

Staff consultation – Designation of new pension scheme

Dear (Employee)

The Government introduced stakeholder pensions to encourage more people to save for their retirement.

We have contacted *(name of stakeholder pension scheme provider)* and we are considering formally choosing them to be our stakeholder pension scheme provider. But before we finalise this, we would like to take this opportunity to make you aware of our intentions, and to give you the chance to give us your thoughts.

Stakeholder pensions are intended to provide a low cost, privately funded, supplement to the basic state pension.

Stakeholder pension rules require both the schemes and us as employers to meet a number of minimum standards to ensure value for money, flexibility and security for you. This means that:

- you cannot be charged more than a 1.5% annual administration charge for being a member of the scheme;
- you can pay in as little as £20 every time you contribute to the scheme;
- you can stop paying in, change your contribution levels or transfer your money out without having to face extra charges;
- if you want us to, we will deduct any contributions you wish to pay directly from your wages and pay your money into the scheme; and
- any contributions you make will be topped up by the Government in the form of tax relief. For example, if you pay tax at the standard rate, for every £78 you pay into the scheme, the Government will top this up to £100 without you having to do anything.

continued over...

Pensions choice in the workplace – 2007

Example consultation letter, telling staff about the employer's proposal to designate a scheme. A downloadable pdf for you to use will be available on our website soon.

Staff consultation – Designation of new pension scheme continued

***Please delete if appropriate**

*If you decide to join the scheme we will be prepared to pay **(enter level of proposed employer contribution)** to your own stakeholder account every month. The level of these payments may be reviewed by us in the future, but will be in addition to your current salary and benefits. Employer contributions are therefore a valuable new benefit to help employees provide for a more comfortable retirement.

You can find further information about the stakeholder pension scheme on **(enter details of the stakeholder pension scheme provider's website)**.

(Name of stakeholder pension scheme) has been registered by the Pensions Regulator, the UK regulator of work-based pension schemes.

Please contact **(person at company responsible for pension provision)** on **(telephone number of person at company responsible for pension provision)** by **(insert the length you want your consultation period to be)** if you would like to give us your views. If we do not hear from you by this date, we will formally choose **(name of stakeholder pension scheme provider)** to provide our stakeholder pension scheme.

Yours sincerely

A N Other

A N Other

Pensions choice in the workplace – 2007

Example consultation letter, telling staff about the employer's proposal to designate a scheme. A downloadable pdf for you to use will be available on our website soon.