

Stakeholder registration

Before a scheme can be marketed as a stakeholder pension, it must be registered with both HM Revenue & Customs (HMRC) and the Pensions Regulator.

Registering a stakeholder scheme

Registering with HM Revenue & Customs

A stakeholder pension scheme must be registered with HM Revenue & Customs (HMRC).

Information on registering a scheme can be found on the HMRC website.

Registering with the Pensions Regulator

To register a stakeholder pension scheme with the Pensions Regulator, the trustees or stakeholder manager must complete a registration form and declaration that the scheme will comply with the registration conditions, and return this together with the registration fee of £200 to the Pensions Regulator. Where the scheme is set up under trust, the trustees or directors of a corporate trustee must also complete a questionnaire about their eligibility to act as a trustee.

The stakeholder manager or trustees will receive notification of registration from the Pensions Regulator. Once registration has been confirmed, the stakeholder pension scheme can be marketed

Registration conditions

Stakeholder pension schemes must meet the conditions now set out in Section 1 of the Welfare Reform and Pensions Act 1999, and The Stakeholder Pension Schemes Regulations 2000 SI No 1403 (as amended), as set out below. References to regulations below are references to 'The Stakeholder Pension Schemes Regulations 2000 - SI 1403 (as amended)'.

In the case of all stakeholder pension schemes:

- The scheme must be established under trust or by deed poll. If the scheme is set up by deed poll, the manager of the scheme (the "stakeholder manager" may enter into contracts with each member of the scheme, or a person acting on their behalf. The stakeholder manager must be authorised by the Financial Services Authority (FSA) to carry out stakeholder business.
- The scheme must provide money purchase benefits (within the meaning of Section 181 of the Pension Schemes Act 1993).

- The scheme must not restrict membership on the basis of a member's financial status, the amount of contributions to be made, or the manner in which contributions will be made to the scheme. This condition shall not prevent schemes from restricting membership by reference to employment with a particular employer or in a particular trade or profession, or membership of a particular organisation.
- The scheme must provide an investment option that is subject to lifestyling - this is where during the years leading up to retirement a member's pension is gradually moved into less volatile investments, therefore providing greater security as they approach retirement.
- The trustees or managers of the scheme must appoint a reporting accountant in accordance with the requirements of regulation 11.
- The scheme must use all contributions, income or capital gains arising from the investment of contributions and the value of rights under the scheme in a way that results in the provision of benefits for members, the only exceptions to this are the deductions permitted under regulations 13 and 14
- The scheme's winding up rules, must specify the period and manner in which the scheme must be wound up .
- The scheme's trustees or managers must comply with the requirements of Section 113 of the Pension Schemes Act 1993 and associated regulations in providing members and potential members with relevant information about the scheme.
- The scheme must accept transfer payments from other pension schemes, retirement annuity contracts, and other relevant annuity and insurance policies.
- The scheme must have tax approval under Section 631 of ICTA 1988.
- The trustees or managers of the scheme, or the scheme's fund manager, must ensure that the funds are invested with due regard to the need for diversification and suitability, having first obtained and considered proper advice from an authorised person.
- The scheme must accept any contribution of £20 or more.
- The trustees or managers of the scheme must provide members with an annual benefit statement in accordance with the requirements of regulation 18.
- In the event that the scheme changes the rules or manner in which charges and deductions are made, the trustees or managers of the scheme must provide members with an explanatory statement within one month of making the change.

- The trustees or managers must ensure that the assets of the scheme are invested in accordance with regulation 8. Where the assets are invested in a with profits fund, the trustees or managers must ensure that the requirements of regulation 15 are complied with.
- The trustees or managers must make a declaration at least once a year that the scheme has complied with the relevant regulations relating to expenses and charges, the scheme's systems and controls, and accounts and records. The trustees or managers must obtain a statement from the scheme auditor or reporting accountant that, in their opinion, the declaration was reasonable.
- The trustees or managers of the scheme must appoint a reporting accountant in accordance with the requirements of regulation 11.

Other conditions

Schemes under deed poll

The managers of the scheme must ensure that there is a written statement of principles governing their decisions about the scheme's investments. The content of the statement of investment principles is covered in regulation 9.

Trust scheme

A scheme established under trust must ensure that at least one third of the total number of trustees, or directors in the case of a corporate trustee, are independent. This means that the trustees must not be connected with, or an associate of any person providing services to or managing the scheme, except where those services are trustee services. Where the scheme has less than three trustees or directors, at least one trustee or director must be independent. The meaning of connected and associated persons is defined in Sections 249 and 435 of the Insolvency Act 1986 and Section 74 of the Bankruptcy (Scotland) Act 1985.

The trustees of the scheme must ensure that there is a written statement of principles governing their decisions about the scheme's investments. The content of the statement of investment principles is covered in Section 35 of the Pensions Act 1995 for schemes established under trust.

Annual declaration

Annual statement to scheme members

The scheme must provide members with an annual statement that should include:

- contributions made by the member;
- contributions (if any) made by the employer on behalf of the member;

- payments of tax relief made by the Inland Revenue;
- payments of any contracted-out rebate made on behalf of the member;
- where applicable, the member's date of birth together with details
- of any age-related rebate paid;
- any amount transferred from a previous pension, including the date received and the name of the scheme;
- any amounts debited/credited as a result of a pension sharing order;
- amount deducted from contributions towards payment of the scheme charge;
- any other deductions.