



Anxiety Over Investments Within Self Invested Personal Pensions



The Financial Conduct Authority (FCA) recently issued a policy statement entitled "[A Capital Framework for Self- Invested Personal Pensions \(SIPPs\)](#)" which requires SIPP operators to hold sufficient capital in case they exit the market thereby enabling them to fund an orderly closure of the scheme without impacting consumers' pensions.

Effect

Many SIPP operators are nervous about being exposed to certain types of investments currently held within their SIPPs and are now scrutinising the kinds of investments they will allow. Some have already introduced changes.

Examples of the investments the industry is concerned about:-

- Private company shares or unlisted company shares
- Closed Ended Investment Companies or collective investment schemes except Investment Trusts or Real Estate Investment Trust. This means basic investments such as Open Ended Investment Companies and Unit Trusts are now being disallowed by some operators
- Unregulated collective investments schemes
- Top- ups and new deposits placed on Composite accounts offered by SIPP operators
- Investments must now be able to be cashed in within 30 days rather than a year, other than commercial property and fixed term accounts. This is unlikely to affect existing holdings, but top-ups may be disallowed.

What Does This Mean?

- Clients should speak to us to review the investments they wish to make
- SIPPs have become less flexible
- Consider more cost effective alternatives such as Personal Pensions set up via a platform or wrap
- Small Self-Administered Schemes (SSASs) are company pensions and are not regulated in the same way allowing greater freedom of investment.



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