

Protected Rights in SIPPS

27 June 2008

The government had today published its response to the consultation on the draft regs to allow protected rights to go into SIPPs.

<http://www.dwp.gov.uk/publications/dwp/2007/occ-pen-consult/govt-resp-ppsaspraregs08.pdf>

The Key Points are:

PR will be able to go into SIPPs from 1 October 2008

They will have to be ringfenced for at least 4 years

There will be no investment restrictions beyond those applying to all SIPPs

When (if? after recent by-elections) DC contracting out is abolished in 2012 then there will be no need to ringfence previous PR funds

DWP have turned down a suggestion that transfers require the signature of spouses on the grounds that PRs would not have to provide spouse's pensions after 2012

Ringfencing will be a problem, and I am not convinced we have heard the last of spouse's pensions, but we finally have DWP recognition that SIPPs are not too high risk for state benefits.

David Trenner
Technical Director