

To all staff of Members of Parliament

2 October 2002

Improvements to pension arrangements for Members' staff

I am writing to let you know about some forthcoming changes in this area.

You are entitled to have a payment equivalent to 10% of your salary paid into a personal pension of your choice. Under current arrangements, you have to find own pension scheme and your employer must authorise the payment. Take up of this substantial benefit is only in the region of 50-60% of staff which means that many people are missing out on a major perk of their employment.

Department of Finance and Administration staff who take queries in this area have found that problems involved in choosing a scheme deter staff from taking out a personal pension. The Speaker's Advisory Panel considered how best to help Members' staff, and concluded that it would be a sensible course of action to set up a group stakeholder scheme. A stakeholder is a new form of personal pension, which offers more flexible contract terms, and lower charges, than many older style personal pensions. Mr Speaker has agreed this way forward.

Two stakeholder providers will be chosen; each will offer a choice of funds, including an ethical fund. You may choose to join one or both stakeholder schemes. If you have an existing personal pension we recognise that you will need as much support and information as possible to help you decide on the best course of action.

The Department of Finance and Administration is currently undertaking a tendering process for an independent financial adviser to a) advise on which companies to select to provide the Stakeholder Scheme and b) ensure that staff are properly supported in the decision making process.

We know that you will want as much information as possible and we have already had preliminary discussions with the T and G and the Secretaries and Research Assistants Council among others.

We will keep you informed of all developments, in particular when the stakeholder scheme is likely to be available - something which is clearly most important to those who are not currently members of a personal pension scheme. If you have any urgent queries please contact Neil Crawley on 0207 219 5973 (email crawleyn@parliament.uk)

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