



‘STAKEHOLDER’ PENSIONS

(reviewed October 2011)

The Government is introducing a new low charged personal pension plan from 6th April 2001 called the 'Stakeholder' Pension.

The legislation on these Stakeholder Plans bestows legal obligations upon all employers including Golf Clubs.

Even if you have an existing pension scheme in place, this legislation may impact on it.

If you have an existing scheme you need to know how the new legislation interacts with your existing scheme and any amendments you may need to make, if any, to your scheme or procedures.

If you do not have an existing scheme you will need to designate a Stakeholder Pension Scheme for your employees whether they want to take it up or not.

The following paragraphs set out the key issues that I believe will impact on employers.

1. In essence any employer with five or more employees must offer their employee's access to a Stakeholder Pension Scheme that they can join if they wish unless you are an exempt employer.
2. An exempt employer is one who already has in place an acceptable alternative to a Stakeholder Scheme. These are employers with existing Occupational Pension Schemes and Group Personal Pension Schemes that meet certain requirements.
3. As an employer with a Group Personal Pension Scheme your arrangement will need to meet a series of criteria in order for you to be regarded as an exempt employer. Your scheme may currently meet all of the requirements or you may find that you need to implement one or two changes.
4. If you have an existing Group Personal Pension Scheme which does not meet the Stakeholder criteria and you do not want to take the necessary steps to ensure that it does, you will be obliged to offer a stakeholder scheme alongside the existing scheme. There is currently no obligation on either employers or employees to contribute to a Stakeholder Scheme.
5. The whole Stakeholder regime including exempt schemes and timing of the payment of contributions is the responsibility of the Occupational Pensions Regulatory Authority (OPRA) who have been given powers to charge employers under both civil and criminal law and to impose heavy fines for non compliance. The maximum fine is £50,000.
6. Employers have until 8th October 2001 to comply with all the new regulations and 6th April 2001 for some, particularly those regarding timing of the payment of contributions.

7. The Department of Social Security (DSS) has issued an Employers Guide to Stakeholder which I understand it intends mailing to employers and an advertising campaign is to start in the New Year promoting Stakeholder Pensions.

8. If you set up a stakeholder scheme and at some future date you decide to transfer the scheme from the original provider to a new one, please be aware that under the current DSS stakeholder regulations an employee can demand that his or her employer must continue contributions to the original provider.

Therefore it is essential that you should ensure your choice of scheme is thoroughly researched and this is where Independent Financial Advisers can offer added value.

Manaton Associates Limited, Independent Financial Advisers, have linked up with the South East PGA to help Golf Clubs in their location. We are in talks with other PGA regions to offer the same help to them.

If you would like to find out more about 'Stakeholder' Pensions and how they affect your Golf Club, please contact:

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An example of the Stakeholder Pension package which is on offer from Scottish Mutual can be obtained from HQ.

Please ask for the Stakeholder Designation Pack.

It is complete with forms for the employer, letters from the employer to the employees, explanations, as well as a poster and certificate advertising the scheme.

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