

Protected Rights - Did your pension just get simpler?

A recent change to pensions legislation has made it possible for Protected Rights pension funds to be moved into a SIPP. For Brown Shipley clients this will create an opportunity to benefit further from the investment choices available within their SIPP, including the Brown Shipley Pension Portfolio (BSPP).

What has changed?

Those who decided to opt out of the State Earnings Related Pension Scheme - SERPS - have accumulated pension funds known as Protected Rights. For many people these could have values between £30,000 and £50,000. In a few cases the values may be significantly more.

On 1 October 2008 the legislation changed to allow Protected Rights funds to be moved into a SIPP. This will give clients more investment control and options, as in most cases, protected rights policies (with insurance companies) have a limited choice of investments. By transferring your protected rights you could also benefit from more flexible options when you come to take income from your fund.

The BSPP can accept a transfer of Protected Rights. This will usually be a relatively simple exercise but we will need to discuss this and advise you accordingly.

If you are currently a member of a Corporate Registered Pension Scheme (SSAS), Brown Shipley are able to set up a BSPP to receive your Protected Rights, as the legislation does not allow these funds to be combined with SSASs.

What action do you need to take?

As always with pensions legislation, there is some detail that we have not explained in this brief document, but we believe that this is one of the more straightforward pensions decisions you will ever make.

Existing pensions clients of Brown Shipley need do nothing as we will explain this to you at your next review meeting, however as always, if you need our perspective now contact your usual adviser.

If you are a prospective client and would like to receive further information about the BSPP and protected rights, please contact Hugh Cannon at hugh.cannon@brownshipley.co.uk

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Wealth well managed

The value of investments, and the income from them, may fall as well as rise, and you may not recover the amount of your original investment. Where investments are denominated in a currency other than sterling, changes in rates of exchange may have an adverse or favourable effect on the value, price or

income of the investments. It should be remembered that with any type of investment past performance is not necessarily a guide to future performance. Pensions, whether taken as an annuity or by withdrawals, are liable to income tax as earned income.