

11 December 2002

Stakeholder Pension Communication No. 3

(previous communications can be found at <http://cfinw01/fandapensions/stakeholder.htm>)

**To all employees of Members of Parliament
cc all Members of Parliament**

Selection of two Stakeholder providers

I am delighted to say that we are well on the way towards offering MPs' staff the opportunity to join the group Stakeholder pension plan being set up especially for your benefit. This will be called the **Portcullis Pension Plan**

As you will know from my last letter, Independent Financial Advisers Kingsbridge Financial Plc were selected to help us get the best deal possible for you. They put forward a carefully-chosen shortlist of three insurance companies who provide Stakeholder pensions.

After visiting the insurers and questioning them closely on such matters as security, administration, staff, training, market share etc we believe the two which most closely fit our requirements are AXA and Norwich Union.

What the Portcullis Pension Plan will offer you

- One simple, transparent charge – either 0.5% (AXA) or 0.4% (Norwich Union) of the value of your fund each year.
- 100% of every contribution is invested in your pension "pot". There are no extra hidden costs or deductions.
- AXA and Norwich Union have reputations for top class service backed by solid, well established companies, with roots stretching back to the 19th Century.
- Access to a wide range of funds, including a "fallback" option for those who do not wish to take periodic decisions about which funds to choose.

Consultation: your chance to comment

Before we confirm AXA and Norwich Union as our Stakeholder providers, we are inviting any comments you may wish to make. This consultation is a requirement of Stakeholder legislation where your employer has at least five employees, but we are obviously happy to listen to the views of any employee.

To make it quicker for you to reply

A form is enclosed

Please return the form to me by:

- Tuesday 31st December if you have any comments on the choice of Stakeholder providers;
or
- by Tuesday 14th January if you have no such comments.

More information

You do not have to join the Portcullis Pension Plan if you do not want to, but as already indicated, contributions will not normally be made to any other pension plan after September 2003. (We will make an exception where it would be financially disadvantageous to you to make such a switch - please see below.)

The reasons for asking everyone to accept this approach are threefold:

- we honestly believe that a group Stakeholder will offer better terms than personal pensions taken out by individuals
- the "rock bottom" charges AXA and Norwich Union have offered are only available if we can indicate that the majority of employees will have contributions paid to either/both of these two insurers from October 2003 at the latest
- Payroll currently has to deal with very many different personal pension providers, which is time consuming and increases the risk of error. Limiting the number of providers will improve the service to you and substantially reduce the likelihood of mistakes creeping in.

Concerned about your current personal pension?

We do realise that some people who are already in pension plans of their own choice will be genuinely concerned about the proposed switch, especially those who have been with their current plan for some time, or who are close to retirement. We will give you a short factsheet showing details of the Portcullis Pension Plan terms, and asking your current provider to compare these to the terms of the plan you have at present. They will not charge you for doing this. This approach will quickly identify any cases where there might be a problem, and Kingsbridge will investigate further on your behalf (without charge to you).

Even if you are not an "exception to the rule", we realise that - for whatever reason - you might wish to keep your current personal pension arrangement going. If so, all you need to do is move the funds from the Portcullis Pension Plan to your current personal pension on a once-a-year basis. This will not incur any "exit" charges or penalties, although the personal pension provider to whom you move the funds could make a charge if you are using a financial adviser who is paid commission.

The next step

We will let you have more information and a copy of the factsheet to hand to your existing pension plan (or financial adviser) after the consultation period has closed on 14th January 2003, and a formal decision has been taken about the appointment of AXA and Norwich Union.

I will write to you again by the end of January but you are very welcome to contact me in the meantime if you have any queries.

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