within a self-invested personal pension (SIPP), as London & Colonial believes there is already a well established mechanism in place to transfer UK commercial property from one entity to another, and this has been recognised by the FCA in their recent Policy Statement.

The argument for classifying commercial property as a non-standard investment is because in the event of a SIPP provider failing and therefore needing to wind up the SIPP book, the transfer of commercial property to a new SIPP Provider could prove to be time-consuming and difficult.

However, London & Colonial believes there is already a well established mechanism in place to transfer UK commercial property from one entity to another. This has been recognised by the FCA in their recent Policy Statement and therefore we fully support the announcement by the FCA to classify UK commercial property as a mainstream asset, provided of course that the commercial property can be registered at the Land Registry and the transfer can take place within 30 days.

We also believe that there may be other options to wind up a SIPP book post April 2015 in light of the recent budget changes. The recent budget has announced the option for members to “cash out” their pension funds post the age of 55. This change due to come into force in April 2015 will allow assets to be transferred to the individual clients themselves rather than transferring the underlying assets to a new SIPP provider. I suspect that this may be an attractive option for some clients and providers alike.

For the reasons, given above we fully support the announcement by the FCA to classify UK commercial property as a main stream asset, and in so doing remove the requirement for additional capital adequacy reserving. To have done anything else would have created a two tier pensions market, and the additional regulatory pressure on SIPPS could have led to some clients being transferred to SSAS or QROPS depending on the asset class.

The next stage should be for a level playing field to be introduced for SIPPs, QROPs and SSAS’s to re-balance the problem of certain investments being held within a SSAS or a QROPS where previously they would have been held within a SIPP.

Neither SSAS nor QROPS providers have the same capital adequacy requirements and are therefore able to accept more non mainstream assets without the same concerns. London & Colonial has a SIPP, QROPS and a SSAS product. However, we still believe that a level playing field should be created that spans all of these products. In order to achieve this, London & Colonial supports tighter regulation of SSAS and the return of a permitted investment list that applies to all investment linked schemes including SIPP, SSAS and QROPS alike.

-ENDS-

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Notes to Editors

About London & Colonial

London & Colonial specialises in self-invested products for both UK residents and persons resident overseas.

The London & Colonial Group includes

(1) London & Colonial Holdings Limited – UK parent company
(2) London & Colonial Services Limited which is regulated by the UK Financial Services Authority and operates SIPPs and SSASs
(3) London & Colonial Assurance PLC which is regulated by the Gibraltar Financial Services Commission (matching UK standards) and which offers Open Annuities, QROP Annuities and Open Offshore Bonds
(4) L&C (Administration Services 2) Limited and London & Colonial (Trustee Services) Limited which are both based in Gibraltar and offer the EU SIPP.

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