

Protected Rights Pension Funds and Self Investment

After years of debate and anticipation within the pensions industry it was finally announced on 29th July 2008 that Self Invested Personal Pensions would be allowed to hold Protected Rights with effect from 1st October 2008.

This important change means that the strict investment restrictions that applied to Protected Rights have now been lifted and, as a result, Protected Rights may enjoy the same self investment opportunities that Non Protected Rights have enjoyed for many years. Consequently, it will now be possible to simplify your retirement plans by holding all of your pension funds in the same place.

Direct investment into collectives, mutual funds, equities and commercial property will be permissible as Protected Rights investments. For the first time, therefore, Protected Rights held within a SIPP arrangement may benefit from true Discretionary Fund Management and all of your pension funds can be managed and monitored more consistently and more regularly.

As contracting out of SERPS (and subsequently S2P) via defined contribution schemes was introduced in 1987, and via Personal Pensions in 1988, some industry experts calculate that there could be approximately £100 billion invested in Protected Rights Funds. Individual investors may have amassed funds of up to £50,000 - £60,000 which have often been left, without review, in the same insured fund for 20 years.

If you feel that this new opportunity for pension investment may benefit you please do not hesitate to contact us at tim.haynes@mercater.com or by phone on 0161 926 7501.