

3 April 2007

## ALLIANCE TRUST CALLS FOR RETHINK ON RETIREMENT INCOME OPTIONS

### Letter to Ed Balls and background insight for IFAs published on website

Alliance Trust has published an open letter to Ed Balls MP, Economic Secretary to the Treasury, with its views on the changes to the taxation of Alternatively Secured Pension (ASP) due to take effect through the finance act later this year.

In the letter, Hyman Wolanski, Alliance Trust's Head of Pensions, calls on the Treasury to reconsider the decision to introduce an effective 82% death duty on remaining ASP funds, fearing that this will have a most damaging impact on the simplified pension regime introduced less than a year ago. Wolanski also calls on the Government to keep the debate open around alternatives to annuities for retirement income and controlled heritability of pension funds, to help narrow the UK's long-term savings gap.

Hyman Wolanski comments: *"Since the 82% tax charge is explicitly intended to discourage the use of ASP in favour of annuities, we need, as a minimum, to acknowledge the extreme risk of channelling increasing amounts of pension money into annuities, and how this could turn out to be against many retirees' best interests.*

*"Throughout the economy, we see employers abandoning their final salary schemes en masse and switching to defined contribution schemes, meaning that the number of people who will end up with annuities will increase dramatically. If the life office actuaries' estimates of future longevity and investment returns turn out to be wrong, as they surely will, this will have serious implications for all annuitants."*

Alliance Trust's full letter to Ed Balls MP and comprehensive background information for IFAs can be found at: [www.alliancetrust.co.uk/news\\_views.htm](http://www.alliancetrust.co.uk/news_views.htm)

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## Notes to editors

1. Alliance Trust is the brand name of Alliance Trust Savings, which provides financial services and pensions. Alliance Trust Savings is a wholly-owned subsidiary of Alliance Trust PLC, the largest generalist investment trust company on the London Stock Exchange. Alliance Trust Savings and its subsidiaries administer more than £5.3bn of assets on behalf of over 42,000 customers (as at 31 Jan, 2007)
2. Alliance Trust Savings is a top 10 SIPP provider, with more than 11,500 SIPPs under administration..
3. Photographs of Hyman Wolanski are available.