

A guide to registering as a
stakeholder pension scheme provider



Part of the Department
for Work and Pensions

Stakeholder pensions

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Contents

What this guide covers	2
How to register	2
Providing information to stakeholder pension scheme members	4
Monitoring payments from employers	4
Arrangements for managing stakeholder pension schemes	6
More information	7

What this guide covers

This guide gives details on how you can become a stakeholder pension scheme provider. It explains who you need to register with and how to register. It also tells you what information you will need to give to individuals who are interested in taking out a stakeholder pension and how you must monitor payments received from employers. These guidelines are not a complete statement of the law. However, they explain where you can get further information before you register.

The rules for stakeholder pensions are included in:

- the Welfare Reform and Pensions Act 1999;
- the Welfare Reform and Pensions (Northern Ireland) Order 1999;
- the Stakeholder Pension Schemes Regulations 2000 – SI 1403 as amended; and
- the Stakeholder Pension Schemes Regulations (Northern Ireland) 2000.

You can find these rules on the Office of Public Sector Information website at www.opsi.gov.uk

The Stakeholder Pension Schemes Regulations include more detailed information on the standards that stakeholder pension schemes must meet.

These standards include:

- limits on charges; and
- minimum amounts of contributions that must be accepted.

You will find the tax rules for stakeholder pension schemes in Chapter IV Part XIV of the Income and Corporation Taxes Act 1988, the Finance Act 2000, the Income Tax (Earnings and Pensions) Act 2003 and HM Revenue & Customs Regulations. You can also find these rules on the Office of Public Sector Information website at www.opsi.gov.uk

If you want to set up a stakeholder pension scheme with a manager, the manager will need authorisation from the Financial Services Authority (FSA) before you can register your scheme. Authorisation from the FSA may also be required for schemes operated by trustees. For more information about getting authorisation from the FSA please see 'Arrangements for managing stakeholder pension schemes' on page 6. Details on how to contact the FSA are on page 7.

How to register

To set up a stakeholder pension scheme, you must get tax approval for the scheme from HM Revenue & Customs and you must register the scheme with the Pensions Regulator.

Stakeholder pension schemes must also be contracted out, so you must get a contracting-out certificate from HM Revenue & Customs, Audit and Pension Schemes Services.

The Pensions Regulator:

- registers stakeholder schemes;
- ensures that the stakeholder pension schemes continue to follow their registration conditions;
- makes sure that employers follow the rules about paying contributions to scheme providers; and
- makes sure that scheme providers 'whistle-blow' if employers have not followed the rules about paying contributions to them.

You can get an application pack from HM Revenue & Customs, Audit and Pension Schemes Services that includes:

- HM Revenue & Customs tax-approval forms;
- contracting-out forms; and
- the Pensions Regulator's stakeholder pension scheme registration forms.

Please see page 7 for details of HM Revenue & Customs, Audit and Pension Schemes Services.

When you have filled in these forms, you should send the tax-approval forms and contracting-out forms back to HM Revenue & Customs, Audit and Pension Schemes Services.

You should send the stakeholder pension scheme registration forms to the Pensions Regulator, with a registration fee of £200. You can only register a stakeholder pension scheme if you meet all the legal conditions for stakeholder pensions. You must fill in the registration form, in full, before the Pensions Regulator can consider your application.

When they have considered your application, HM Revenue & Customs, Audit and Pension Schemes Services and the Pensions Regulator will jointly send you written confirmation of your scheme's tax approval and registration, if appropriate.

When you have received this confirmation, the Pensions Regulator will include your scheme on their register of approved stakeholder pension schemes. This register is available at www.thepensionsregulator.gov.uk on the internet. A stakeholder pension scheme that the Pensions Regulator has included on its register can then start to promote its scheme.

If your organisation breaks any of the registration conditions, the Pensions Regulator might remove your scheme from its register.

HM Revenue & Customs has produced a guide to help scheme providers who run stakeholder pension schemes called *Personal Pension Schemes Guidance Notes (Including Stakeholder Pension Schemes)* (IR76). You can download this guide from HM Revenue & Customs' website. Contact details are on page 7.

Providing information to stakeholder pension scheme members

As a stakeholder pension scheme provider, you must give information about things such as the scheme's administration and finances to existing scheme members and to people interested in joining a stakeholder pension scheme. The FSA regulates the marketing and promotion of all stakeholder pension schemes.

Stakeholder pension scheme providers must also give their members a statement each year that includes:

- details of the member's contributions;
- details of any contributions made by an employer on the member's behalf;
- payment of tax relief made by HM Revenue & Customs;
- payment of any contracted-out rebate made on the member's behalf;
- the member's date of birth together with details of any age-related rebate paid (if this applies);
- any amount transferred from a member's previous pension, including the date it was received and the name of the scheme;
- a pension-sharing order or agreement and any amounts paid or owed (if this applies);
- the percentage deducted from the member's fund towards payment of the scheme charge; and
- any other deductions.

Providers must also send members an illustration of what their future pension might be when they reach the retirement age provided for in the scheme. This can be (but doesn't have to be) sent out at the same time as the statement.

Monitoring payments from employers

You will receive payments from individuals directly and from payroll deductions made by employers.

Where payroll deductions are made to a stakeholder pension scheme, the employer must give you details about what deductions are being made and they must make sure that the contributions are worked out correctly. The employer is responsible for keeping up-to-date records, so that you are kept informed about any changes.

As the pension scheme provider, you are responsible for checking that employers are paying the correct contributions at the right time.

Employers must pay their employees' contributions to the stakeholder pension scheme within 19 days of the end of the month in which the deductions were made. If you have not received a payment from an employer, the law states you must report this to the Pensions Regulator by the 30th day after the payment was due. If you have still not received the payment by the 60th day after it was due, you must send a report to the scheme member. You must do this by the 90th day after the payment was due, even if you received the payment after the 60th day.

Employer and employee payments are separate parts and the 30-day rule applies to both of them. If the due dates for employer and employee payments are not the same, the 30-day periods apply independently.

In certain circumstances the Pensions Regulator will take a more relaxed approach in the way payments from employers are monitored. This approach has been adopted so that the Pensions Regulator can quickly identify cases involving serious non-payments by employers that need action. If the Pensions Regulator agrees, you may want to take advantage of the following:

- the reporting date can be extended beyond the 30-day period which is allowed to a date agreed with the Pensions Regulator;
- on the reporting date (whether a revised date or not), you should only report those employers who have still not paid their contributions; and
- you do not need to report employers who have fewer than three members in the scheme.

These conditions have been introduced to help the Pensions Regulator use their resources more effectively on serious cases of non-payment. The regulations covering late payments have not changed. The timescales for employers to make contributions are not changing, and the requirement for you to let members know about contributions which have not been paid after 60 days is not changing. For more information on this subject, please contact the Pensions Regulator. See page 7 for details about how to contact the Pensions Regulator.

The Pensions Regulator will give you further advice about the layout of your reports, but they should include the following:

- the employee's name and identifying details, for example their National Insurance number;
- the employer's name, address and phone number;
- the month the money was deducted; and
- late payment information such as:
 - the date the payment was due;
 - the date the payment was actually made, if it was late;
 - the amount of payment due;
 - the amount of payment actually made; and
 - whether the payment was an employee contribution, employer contribution or both.

You can send your reports to the Pensions Regulator electronically. For more information, please contact the Pensions Regulator (see page 7).

The Pensions Regulator has produced a leaflet for scheme members called *Are your pension contributions being paid?* You might like to include this with your report to scheme members or annual benefit statements. The aim of the leaflet is to encourage members to contact the Pensions Regulator if they are concerned about their pension contributions so that the Pensions Regulator can investigate the matter. You can order copies free of charge by contacting the Pensions Regulator (see page 7).

The Pensions Regulator can take action against the scheme trustees or stakeholder pension scheme manager if they do not:

- tell the Pensions Regulator about any late or missed payments (unless specific reporting procedures have been agreed with the Pensions Regulator as set out on page 5);
- tell the member about any late or missed payments; or
- send the member a statement each year, containing dates of the payments and the amounts.

Arrangements for managing stakeholder pension schemes

Stakeholder pension schemes can be set up under a trust or by a stakeholder pension scheme manager and these have different requirements.

The paperwork that you need to set up and control the running of your stakeholder pension scheme must include certain things. And there are other things that you must not include. You will find these in regulations 3 and 4 of the Stakeholder Pension Schemes Regulations 2000, as amended, and the equivalent legislation in Northern Ireland at www.opsi.gov.uk

Some examples of topics covered by the regulations are:

- trustee independence;
- limits on membership of the stakeholder pension scheme;
- investment options;
- statement of investment principles; and
- annual declaration by the trustees or the stakeholder pension scheme manager.

You can get more information from the FSA about their authorisation of stakeholder pension scheme operators, whether managers or trustees. We have included details on page 7.

More information

If you would like more information on any aspects of registering as a stakeholder pension scheme provider, you can contact the following.

HM Revenue & Customs Contracted-out Pensions Helpline on **0845 9 150 150**, Monday to Friday from 8am to 5pm. This helpline can also answer your questions about the Department for Work and Pensions' rules.

HM Revenue & Customs, Audit and Pension Schemes Services, Personal Pension and Stakeholder Pension Helpline on **0115 974 1777**. This helpline can answer your questions on tax rules.

To get a copy of a stakeholder pension scheme application pack, you can contact HM Revenue & Customs stationery orderline (answerphone) any time on **0115 974 1670** to place your order.

You can download a copy of *Personal Pension Schemes Guidance Notes (Including Stakeholder Pension Schemes)* (IR76) from the Pension Schemes area of HM Revenue & Customs' website (www.hmrc.gov.uk/pensionschemes).

If you have any questions about registering stakeholder pension schemes or the rules on payments from employers, contact the Pensions Regulator by email at customersupport@thepensionsregulator.gov.uk or by calling **0870 606 3636**, Monday to Friday from 9am to 5pm.

You can visit the Pensions Regulator's website at www.thepensionsregulator.gov.uk

If you have any questions about the rules for authorising stakeholder pension scheme managers or trustees, or about the marketing or promotion of any stakeholder scheme, you can contact the Financial Services Authority on **020 7066 0082**, Monday to Friday from 9am to 5pm.

Or, you can visit the FSA's website at www.fsa.gov.uk

You can access this leaflet on the internet at
www.pensionguide.gov.uk

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