

Factsheet 13: Stakeholder Pensions

Stakeholder pensions are low-cost, private pensions which were made available from 6th April 2001. They are meant for people who currently do not have a good range of pension options available to save for their retirement.

If you employ 5 or more Personal Assistants whose earnings exceed the N.I. lower earnings limit you must offer a Stakeholder Pension Scheme, providing you are not exempt (see below). If you employ less than five P.A.'s you may still offer this scheme voluntarily if you wish.

The key features of this pension scheme are as follows:

- The designated pension scheme cannot charge more than 1.5% a year (1% if the scheme was started before April 2005) on the value of the members funds for the first ten years.
- Members can transfer into or out of the fund at any time, or indeed, stop paying in for a time without incurring any charges
- All schemes must accept contributions of £20 per month or more, though some may accept lower payments

As an employer, you can be exempt from providing access to a stakeholder pension scheme if you:

- Have fewer than 5 employees, or
- offer an occupational pension scheme to all of your employees within one year of them starting work, or
- offer to contribute at least 3% of earnings into a personal pension scheme for your employees (as long as the personal pension does not have penalties for employees who leave the scheme), or have employees that earn below the lower earnings limit

If you are not exempt, you must designate a Stakeholder Pension Scheme.

The schemes are offered by banks, building societies and insurance companies. Once a scheme has been designated, as an employer you must provide the employees with information about the scheme and also give them the option to have the pension deducted direct from their pay.

For further information, please contact your local Independent Living Adviser at the Rowan Organisation.

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