FSA 2002/48

Stakeholder Pension Decision Trees Instrument 2002

Powers exercised

A. The Financial Services Authority amends the Conduct of Business sourcebook in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):

(1) section 138 (General rule-making power);

(2) section 156 (General supplementary powers);

(3) section 157 (1) (Guidance).

B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

C. This instrument comes into force on 1 August 2002.

Amendments to the Conduct of Business sourcebook

D. The Conduct of Business sourcebook is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Stakeholder Pension Decision Trees Instrument 2002.

By order of the Board
18 July 2002

Annex

Amendments to the Conduct of Business sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

COB Transitional Rules

COB TR 1 Transitional Rules for pre-N2 and ex-Section 43 firms

2 Table

(1)	**(2) Material to which the transitional provision applies: The COB provisions in Table COB TR2 with the labels indicated**	**(3)**	**(4) Transitional provision**	**(5) Transitional provision: dates in force**	**(6) Handbook provision: coming into force**
1.0	**Extra time provisions**				
1.1	***ETP*1**	**R**	**Transitional Relief** (1) A pre-N2 *firm* will not contravene any of the provisions labelled *ETP1* in Table *COB TR* 2 to the extent that, on or after *commencement*, it is able to demonstrate that it has complied with the *corresponding rule* of its *previous regulator* or, where applicable, the relevant former statutory requirement, subject to any modification, wherever appropriate, to take account of the passing of the *Act*. (2) Paragraph (1) does not apply to the following: (a) (from 1 September 2002) *COB* 6.1.1R(5) to *COB* 6.1.1R(6) (Application); (b) (from 1 September 2002) *COB* 6.5.50R to *COB* 6.5.52R (Life policies: requests for quotations for surrender values); (c) (from 1 September 2002) *COB* 6.5.53R to *COB* 6.5.56R (Open market option); (d) (from 1 August 2002) *COB*	(1) *commence-ment* to 30 June 2002, except as specified in (2) and (3) below; (2) for *COB* 9.3.105R, from *commence-ment* to 31 December 2002; (3) for *COB* 3. 9. 10 R, *COB* 4.2.15E (7), *COB* 5.3, *COB* 5.7, *COB* 6.1 to 6.8, until a date yet to be specified.	*commence-ment.*

			6.5.40R(3)(k) and (l) (Further information for life policies, schemes, insurance or equity ISAs, PEPs and stakeholder pensions)~~.~~; (e) (from 1 August 2002) *COB* 6.5.8R to *COB* 6.5.9R (Stakeholder pension schemes: decision trees). [Further exceptions to be added later, as described in row 1.1A.]		

1.1 A	*ETP*1 (for *COB* 6.1 – 6.8)	G	(1) The *FSA* is extending transitional relief for *COB* 6.1 – 6.8 and various other *rules* in *COB*, pending the outcome of the review of product disclosure and polarisation. As each of those reviews are completed, the transitional provisions will be revoked or modified to provide an appropriate transition into the new regime. *Firms* will be given notice of any revocation or modification as part of consultation on the new regime. (2) *Firms* should be aware, however, that the *FSA* proposes to make rules, before the disclosure review is completed, to deal with the following matters: ~~(a) *Stakeholder pensions*: maintaining decision trees (see CP 122);~~ ~~(b)~~ (a) Projections for *pension schemes* or *stakeholder pension schemes* (see CP 134*)*. (3) The *FSA* envisages that, when the relevant rules are made, they will not benefit from the transitional relief set out in the *COB* Transitional Rules. For further information on the *FSA's* approach, *firms* should refer to the consultation paper~~s~~ mentioned above. If other interim changes to these rules are proposed, a similar approach is likely to be adopted.	*commence-ment* until a date yet to be specified.	

COB 6.5 (Content of key features and important information: life policies, schemes, ISA cash deposit components and stakeholder pension schemes)

6.5.5 G There is no obligation to supply a decision tree as specified in *COB* 6.5.8R where a *firm* has *personally recommended* a *stakeholder pension scheme* to a *private customer*. *Firms* may wish to supply a copy of any decision tree used as part of the advice process along with the mandatory *suitability letter*.

6.5.8 R (1) Whether a *firm* produces decision trees within or separate from *key features*, ~~unless COB 6.5.9R applies,~~ it must (unless *COB* 6.5.9R applies and subject to *COB* 6.5.8AR) reproduce the text, content and format set out in *COB* 6 Ann 1R.

(2) If *COB* 6 Ann1R is subsequently amended:

(a) the *firm* must amend its decision trees as soon as reasonably practicable and, in any case, within three *months* of the date when the amendments to *COB* 6 Ann 1R come into force; and

(b) the *firm* may continue to use decision trees that complied with the previous version of *COB* 6 Ann 1R until it has done so.

6.5.8A R A *firm* must ensure that its decision trees include:

(1) (in the place in the relevant table in the introductory text at *COB* 6 Ann 1R where the square brackets appear):

(a) in the heading of the table, the current tax year; and

(b) the Basic State Pension rates and Minimum Income Guarantee rates for the current tax year;

(2) (where the square brackets appear) at the bottom of the cover page and at the bottom of each page of the flow charts, the current tax year.

6.5.8B R (1) A *firm* must, subject to (2), make the changes required by *COB* 6.5.8AR as soon as reasonably practicable and, in any case, within three *months* of the start of the tax year.

(2) Where, in any year, a *firm* is required to make changes to the trees under *COB* 6.5.8R and *COB* 6.5.8AR, it may make both sets of changes at the same time, provided that it does so within the time limits in *COB* 6.5.8R(2)(a).

6.5.8C G (1) The *FSA* expects to review the decision trees once each year and will amend them as necessary as near as possible to the start of the new tax year. The amended version of the decision trees will be published on the *FSA*'s web-site and available in printed form when the rules are amended each year. *Firms* must bring their trees into line with the amended rules within three *months*, but may continue to use their "old" trees until they have done so.

(2) Firms are required, by *COB* 6.5.8AR, to insert the Basic State Pension rates and Minimum Income Guarantee rates for the current tax year into the relevant table in the introductory text to their decision trees each year and to identify the relevant year in the heading of the table and also at the bottom of the pages specified in *COB* 6.5.8AR(2). The *rules* require *firms* to do this within three *months* of the start of the tax year if no other changes to the trees are required. However, *COB* 6.5.8BR (2) allows them to delay updating the Basic State Pension and Minimum Income Guarantee rates until the same time as they make any other amendments to their trees which they are required to make under *COB* 6.5.8R, provided that they do so within no more than three *months* of the date when those amendments come into force.

(3) The appropriate rates will be those announced by the Government (usually, but not necessarily, in the Chancellor of the Exchequer's annual Budget) as applying to the tax year in question. The relevant Basic State Pension and Minimum Income Guarantee rates for the current tax year

will be included in the version of the trees published by the *FSA*.

6.5.8D R A *firm* must ensure, subject to *COB* 6.5.8R (2), that it uses only the most recent version of its decision trees.

6.5.8E R Where a *firm* makes use of both electronic and hard copy versions of the decision trees specified in *COB* 6.5.8R, it must synchronise the timing of any changes to those trees as far as reasonably practicable.

6.5.8F G *Firms* are expected to ensure that they make the necessary changes to all of their trees at the same time (or as close to the same time as possible), including those used by other organisations for which they are responsible, in order to minimise the risk of consumer confusion. This may mean delaying changes to the trees in some instances until the *firm* is able to make all of the required changes, but all of a *firm*'s trees must be amended within the time period allowed.

6.5.9 R The only adaptations, other than those in *COB* 6.5.8AR – *COB* 6.5.8ER, that a *firm* may make to the decision trees specified in *COB* 6.5.8R are those suitable to brand the decision tree with the corporate image of the *firm*, to reflect the design of its *stakeholder pension scheme* promotional material or to reflect the use of interactive delivery.

Amend COB 6 Annex 1 R as shown in the following pages.

Decision trees for stakeholder pension schemes (as required in COB 6.5.8R): text, content and format (R)

STAKEHOLDER PENSION DECISION TREES

You should read these notes before using the decision trees.

Decision trees provide information and help you to answer the question: "Would a stakeholder pension be a good choice for me as part of my financial planning for retirement?"

[Insert current tax year]

What is a stakeholder pension?

A stakeholder pension is a ~~new~~ *private pension*~~,~~ - it's *not a State pension*. ~~You can get~~ You can contribute to a stakeholder pension ~~if~~ whether you are in employment, a fixed-contract worker, self-employed, or even not working but able to afford contributions. You can get one from a bank, building society, insurance company, investment company, or through a financial adviser.

You pay contributions regularly which are invested to build up your own pension fund. You can also ~~pay~~ make lump-sum contributions whenever you like.

When you retire, you use your pension fund to buy an "annuity". The annuity will pay you a regular income during your retirement. That income will depend on the size of your fund and the annuity rates at the time you take your pension.

You can't withdraw any money from your fund before you take your pension. But when you take your pension you can choose to have up to 25% of your fund as a tax-free lump sum.

What's ~~new~~ different about stakeholder pensions?

Stakeholder pensions must meet the standards laid down by the ~~g~~Government.

The standards include:

- **Charges**
  Providers of stakeholder pensions usually charge for managing your money. There is an upper limit on this charge. The limit is 1% of the value of your fund each year. The charge is taken from your fund. ~~So if your fund is worth £5,000, a 1% charge would be £50.~~

- **Flexibility**
  You can contribute regularly or occasionally. It is always best to make regular weekly or monthly contributions but you can change the amount. You can pay in as little as £20, and you can stop paying in without having to pay any penalty and restart later.

  If you are employed and your employers provide a stakeholder pension, they may, if you wish, deduct your contributions direct from your pay and put them into your pension fund.

  You can take your stakeholder pension with you when you change jobs. You can switch to another stakeholder pension at any time if you want to, without having to pay any charges for the transfer.

- **Information**
  Your stakeholder pension provider must give you regular information about your fund. This will include an annual statement to let you know how much you have paid in and how your fund is growing. It may also include a forecast of how much your pension might be.

Will I get any tax relief?

Everybody who contributes to a stakeholder pension will get tax relief on their contributions.

Under present tax arrangements, for each £1 you pay into your stakeholder pension fund, the Inland Revenue will pay an extra 28p into your fund, even if you don't normally pay income tax.

Example

If you pay in £50 a month, income tax relief will increase your contribution to £64.10.

~~Anyone~~ Most people can contribute up to £3,600 to a stakeholder pension in any tax year, including basic-rate tax relief. What this means is that you could pay in £2,808 and the income tax relief would increase your contribution to £3,600.

If you are employed or self-employed you might be able to contribute more than £3,600 and still get income tax relief, depending on your age and earnings. For example, up to age 35 you can contribute up to 17.5% of your earnings in any tax year. If you are over 35, there is a scale that allows you to contribute higher percentages of your earnings. The Inland Revenue sets the limits on what you can contribute to a pension scheme.

If you pay income tax at the higher rate you will be able to claim back the extra tax from the Inland Revenue at the end of each tax year.

Won't the State pensions be enough for me to retire on?

To answer this question, you need to think about three things:

BASIC STATE RETIREMENT PENSION

If you have a full ~~n~~National ~~i~~Insurance contribution record, you are entitled to the full basic State Retirement Pension. You cannot get your basic State Retirement Pension until you reach State pension age (currently 65 for men and 60 for women).

The ~~g~~Government reviews the basic State Retirement Pension every year. ~~The rates applying from April 2001 are shown further on in these notes.~~

~~ADDITIONAL~~ STATE SECOND PENSION (~~CURRENTLY~~ FORMERLY SERPS)

From 6 April 2002, the State Second Pension replaced the State Earnings Related Pension Scheme (SERPS). This provides a more generous additional state pension for low and moderate earners (particularly those earning less than about £10,000) and for certain carers and people with a long-term illness.

~~**Only people in employment qualify for the State Earnings Related Pension Scheme (SERPS).**~~ The ~~SERPS pension,~~ State Second Pension is payable when you reach State pension age~~,~~. It depends on your earnings while you were in employment and the ~~n~~National ~~i~~Insurance contributions you paid. ~~SERPS~~ The State Second Pension is paid in addition to the basic State Retirement Pension.

~~**The government plans to change SERPS in 2002 and rename it the State Second Pension.**~~ ~~This will give more help than SERPS to the lowest earners, particularly those earning less than about £10,000 a year.~~

Self-employed people do not qualify for the ~~additional~~ State Second ~~p~~Pension (~~currently~~ formerly SERPS).

GUARANTEED MINIMUM INCOME AND PENSION CREDIT

The current Minimum Income Guarantee (MIG) is a benefit that helps people with low incomes in retirement. MIG is means-tested. If you apply, the Department ~~of Social Security~~ for Work and Pensions (DWP) assesses your income and decides whether you get a top-up. If you qualify for a MIG top-up, or have an income just above the MIG level, you may also qualify for other benefits, such as housing benefit.

The ~~g~~Government has announced plans to introduce ~~a new~~ the Pension Credit from 2003, ~~that~~ which includes a guaranteed minimum income.

THE BASIC STATE RETIREMENT PENSION AND MIG RATES GIVEN HERE ARE THOSE ANNOUNCED BY THE GOVERNMENT ~~ON 8 NOVEMBER 2000~~ AS APPLYING ~~FROM APRIL 2001~~ IN THE TAX YEAR [*Insert current tax year*].

	Weekly	Monthly equivalent
One person	~~£72.50~~ […]	~~£314.17~~ […]
Man with dependent wife	~~£115.90~~ […]	~~£502.23~~ […]
Couples who have *both* paid full ~~n~~National ~~i~~Insurance contribution	~~£72.50~~ […] each	~~£314.17~~ […]each
If you get the full MIG top-up, your income would rise to:		
Single person	~~£92.15~~ […]	~~£399.32~~ […]
Couple	~~£140.55~~ […]	~~£609.05~~ […]

How do I get more information on my State pensions?

Rates of State pensions and benefits change every year. These notes can only give you basic information about what is available. Other information you can get:

- A forecast of your State pensions by calling the Retirement Pension Forecasting and Advice ~~Unit~~ Team (RPFAT) on ~~0191 218 7585~~ 0845 300 0168 between 9am and 5pm. You can complete an application form over the phone or ask for the forecast form BR19 to be sent to you. Or you can write to:

  RPFAT
  The Pensions ~~and Overseas Directorate~~ Service
  Tyneview Park
  Whitley Road
  Newcastle upon Tyne
  NE98 1BA

  You can also complete and send the form direct on the Internet at the ~~DSS~~ DWP website, ~~www.dss.gov.uk~~ www.dwp.gov.uk or send it by post in the normal way.

- There are changes to the State pension age which affect women born on or after 6 April 1950. Women born on or after 6 April 1955 will not get a State pension until age 65. For more information on these changes, see the ~~DSS~~ DWP guide *Pensions for women – Your guide* (PM6).

- The ~~DSS~~ DWP produces a series of guides that give basic information on pensions. You can get copies by calling the DWP ~~Pensions Info-Line~~ on 0845 731 3233. The line is open 24 hours a day and calls are charged at local rate. A textphone service is available on

0845 604 ~~1210~~ 0210. You can also order copies of these information guides on the Internet at ~~www.dss.gov.uk~~ www.dwp.gov.uk

Do I need to save more for my retirement?

You need to make your own judgment about whether State retirement pensions and any existing private pensions will be enough for you to live on when you retire.

Ask yourself:

- ***Roughly how much will I need to live on when I retire?***
- ***Is the basic State Retirement Pension likely to be enough for me?***
- ***Will I qualify for an additional pension through ~~SERPS and~~ the State Second Pension (formerly SERPS)?***
- ***Have I got any other private pensions, maybe from previous employers' schemes or from personal pension schemes? If so, how much income will they give me?***

Can I afford to contribute regularly to a stakeholder pension?

Before you answer this question, you should ask yourself:

- ***What are my other financial commitments?***
  For example, mortgage repayments, rent, life assurance, and credit cards. Make sure you do your sums before using the decision trees.
- ***Would I be prepared, if necessary, to give up anything so that I can pay into a stakeholder pension?***
- ***Should I be thinking of other things first?***
  For example, life assurance protection for me and my family, or building up some "rainy-day" cash savings.

Whatever you decide you can afford, think about increasing your contributions, especially when your earnings rise.

~~*I can't afford to contribute much regularly – won't the MIG make my contributions a waste of money?*~~

What if I can't afford to contribute much regularly?

~~The government has said that it intends to ensure that all those who have saved already, or who wish to save in the future, can benefit from those savings when they retire.~~

~~To achieve this, the government has announced proposals to introduce a new Pension Credit which will overhaul the current MIG arrangements from 2003.~~

~~The proposals are designed to alter the present situation where those who have saved to build up a second pension to add to the basic State retirement pension, might be little or no better off than those who haven't saved.~~

The Government has announced proposals to introduce the Pension Credit, which will replace the current Minimum Income Guarantee arrangements from October 2003. The intention of Pension Credit is to ensure that all pensioners are entitled to a minimum income in retirement and that those with modest savings get some credit for having saved. This saving could be in the form of an occupational pension, a stakeholder or other personal pension, the State Second Pension or other savings.

The Pension Credit will now mean that, for most people, most of the time, it will pay to save. For a limited group of people, however, the decision will not be so clear-cut, and these people will have to think carefully about their personal circumstances. In particular, people in their fifties and over who have not been able to save much and have only a limited ability to save as they approach retirement should seek expert advice before they take out a stakeholder pension.

~~A lot depends on the final rules for Pension Credit and how it works out in practice.~~ Of course, future governments can change State pensions and benefits at any time and it may be unwise to rely on any particular type or level being available when you retire.

Further information about the Pension Credit can be found on the DWP's web-site at www.dwp.gov.uk/publications/2001/index.htm

I can't afford to contribute much regularly – so what will I get from my stakeholder pension?

Stakeholder pensions allow contributions as low as £20. But, a regular monthly contribution of £20 will not produce a large pension when you retire. And the older you are when you start saving, the less time there will be for your pension fund to grow to something worthwhile. The tables in the decision trees will give you a fair idea of the pension you could get, depending on your age and contributions.

The figures in the tables, however, are only estimates and are not guaranteed. They are also shown before income tax. When you receive your pension during retirement you may be taxed on it.

The figures are calculated on the following basis:

Before you retire

Your monthly contributions increase in line with inflation……………………………………..2.5% a year
Before charges, your fund grows by…………..7% a year
Charges deducted from your fund……………..1% of fund a year

When you retire

Annuity rates assume that the investment return after retirement is………………………….~~5.5~~ 2.4% a year in excess of inflation

~~(After a 4% charge has been deducted from your fund)~~

Your pension increases in line with inflation. ~~by…… 2.5% a year~~

Your spouse will receive half your pension on your death.

What does contracting-out of the ~~additional~~ State Second ~~p~~Pension (~~currently~~ formerly SERPS) mean for me?

Everyone in employment earning above the lower earnings limit (a minimum level of earnings set by the Government for State benefit purposes) is automatically included in ~~SERPS~~ the State Second Pension unless they decide to leave it. The State Second Pension has now taken the place of SERPS. Leaving the State Second Pension ~~This~~ is called 'contracting-out'. If you contract-out, you give up ~~any SERPS~~ your State Second Pension entitlement and instead build up a replacement for it in your own private pension arrangement~~ instead~~. The private pension ~~could~~ can be ~~an~~ your employer's pension scheme or your own stakeholder pension scheme or other personal pension.

Some employers' occupational pension schemes contract-out all scheme members automatically. Other employers' occupational schemes are 'contracted-in' and the scheme pension~~s are~~ is paid on top of any ~~SERPS pensions~~ State Second Pension entitlement. If you are in one of these contracted-in schemes, you can still decide to contract-out on an individual basis with a personal pension or a stakeholder pension.

~~You can also decide to contract-out i~~ If you are not a member of ~~an~~ your employer's occupational pension scheme but you have a personal pension or a stakeholder pension, you can use that pension arrangement to contract-out**.**

If you contract-out ~~of SERPS this way~~ using a personal pension or a stakeholder pension, the Inland Revenue will pay a rebate ~~on~~ of your ~~n~~National ~~i~~Insurance contributions into your private pension fund. The rebate is invested ~~along with your own pension contributions~~ and you build up a replacement pension for the ~~SERPS pension~~ State Second Pension given up.

~~With stakeholder and other personal pension schemes the government sets the rebate.~~ The rebate that is paid into your pension scheme is set by the Government. The rebate is ~~set to give a reasonable chance that the replacement pension will be at least as big as~~ intended to provide benefits at around the same level as those you would have got if you had remained in ~~SERPS~~ the State Second Pension. ~~There's no guarantee that you'll be better off by contracting-out but generally the younger you are and the more you are earning the more you stand to gain if you do contract-out.~~

Contracting-out is an important decision and you need to consider all the implications, particularly if you are around the age of 50. If you want help with your decision, you should consult a financial adviser. You may have to pay for this help. Or you can ask your ~~stakeholder scheme~~ pension provider for a comparison of the ~~SERPS pension~~ State Second Pension you'll be giving up and the possible replacement pension you might get from a private arrangement.

Deciding to contract-out in one tax year does not commit you to do the same in later years. In fact, it's a good idea to review your decision regularly. ~~You should do this, for example, when the State Second Pension starts in 2002.~~

What else do I need to check?

IF YOU ARE EMPLOYED

Employers' pension plans are always worth checking first as they usually provide extra benefits, such as added contributions from your employer or free life assurance.

You need to check:

- ***Does your employer provide a pension plan?***
- ***Are you a member of your employer's pension plan?***
- ***If you are not a member, could you join now or later?***

If your employer does not provide a pension plan for you at the moment, ~~they *may* have to arrange for a stakeholder pension to be available to you by **October 2001**.~~ he or she *may* be required to give you access to a stakeholder pension scheme.

- ***Ask your employer if ~~it is intended to arrange~~ he or she provides access to or will provide access to a ~~new~~ pension plan for staff as it might be better than a private pension you arrange yourself.***

- ***Employers might agree to pay the stakeholder annual charge or make payments to your fund on top of your own contributions, but they don't have to.***

IF YOU ARE SELF-EMPLOYED

- ***Are you contributing to a pension plan?***

If you have no pension to look forward to except the basic State Retirement Pension, you should consider setting up a personal pension, such as a stakeholder pension.

IF YOU HAVE NO FORM OF PAID EMPLOYMENT

- ***Can you afford to contribute to a pension plan?***

You can now set up a ~~new~~ stakeholder pension. You can then benefit from tax relief on your contributions, even if you don't normally pay income tax.

EVERYBODY

Check on the pension plans you have contributed to in the past but no longer pay into today. You need to have some idea of the retirement income you might get from an old pension plan.

To check on the value of old pension plans, look at the most recent benefit statements you have been sent. If you cannot find any statements, contact the pension plan provider, for example the insurance company or the employer that offered the pension to you.

Alternatively, the Pension Schemes Registry provides a free tracing service. It can help you identify pension schemes you have belonged to in the past. To contact the ~~Pensions~~ Pension Schemes Registry, phone them on 0191 225 ~~6393~~ 6316 and ask for a tracing request form or write to them at:

Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN

There is also an online form available at www.opra.gov.uk

AND FINALLY

You should consider getting advice if you're not sure that saving in a pension plan is right for you, or if you want to look at other ways of saving and investing for the long term.

If you are not sure what's the best thing for you to do, get help. The decision trees suggest some organisations that might be able to help you.

If you do decide that a stakeholder pension is a good choice for you, you should contact several firms selling stakeholder pensions and ask them for a brochure or a Key Features Document. The Key Features Document sets out important details about that particular firm's stakeholder pension.

How to use the decision trees

- **These decision trees have been designed to help you decide whether a stakeholder pension would be a good choice for you. Please take the time to read and use them carefully, giving accurate answers to the questions. The decision you take will be your responsibility.**

- **There are three sets of decision trees. Make sure you use the right one. There is a different set of trees for:**

    - **Employed people**
    - **Self-employed people**
    - **People who are not employed**

- **When you are sure you have the right set of trees, start with 'tree 1' and work through the questions from the top of the page. Depending on your answers, you may only need to use the first tree or be asked to go to another tree in the set.**

- **Always work from the top of the page and tick the box for each question you answer.**

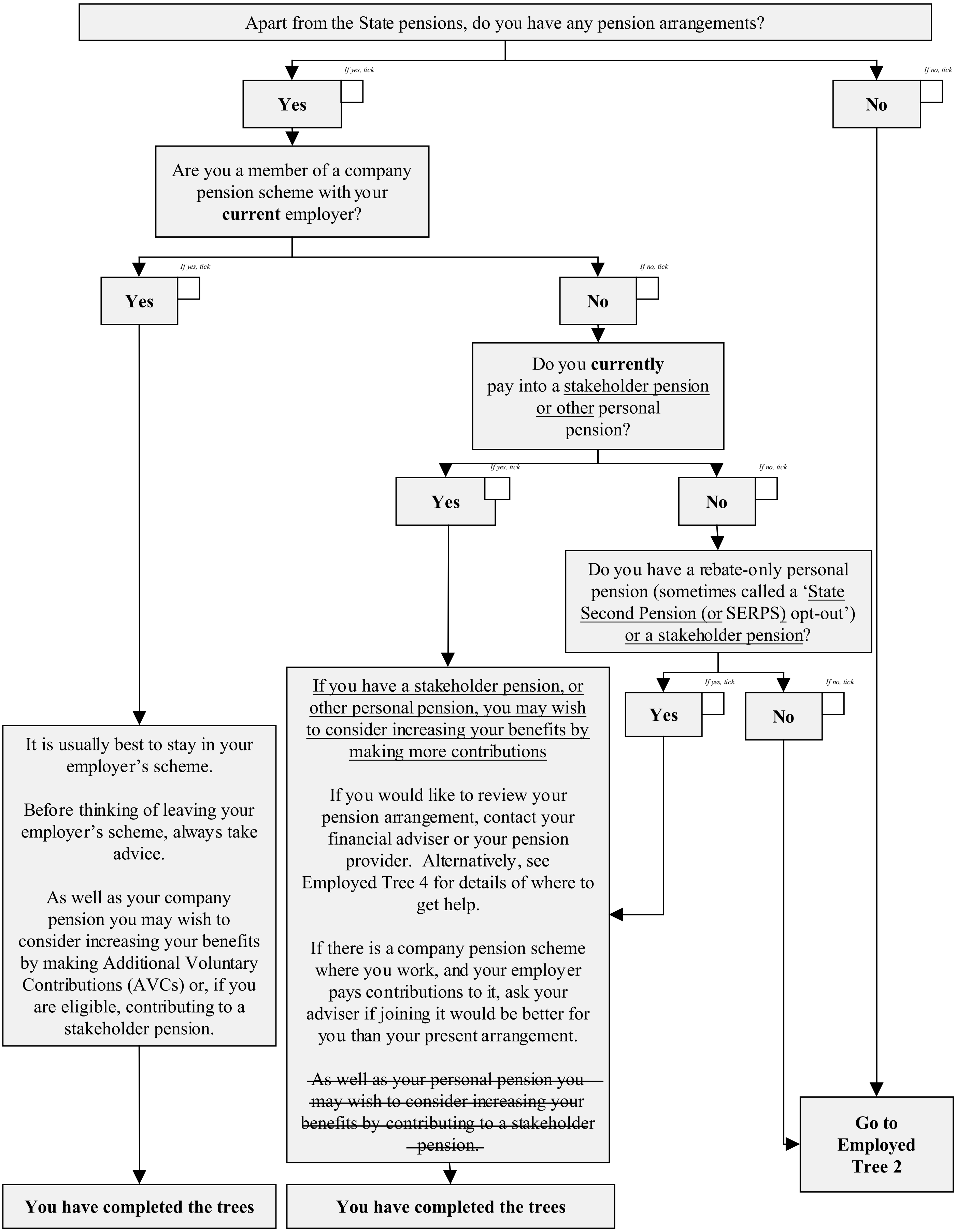
- **If the tree asks you about your present pension arrangements and you are not sure of the correct answer, find out the right information – don't guess.**

- **If the tree recommends you take advice, or if you are not sure what is right for you, then you should seek advice. You may have to pay for this advice.**

Some of the information used in these materials comes from sources outside the FSA~~and PIA~~. ~~Neither t~~ The FSA ~~nor PIA~~ does not guarantee or warrant the accuracy of the information included in these materials, and does not accept any liability for errors or omissions. ~~Neither t~~ The FSA ~~nor PIA~~ shall not be liable for any damages arising ~~in contract, tort or otherwise~~ from any action or decision taken as a result of using these materials or any of them.

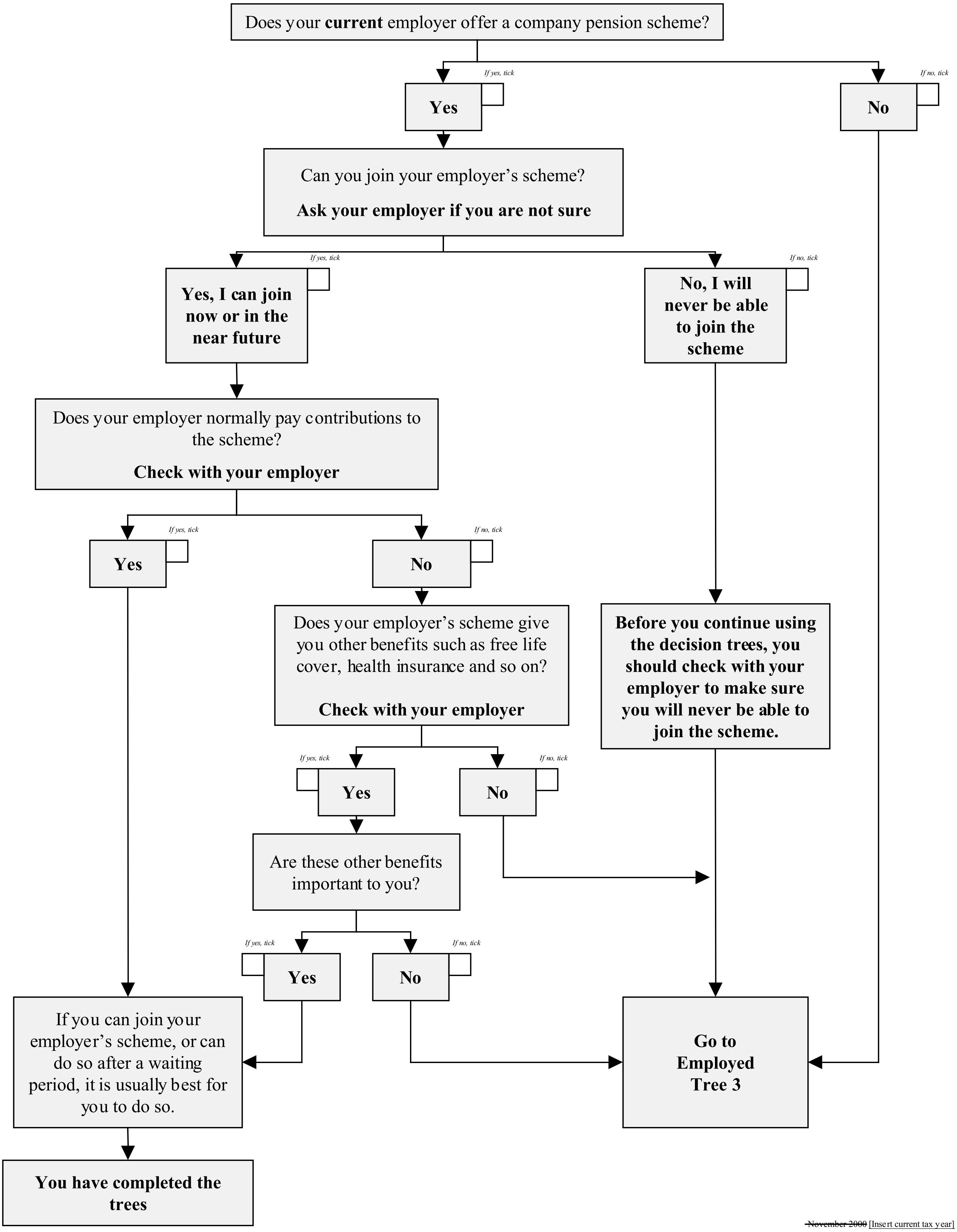
The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Employed Tree 1 – Current pensions



The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Employed Tree 2 – No current pension



The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Employed Tree 3 – How much should I save towards a pension?

THIS IS AN IMPORTANT DECISION

Most people save every month. It is better if you can keep up your monthly contributions.

The following table shows the **estimated monthly pension,** at today's prices, that you would get for different **regular monthly contributions**. The contribution shown is assumed to **increase each year in line with inflation**. The government will also add tax rebates to increase the actual amounts paid into your stakeholder pension (although all tax breaks are subject to change). The estimated pension figures include this tax rebate. When you retire, your pension will increase in line with inflation.

Remember: these estimates are not guaranteed - you could get more or less than the amounts shown.
A stakeholder pension would be on top of any State pensions you are entitled to.

The table gives you an idea of how much you need to pay now - as a regular monthly contribution - to receive the monthly pension you want when you retire. First look down the left-hand column to find the age closest to your age now. Then look across to find the monthly contribution you want to pay and the age at which you want to retire.

Your approximate age now	What you pay per month for the first year (tax rebates will be added to this amount)							
	£20		£50		£100		£200	
	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60
20	£133 ~~£154~~	£94 ~~£108~~	£333 ~~£386~~	£236 ~~£272~~	£667 ~~£772~~	£473 ~~£544~~	£1,334 ~~£1,544~~	£947 ~~£1,089~~
25	£107 ~~£124~~	£75 ~~£86~~	£269 ~~£310~~	£188 ~~£215~~	£538 ~~£620~~	£376 ~~£431~~	£1,076 ~~£1,240~~	£753 ~~£863~~
30	£85 ~~£98~~	£58 ~~£67~~	£214 ~~£245~~	£147 ~~£168~~	£428 ~~£491~~	£294 ~~£336~~	£857 ~~£983~~	£588 ~~£672~~
35	£67 ~~£76~~	£44 ~~£50~~	£167 ~~£191~~	£112 ~~£127~~	£335 ~~£382~~	£224 ~~£254~~	£670 ~~£765~~	£448 ~~£509~~
40	£51 ~~£57~~	£32 ~~£37~~	£127 ~~£144~~	£82 ~~£92~~	£255 ~~£289~~	£164 ~~£185~~	£511 ~~£579~~	£329 ~~£371~~
45	£37 ~~£42~~	£22 ~~£25~~	£94 ~~£105~~	£56 ~~£63~~	£188 ~~£211~~	£113 ~~£127~~	£376 ~~£422~~	£227 ~~£254~~
50	£26 ~~£28~~	£13 ~~£15~~	£65 ~~£72~~	£34 ~~£38~~	£130 ~~£144~~	£69 ~~£77~~	£260 ~~£289~~	£139 ~~£155~~
55	£16 ~~£17~~	£6 ~~£7~~	£40 ~~£44~~	£16 ~~£17~~	£80 ~~£88~~	£32 ~~£35~~	£160 ~~£176~~	£64 ~~£71~~
60	£7 ~~£8~~		£18 ~~£20~~		£37 ~~£40~~		£74 ~~£81~~	

Have you found the level of monthly pension that you need in the table and can you afford the monthly contribution?

If yes, tick

Yes, I've found the pension I need and can afford the monthly contribution

Consider starting a stakeholder pension or restart making contributions to a stakeholder pension. Check if your employer has designated a particular stakeholder pension.

If in doubt seek help from an expert adviser. See Employed Tree 4 for details.

You have completed the trees

If no, tick

No, I can't find the pension I need or I can't afford the contribution

For details of where to get further help,
Go to Employed Tree 4

~~Nov 2000~~ [Insert current tax year]

Employed Tree 4 – Where do I go from here?

DO YOU NEED FURTHER HELP?

You may need to get further help, particularly if you are in one or more of the following situations:

- **You already have a pension arrangement and want to review your situation.**
- **Your personal circumstances do not seem to fit the questions in the decision trees.**
- **You wish to get advice that takes account of all your personal circumstances.**
- **You are not sure how to answer some of the questions in the decision trees.**
- **You are not sure if you are making the right decision.**
- **You feel you cannot afford to save for retirement.**

WHERE TO GET FURTHER HELP

You can get help from a number of sources.

You could contact ~~the Stakeholder Pensions Telephone~~ the OPAS Pensions Helpline provided by the Pensions Advisory Service on 0845 6012923.
You can also visit their website at www.stakeholderhelpline.org.uk
They will be able to give you more information about your options.
This information is free but your call will be charged at local rates.

If you already have a financial adviser, you may want to speak to them about your retirement needs. If you do not have a financial adviser but want to talk to one, the following organisations can help:

Association of Independent Financial Advisers: 020 7628 1287
IFA Promotions: ~~0117 971 1177~~ 0800 085 3250 (for a list of three independent financial advisers local to your area)
Life Insurance Association: www.find-an-adviser.co.uk
Society of Financial Advisers: 020 7417 4442 ~~4419~~
Solicitors for Independent Financial Advice: 01372 721172

Alternatively, contact the pension provider of your choice.

Please note that advisers may charge for any help or advice they give you.

The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Self-employed Tree 1 – Current pensions

Apart from the State pensions, do you have any pension arrangements?

If yes, tick ☐ **Yes**

Do you **currently** pay into a self-employed pension plan, a stakeholder pension or other personal pension ~~or a self-employed pension plan~~?

If yes, tick ☐ **Yes**

You may wish to consider increasing your benefits by making more contributions or by contributing to another plan.

If you would like to review your pension arrangement, contact your financial adviser or your pension provider.

Alternatively, see Self-Employed Tree 3 for details of where to obtain help.

~~As well as your personal pension you may wish to consider increasing your benefits by contributing to a stakeholder pension.~~

You have completed the trees

If no, tick ☐ **No**

Go to Self-Employed Tree 2

If no, tick ☐ **No**

Go to Self-Employed Tree 2

The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Self-employed Tree 2 – How much should I save towards a pension?

THIS IS AN IMPORTANT DECISION

Most people save every month. It is better if you can keep up your monthly contributions.

The following table shows the **estimated monthly pension,** at today's prices, that you would get for different **regular monthly contributions**. The contribution shown is assumed to **increase each year in line with inflation**. The government will also add tax rebates to increase the actual amounts paid into your stakeholder pension (although all tax breaks are subject to change). The estimated pension figures include this tax rebate. When you retire, your pension will increase in line with inflation.

Remember: these estimates are not guaranteed - you could get more or less than the amounts shown.
A stakeholder pension would be on top of any State pensions you are entitled to.

The table gives you an idea of how much you need to pay now - as a regular monthly contribution - to receive the monthly pension you want when you retire. First look down the left-hand column to find the age closest to your age now. Then look across to find the monthly contribution you want to pay and the age at which you want to retire.

Your approximate age now	What you pay per month for the first year (tax rebates will be added to this amount)							
	£20		£50		£100		£200	
	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60
20	£133 ~~£154~~	£94 ~~£108~~	£333 ~~£386~~	£236 ~~£272~~	£667 ~~£772~~	£473 ~~£544~~	£1,334 ~~£1,544~~	£947 ~~£1,089~~
25	£107 ~~£124~~	£75 ~~£86~~	£269 ~~£310~~	£188 ~~£215~~	£538 ~~£620~~	£376 ~~£431~~	£1,076 ~~£1,240~~	£753 ~~£863~~
30	£85 ~~£98~~	£58 ~~£67~~	£214 ~~£245~~	£147 ~~£168~~	£428 ~~£491~~	£294 ~~£336~~	£857 ~~£983~~	£588 ~~£672~~
35	£67 ~~£76~~	£44 ~~£50~~	£167 ~~£191~~	£112 ~~£127~~	£335 ~~£382~~	£224 ~~£254~~	£670 ~~£765~~	£448 ~~£509~~
40	£51 ~~£57~~	£32 ~~£37~~	£127 ~~£144~~	£82 ~~£92~~	£255 ~~£289~~	£164 ~~£185~~	£511 ~~£579~~	£329 ~~£371~~
45	£37 ~~£42~~	£22 ~~£25~~	£94 ~~£105~~	£56 ~~£63~~	£188 ~~£211~~	£113 ~~£127~~	£376 ~~£422~~	£227 ~~£254~~
50	£26 ~~£28~~	£13 ~~£15~~	£65 ~~£72~~	£34 ~~£38~~	£130 ~~£144~~	£69 ~~£77~~	£260 ~~£289~~	£139 ~~£155~~
55	£16 ~~£17~~	£6 ~~£7~~	£40 ~~£44~~	£16 ~~£17~~	£80 ~~£88~~	£32 ~~£35~~	£160 ~~£176~~	£64 ~~£71~~
60	£7 ~~£8~~		£18 ~~£20~~		£37 ~~£40~~		£74 ~~£81~~	

Have you found the level of monthly pension that you need in the table and can you afford the monthly contribution?

If yes, tick

Yes, I've found the pension I need and can afford the monthly contribution

Consider starting a stakeholder pension or restarting contributions to a stakeholder pension.

If in doubt seek help from an expert adviser. See Self-Employed Tree 3 for details.

You have completed the trees

If no, tick

No, I can't find the pension I need or I can't afford the contribution

For details of where to get further help, Go to Self-Employed Tree 3

~~Nov 2000~~ [Insert current tax year]

The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Self-employed Tree 3 – Where do I go from here?

DO YOU NEED FURTHER HELP?

You may need to get further help, particularly if you are in one or more of the following situations:

- **You already have a pension arrangement and want to review your situation.**
- **Your personal circumstances do not seem to fit the questions in the decision trees.**
- **You wish to get advice that takes account of all your personal circumstances.**
- **You are not sure how to answer some of the questions in the decision trees.**
- **You are not sure if you are making the right decision.**
- **You feel you cannot afford to save for retirement.**

WHERE TO GET FURTHER HELP

You can get help from a number of sources.

You could contact ~~the Stakeholder Pensions Telephone~~ the OPAS Pensions Helpline provided by the Pensions Advisory Service on 0845 6012923.
You can also visit their website at www.stakeholderhelpline.org.uk
They will be able to give you more information about your options.
This information is free but your call will be charged at local rates.

If you already have a financial adviser, you may want to speak to them about your retirement needs. If you do not have a financial adviser but want to talk to one, the following organisations can help:

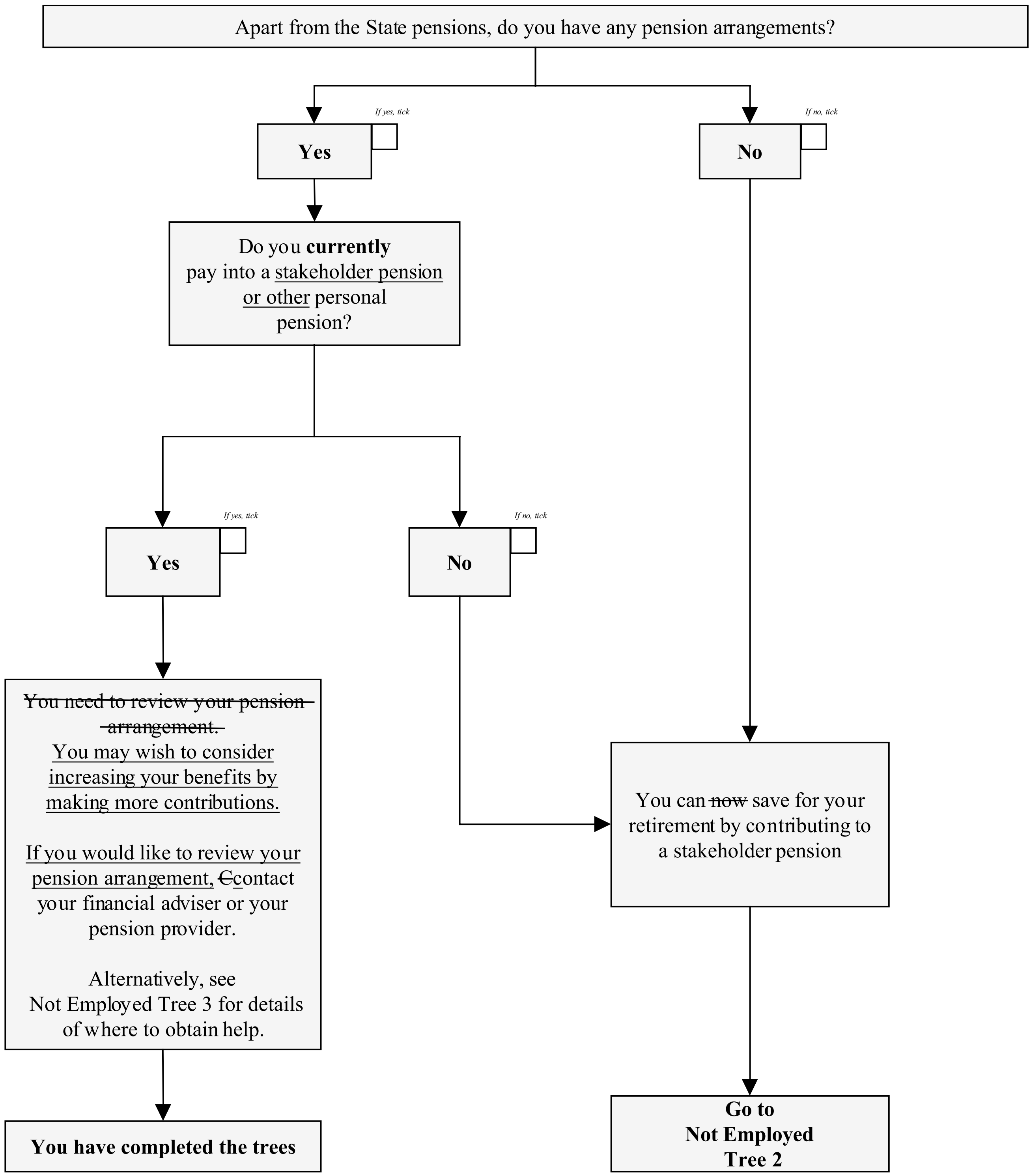
Association of Independent Financial Advisers: 020 7628 1287
IFA Promotions: ~~0117 971 1177~~ 0800 085 3250 (for a list of three independent financial advisers local to your area)
Life Insurance Association: www.find-an-adviser.co.uk
Society of Financial Advisers: 020 7417 4442 ~~4419~~
Solicitors for Independent Financial Advice: 01372 721172

Alternatively, contact the pension provider of your choice.

Please note that advisers may charge for any help or advice they give you.

The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Not employed Tree 1 – Current pensions



The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Not employed Tree 2 – How much should I save towards a pension?

THIS IS AN IMPORTANT DECISION

Most people save every month. It is better if you can keep up your monthly contributions.

The following table shows the **estimated monthly pension,** at today's prices, that you would get for different **regular monthly contributions**. The contribution shown is assumed to **increase each year in line with inflation**. The government will also add tax rebates to increase the actual amounts paid into your stakeholder pension (although all tax breaks are subject to change). The estimated pension figures include this tax rebate. When you retire, your pension will increase in line with inflation.

Remember: these estimates are not guaranteed - you could get more or less than the amounts shown.
A stakeholder pension would be on top of any State pensions you are entitled to.

The table gives you an idea of how much you need to pay now - as a regular monthly contribution - to receive the monthly pension you want when you retire. First look down the left-hand column to find the age closest to your age now. Then look across to find the monthly contribution you want to pay and the age at which you want to retire.

Your approximate age now	What you pay per month for the first year (tax rebates will be added to this amount)							
	£20		£50		£100		£200	
	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60	Initial monthly pension if you retire at 65	Initial monthly pension if you retire at 60
20	£133 ~~£154~~	£94 ~~£108~~	£333 ~~£386~~	£236 ~~£272~~	£667 ~~£772~~	£473 ~~£544~~	£1,334 ~~£1,544~~	£947 ~~£1,089~~
25	£107 ~~£124~~	£75 ~~£86~~	£269 ~~£310~~	£188 ~~£215~~	£538 ~~£620~~	£376 ~~£431~~	£1,076 ~~£1,240~~	£753 ~~£863~~
30	£85 ~~£98~~	£58 ~~£67~~	£214 ~~£245~~	£147 ~~£168~~	£428 ~~£491~~	£294 ~~£336~~	£857 ~~£983~~	£588 ~~£672~~
35	£67 ~~£76~~	£44 ~~£50~~	£167 ~~£191~~	£112 ~~£127~~	£335 ~~£382~~	£224 ~~£254~~	£670 ~~£765~~	£448 ~~£509~~
40	£51 ~~£57~~	£32 ~~£37~~	£127 ~~£144~~	£82 ~~£92~~	£255 ~~£289~~	£164 ~~£185~~	£511 ~~£579~~	£329 ~~£371~~
45	£37 ~~£42~~	£22 ~~£25~~	£94 ~~£105~~	£56 ~~£63~~	£188 ~~£211~~	£113 ~~£127~~	£376 ~~£422~~	£227 ~~£254~~
50	£26 ~~£28~~	£13 ~~£15~~	£65 ~~£72~~	£34 ~~£38~~	£130 ~~£144~~	£69 ~~£77~~	£260 ~~£289~~	£139 ~~£155~~
55	£16 ~~£17~~	£6 ~~£7~~	£40 ~~£44~~	£16 ~~£17~~	£80 ~~£88~~	£32 ~~£35~~	£160 ~~£176~~	£64 ~~£71~~
60	£7 ~~£8~~		£18 ~~£20~~		£37 ~~£40~~		£74 ~~£81~~	

Have you found the level of monthly pension that you need in the table and can you afford the monthly contribution?

If yes, tick

Yes, I've found the pension I need and can afford the monthly contribution

Consider starting a stakeholder pension or restarting contributions to a stakeholder pension.

If in doubt seek help from an expert adviser. See Not Employed Tree 3 for details.

You have completed the trees

If no, tick

No, I can't find the pension I need or I can't afford the contribution

For details of where to get further help, Go to Not Employed tree 3

~~Nov 2000~~ [Insert current tax year]

The decision tree is intended to help you make your own choice about your pension arrangements. It does not give you financial or professional advice and you should not regard it as doing so. You should get help if you require advice.

Not employed Tree 3 – Where do I go from here?

DO YOU NEED FURTHER HELP?

You may need to get further help, particularly if you are in one or more of the following situations:

- **You already have a pension arrangement and want to review your situation.**
- **Your personal circumstances do not seem to fit the questions in the decision trees.**
- **You wish to get advice that takes account of all your personal circumstances.**
- **You are not sure how to answer some of the questions in the decision trees.**
- **You are not sure if you are making the right decision.**
- **You feel you cannot afford to save for retirement.**

WHERE TO GET FURTHER HELP

You can get help from a number of sources.

You could contact ~~the Stakeholder Pensions Telephone~~ the OPAS Pensions Helpline provided by the Pensions Advisory Service on 0845 6012923.
You can also visit their website at www.stakeholderhelpline.org.uk
They will be able to give you more information about your options.
This information is free but your call will be charged at local rates.

If you already have a financial adviser, you may want to speak to them about your retirement needs. If you do not have a financial adviser but want to talk to one, the following organisations can help:

Association of Independent Financial Advisers: 020 7628 1287
IFA Promotions: ~~0117 971 1177~~ 0800 085 3250 (for a list of three independent financial advisers local to your area)
Life Insurance Association: www.find-an-adviser.co.uk
Society of Financial Advisers: 020 7417 4442 ~~4419~~
Solicitors for Independent Financial Advice: 01372 721172

Alternatively, contact the pension provider of your choice.

Please note that advisers may charge for any help or advice they give you.