WEALTH OS

The Evolution of the SIPP

Self-Invested Personal Pension (SIPP)

1989

Nigel Lawson introduced SIPPs

- It expands the types of investments that can be held in a personal pension.
- Consumers get a high degree of investment decision making authority
- And can now invest in commercial property and borrow against the value of their SIPPs.
- It opened up opportunities for sophisticated investment strategies.

But,

SIPPs were initially offered by specialist / niche players and the value chain was inevitably fragmented.

For over a decade, SIPPs remained a niche product used by High Net Worth Individuals to hold non-standard assets.

1995

The introduction of income drawdown as an alternate means of accessing pension benefits instead of purchasing an annuity.

HNW individuals can leave all of some of their pension benefits invested while drawing pensions.

2006

A-Day further liberalises drawdown rules.

The share of SIPPs as a percentage of all private pensions increases. The beginning of SIPPs penetrating into the mass affluent market segment.

2010s

Vertical integration of pension administration, investment operations, custody and cash services join up to make a cohesive CX.

Technology enabled business models, and democratisation of access to share dealing.

Digital transformation of wealth management speeds up, and SIPPs become a central pillar to the most innovative offerings to hit the market.

2012 - 2019

Introduction of Automatic Enrolment (AE)

Most consumers now tend to have at least two workplace pensions and without a "pot follows member" initiative, consumers are craving simplicity in managing their now many disparate pension savings.

Pension consolidation as a central feature and differentiator of pension offerings take off.

2015

Liberalisation of the drawdown rule made SIPPs the go-to-vehicle for savers to access their defined contribution pensions in the form of tax free cash and drawdown.

NOW

Emergence of digital first wealth propositions where SIPPs play a central and important role in enabling savers benefit from generous tax efficiencies combined with rich investment offerings and great CX.

The race has started to grab a share of this ever growing asset base through expanded proposition, differentiated CX and cheaper pricing. Digital retirement is likely to be the next frontier of innovation.