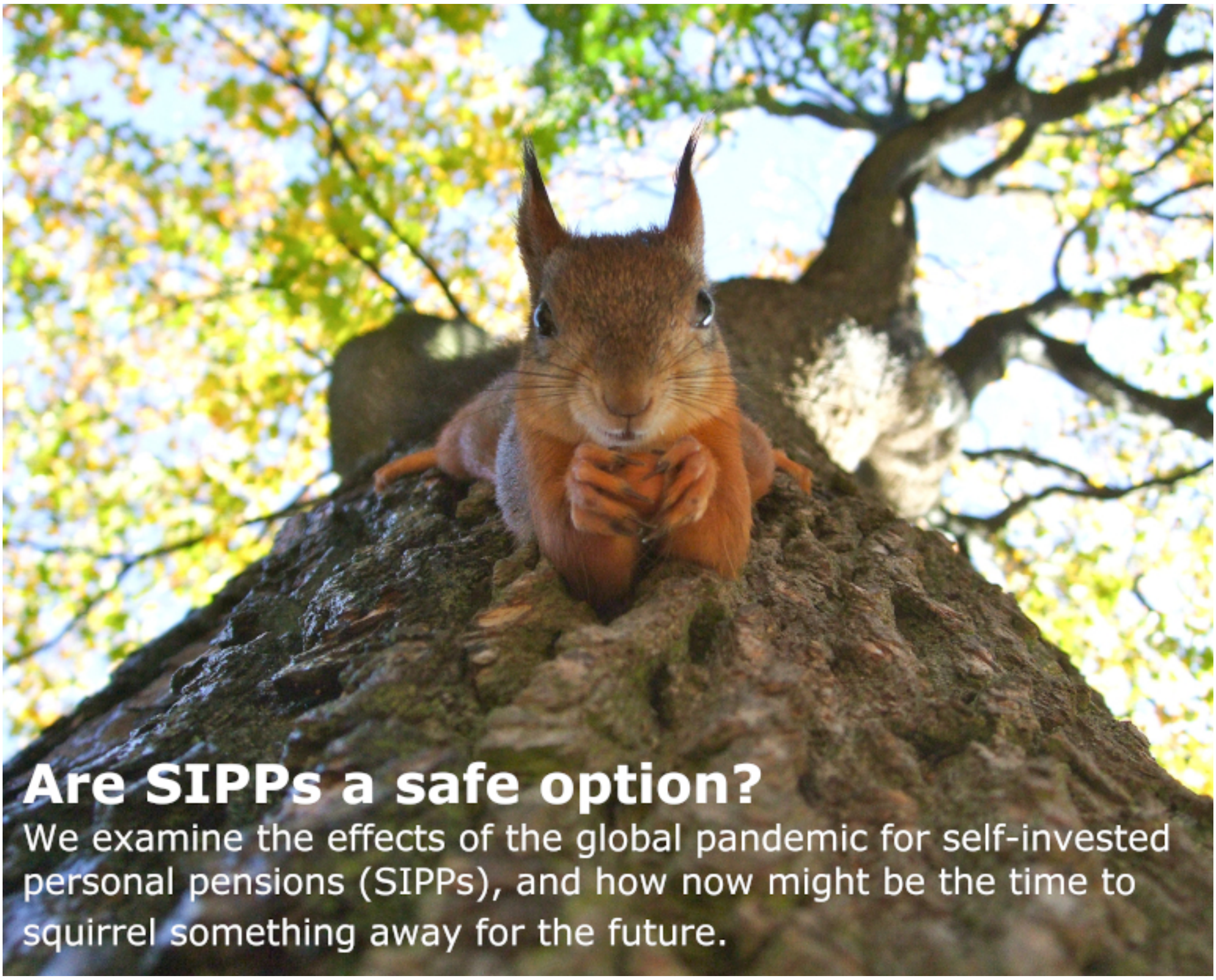

Photo by Arturo Rey on Unsplash.

This article isn't personal advice. If you're not sure whether an investment is right for you, please speak to a financial adviser. Tax and pension rules can change and any benefits will depend on your circumstances.

There's no denying that the coronavirus pandemic has impacted our finances. However, if you're seeking a more secure old age, now might be the perfect time to consider a self-invested personal pension (SIPP).

It may seem a bit contrary – economists are anticipating the UK entering a recession worse than the 2008 financial crisis, while the Bank of England expects the UK economy to remain below its final 2019 size until the end of 2021. But there are some good reasons to be positive.

Hopeful indications

Markets can be resilient and many had already started to recover with the June lessening of lockdown restrictions. FTSE 100, which measures stock market performance of the UK's biggest companies, saw highs of close to 6,500 points as a result. While concern over further lockdowns is currently edging the index below 6,000 points, this trend is set to improve if the pandemic eases further.

The good news is that the UK government is looking for measures to move forwards, both from an economic and health perspective.

Last month, the Bank of England promised to add a £100bn boost into the UK economy to counteract the coronavirus-induced downturn. Discussions are underway regarding an additional economic stimulus package worth as much as £100bn.

Add to that the long-term nature of pension investments and it's likely you've got plenty of time to ride out any short-term falls.

Strength in diversity

Even if you're closer to retirement, there are plenty of ways to keep your investments buoyant. When it comes to SIPPs, as with other investments, diversity is key minimising risk. Different types of investments and sectors perform well at different times, as do different stock markets around the world.

Whether you pick individual investments or choose a ready-made portfolio, it's worth including investments in fixed-income securities, such as in bonds, which are low risk and usually offer a fixed rate of return. Bonds can help to cushion your portfolio when the stock market is in a state of flux, as it is now.

If you're concerned about the safety of SIPPs, it might be reassuring to note that even during the worst times of the 2008 crisis, only a handful of final salary schemes disintegrated.

Even better, today pension plans are governed by strict rules designed to protect your pot.

Strict rules shielding your money

The Financial Conduct Authority, the UK's financial services regulator, has tightened rules for SIPP providers in recent years, requiring them to hold capital to cover administration costs if they cease trading.

We hold more capital than we're required to, and are a financially strong FTSE 100 company with net cash of £394 million (30 June 2019).

If an administrator can't recover fees from company assets, it's legally allowed to do so from client assets instead. Happily, in these cases, investors are able to claim under the Financial Services Compensation Scheme, which is authorised to pay up to £85,000 to each investor.

If the worst happened and a pension scheme failed, the Pension Protection Fund would pay out 90 per cent of the expected income, up to £40,000 in most cases.

In other words, yes, SIPPs are a safe choice for your future.

The //client// website is full of information on all available investment options including insights into SIPPs.

Find more here //link to post on client's website//.

Whenever you're ready to make decisions about SIPPs, we'll be right here.