

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

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Duncan Hames MP
Avonbridge House
Bath Road
Chippenham
SN15 2BB

Dear Duncan

Mr Richard S H Brewer, 17 Sandridge Road, Melksham, Wiltshire, SN12 7BE

Thank you for your letter of 7 September 2012 which was only delivered on 4 October. I am very pleased to learn that the matter of drawdown rates is of interest to you.

The pension industry has been suggesting for the last year or so that drawdown rates, which were curtailed in April 2011 by the Coalition Government, need revisiting. I wrote to Mark Hoban in a personal capacity (rather than as Chairman of AMPS) before the recent reshuffle expressing my concern with the situation and some thoughts. I have just received a bland response from a Mr Daniel Wood (copy attached) which seems similar to other letters being issued by Government in response to such concerns.

Mr Brewer is certainly not alone in finding that his ability to extract funds from his SIPP has been severely hampered by the combination of a change in rules, improved life expectancy for the population and of course extremely low gilt yields in the market. Whilst there might be an argument that the rules are correctly designed to stop Mr Brewer and others from overspending their respective pension pots, it is not an acceptable situation that there can be such a radical adjustment to income rates. I was surprised that the changes when introduced were not phased in as the new rates were over 20% lower all other things being equal. It is a sad feature of pension saving today that there is no trust that governing rules will be there for the long term which you would expect to be a critical component of a long term saving plan.

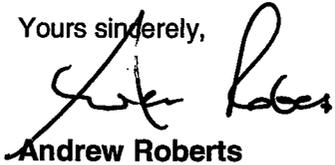
AMPS has discussions with HMRC regarding a number of matters including drawdown, most recently in respect of the application of unisex drawdown rates that would give some respite for females. We do not record formal minutes nor do we publish any minutes of meetings that we have with HMRC and so we are unable to furnish any information. HMRC can only interpret the rules and so any change would have to follow from a policy decision rather than as an agreement between AMPS and HMRC.

Industry commentary in the press together with our prodding has resulted in HM Treasury convening a meeting later this month with a number of drawdown providers, being co-ordinated by AMPS. Suffolk Life are due to be represented (Mrs Chester is an AMPS committee member). I had suggested to HM Treasury that a drawdown pensioner attend the meeting to air their view of the matter but it was pointed out to me that their views are well-known.

Suffice to say, it would greatly help the situation if the matter was raised in Parliament.

Drawdown providers will have to amend drawdown rates from 21 December 2012 to deal with the EU legislation on gender-neutral pricing of insurance contracts which has an indirect impact on drawdown rates. This presents an ideal opportunity for the Government to take the initiative and address this situation and doubtless you will be able to relay Mr Brewer's concerns to your colleagues including Mr Stephen Webb MP.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Roberts', written over a horizontal line.

Andrew Roberts

Chairman, Association of Member-Directed Pension Schemes

Enclosure