

B&CE EasyBuild Stakeholder Pension Technical Information



Our commitment

B&CE's EasyBuild stakeholder pension is registered with The Pensions Regulator (TPR) and meets the requirements set out in the law about charges, access and the way the scheme is run. EasyBuild complies with legislation under the 'Welfare Reform & Pensions Act 1999' and 'The Stakeholder Pension Schemes Regulations 2000 – SI 1403' as amended.

The scheme is provided and administered by B&CE Insurance Limited, a health composite insurance company which is a wholly owned subsidiary of Building and Civil Engineering Holidays Scheme Management Ltd. B&CE Insurance Ltd is authorised and regulated by the Financial Services Authority.

This fact sheet provides information about EasyBuild contributions and your role as the employer.

The employer's role and the regulations Designating a Stakeholder Pension (i.e. EasyBuild)

Most employers are required to offer their employees access to a stakeholder pension, although some may be exempt. From October 2001, all employers who do not qualify for exemption with five or more staff had to designate a stakeholder pension scheme and to provide access to the scheme. Strict penalties may be imposed by TPR if employers fail to follow the legal requirements.

To find out about the legal restrictions on 'financial promotions' (such as promoting your designated pension scheme to employees), please visit the Financial Services Authority's website at: <http://www.fsa.gov.uk/pubs/other/guide4employers.pdf> This web page informs employers of how to promote their designated pension scheme whilst adhering to the Financial Services and Market Act 2000 (Financial promotion) Order 2001.

Payroll deductions

Our employee benefits package has been designed to make the payment of contributions to EasyBuild as easy as possible. Employers who have designated EasyBuild are required to offer deductions from payroll for those employees who wish to contribute.

Voluntary payments by employees can be made directly to B&CE or through their employer.

Contributions can be made weekly, monthly or one off contributions at any time.

The following is a brief summary of employer responsibilities regarding contributions deducted from employee pay:

1. The employer and their employees need to decide whether a fixed or variable amount is to be paid each week/month i.e. if a variable amount, a percentage of pay. The employer has discretion as to whether additional elements such as overtime and/or bonuses can be included as “pay” for calculation purposes.
2. Employee contributions must be deducted from pay after Income Tax and National Insurance are deducted.
3. If an employer changes to another stakeholder scheme, he must continue to provide a deduction facility for the former scheme.
4. Employers are unable by law to charge employees for deducting contributions from their pay.
5. Once an employee has completed a payroll deduction form, the employer must advise the employee when deductions will start.
6. Employees can request that payroll deductions stop at any time in which case the employer must stop the deductions in the next pay period at the latest.
7. It is the employer’s responsibility to ensure that the correct amounts are deducted from employees’ pay, paid to B&CE on time and proper records kept.
8. Payroll Deduction forms must be kept for at least 6 years after the cessation of employment.

Meeting the payment deadlines set by the Pensions Regulator

TPR requires employers to pay employee contributions (deducted from pay) to B&CE by the 19th of the following month. For example, if employees’ contributions are deducted from pay in May, these contributions must be paid to B&CE by 19 June (or the preceding working day). If the employer fails to do so, TPR will be advised and they have the authority to impose a fine or, for persistent late payments, to prosecute. We will do everything we can to help you meet these deadlines.

Employees who are ineligible to participate in EasyBuild

Those who are not ‘a relevant UK individual’. Please contact us for more information on this if required.

Payments

Investment of Payments

Two funds are offered; a Managed Fund and a Cash Fund, both are managed by Legal & General Investment Management on behalf of B&CE Insurance:

- The Managed fund is medium risk and aims to provide investment growth over the medium to long term. It invests in a mix of company shares, loans to the government and companies and cash deposits.
- The Cash fund is low risk and aims to keep the value of the fund at a consistent level.
It invests in cash deposited with banks and the short term money market. A cash fund is normally used by someone nearing or reaching their chosen retirement date.

For members who are within five* years of retirement, an 'automatic lifestyling' facility is operated. At each birthday prior to the selected retirement date, 20% of the fund will be transferred to the cash fund so that at retirement, 100% of the member's fund will be held in the cash fund. Members may choose to vary the lifestyling if they wish.
[*Four years if members joined EasyBuild before 06/04/05.](#)

Members may choose which fund to invest their payments in or they can split them between the two, by writing to us or stating this choice on their application form to join. If they do not tell us their choice of funds, we will invest all payments in the default Managed Fund and will apply 'automatic lifestyling'.

For example, if their chosen retirement age is 65, the value of units we will have moved to the cash fund will be 20% at age 60; 40% at 61, 60% at age 62; 80% age 63; and finally 100% at age 64. This means 100% of their fund built up 1 year before their retirement date is invested in the cash fund.

Contributions to EasyBuild can be made by employers AND employees. All payments made in the five years before their retirement date will be invested in the managed fund and life styled on their next birthday unless agreed differently.

Tax Arrangement for Employer Payments

Payments made by employers are fully allowable for Corporation Tax for companies and Schedule D for partnerships and sole traders. EasyBuild Pension Scheme Tax Reference Number is 00613700RH.

- Where employee's payments are made via an employer's payroll system, deductions should be made after Income Tax and National Insurance have been deducted from gross pay. On receipt of these payments they will be grossed up at basic rate of tax (currently 20%) and the tax will be reclaimed from HM Revenue and Customs by B&CE. For example if an employee pays £10.00, the tax reclaimed will be £2.50 (at 20% basic rate) and the total invested will be £12.50. Higher rate tax payers will need to claim additional tax relief via their inspector of taxes.

- Employees may also make their own contributions direct to EasyBuild by direct debit or “one off” payments. Such payments will be grossed up as above.

Payment Limits

HM Revenue and Customs sets limits on the maximum amount that can benefit from income tax relief in any one tax year, called the ‘Annual Allowance’ limit. This limit is the total for employee’s payments, employer’s payments and the tax relief under current rules. Employees are eligible for tax relief for contributions up to 100% of earnings in any tax year. All contributions are subject to an Annual Allowance, set at £235,000 for the tax year 2008/9, £245,000 for 2009/10 and £255,000 for 2010/11.

Member’s benefits from EasyBuild

EasyBuild is a money purchase arrangement and a fund is built up from payments, tax relief and investment growth accrued during the employee’s working life to provide benefits on retirement. The following benefits are available:

On Retirement

Up to 25% of the value of the fund can be taken as a tax-free lump sum. The remaining amount must be used to buy an annuity to provide a pension for retirement. B&CE Insurance Ltd provide annuities but the employee is allowed to buy the annuity from any provider – known as the Open Market Option. (Alternatively the entire EasyBuild fund can be used to buy annuity).

Retirement benefits can be taken at any age between 50 and 75, although from 2010 the minimum retirement age will increase to 55. Below age 50, retirement can only be granted because of ill health, we do not offer annuities to anyone below the age of 50. Unless told otherwise B&CE will assume a retirement age of 65.

The maximum lump sum that can be taken on retirement from all trivial pensions (small pension Funds) is £16,500 for the tax year 2008/9. This includes all pension arrangements the member may have including those already in payment. However, trivial payments are subject to a tax charge. Trivial payments can only be taken between the ages of 60 and 75.

On Death

The accumulated fund will usually be paid to the spouse or any dependants or to the deceased's estate. If the employee has completed a 'Form of Nomination' (which is available from B&CE), the fund will usually be paid in accordance with that request. Where part or the entire accumulated fund is Protected Rights (contributions which relate to National Insurance rebates due to being contracted-out of the State Earnings Related Pension Scheme – now called State Second Pension or S2P), special rules apply and these will be applied by B&CE in accordance with legislation.

Member's EasyBuild Statements

Individuals will be issued with statements showing the contributions they have paid and the unit value of their policy. These will be sent to their home addresses at least once a year, usually around the time of their birthday.

Further Information

This booklet provides general guidance only. All information is based on B&CE's understanding of the law as at May 2007 and should not be taken as a complete statement of the law.

The following organisations provide further information on stakeholder pension schemes:

HMRC www.hmrc.gov.uk/employers

It manages Income and Corporate taxes, National Insurance, tax credit and custom & excise duties, pension scheme tax rules.

The HMRC book 'Employer's further guide to PAYE and NICS (CGW2)' explains how holiday pay obtained through our scheme should be treated for National Insurance Purposes.

Employers Helpline: 08457 143 143

DWP www.dwp.gov.uk/employers

The Department for Work and Pensions (DWP) role is to provide information and advice on a range of areas such as working age, pensions and retirement, families and children, disabled people and carers. Their objectives are to promote opportunities and independence for all, and to help individuals to achieve their potential through employment.

Stakeholder pensions – a guide for employers

Order line number: 0870 606 3636

TPR www.thepensionsregulator.gov.uk/stakeholderpensions/employers

The Pension Regulator (TPR) is the regulator of work based pension schemes in the UK. With a proactive and risk focused approach to regulation their top priority is to tackle risks to members benefits, working with schemes to get them on the right track.

The Pensions Regulator is working to improve confidence in work based pensions by protecting the benefits of the scheme members and encouraging high standards and good practice in running pension schemes.

Customer Support: 0870 606 3636

TPAS www.pensionsadvisoryservice.org.uk

The Pensions Advisory Service (TPAS) is an independent not for profit organisation providing information and guidance on a range of pensions including State, Company, Personal and Stakeholder schemes.

Telephone: 0845 601 2923

FSA www.fsa.gov.uk

The Financial Services Authority (FSA) is an Independent body that regulates the financial services industry in the UK; they have a wide range of rule making, investigatory and enforcement power to meet their objectives.

Customer Helpline: 0845 606 1234