

SIPPs - UK - December 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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“The new pension freedoms, introduced in April 2015, will encourage growth in SIPPs. However, to fully capitalise on this opportunity, operators will need to promote the benefits of investing in a SIPP more widely and have the economies of scale to effectively meet the expected large increases in demand.”

– Sarah Hitchcock, Senior Analyst – Financial Services

This report looks at the following areas:

- New opportunities for SIPP providers as a result of new pension freedoms
- SIPP providers with significant exposure to non-standard assets are vulnerable under new cap ad rules
- Regulatory intervention threatens retained interest income stream

Self-invested personal pensions (SIPPs) have been in existence for a quarter of a century. Originally a specialist pension designed for wealthier, entrepreneurial investors, the product has evolved in response to technological innovation and regulatory intervention. The rise of platforms and streamlined products – driven partly by regulatory changes to the advice market – has helped to catapult SIPPs from a niche offering into the mainstream. Today, there are upwards of 1.4 million plans in force. Moreover, the market is set to get a further boost from the new pension freedom rules introduced in April 2015.

While there are good prospects for future market growth, there are also a number of challenges facing SIPP operators, not least higher capital adequacy requirements. How well firms manage to cope with the expected rise in demand, coupled with the need to hold greater levels of capital, will ultimately determine their future success, even survival.

Mintel's report examines how these external pressures and new opportunities are altering the SIPP landscape, making it ripe for further consolidation, as well as expansion. It provides an overview of the market's size and expected growth over the next five years, and identifies the leading SIPP operators. In addition, it reviews the results of Mintel's consumer survey, which gives insight into the attitudes, behaviours and decumulation plans of SIPP investors.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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The implications

The Market – What You Need to Know

- Increased demand leads to higher sales volumes
- New pension freedoms will benefit SIPPs...
- ...but in an environment of greater regulatory pressures
- Most new SIPPs are set up by advisers, although the D2C market is growing

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More mergers and acquisitions likely
 Demand for outsourced administration set to grow
 Greater product development activity

Market Share

Standard Life is the largest SIPP administrator by value of in-force business...
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 Having a good reputation is just as, if not more, important than offering clear and competitive pricing
 Transfers into SIPPs are much more common than transfers out
 28% of SIPP investors are planning to move into drawdown

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SIPP Investment Portfolio

4% of respondents hold non-standard assets...

...while 32% hold cash deposits or cash funds

Figure 16: Investments held within SIPPs, August 2015

Qualities Sought in a SIPP Provider

55% of SIPP investors say they look for a well-established company with a good reputation...

...while 31% want the broadest possible range of investment choices

Just 1% give importance to mobile apps

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28% are likely to opt for flexi-access drawdown

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