

# **PENSIONS ACT 2008**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### ***Chapter 7: Stakeholder pension schemes***

#### ***Section 87: Stakeholder pension schemes***

224. *Section 87* amends the Welfare Reform and Pensions Act 1999 to remove the statutory duty on employers to have a designated stakeholder pension scheme, and all but one of the detailed related requirements (consultation, provision of information etc).
225. From the date these changes come into effect the payroll deduction requirement (section 3(5) of the Welfare Reform and Pensions Act 1999) will continue as a transitional provision. Under this provision, those employees (“relevant employees” as defined in new subsections (1A), (1B) and (1C) of section 3) who are making regular contributions into their stakeholder pension through their employer’s payroll, will continue to be able to do so until they stop making these contributions or leave the employer’s employment.
226. This recognises that in making their decision to contribute into a stakeholder pension, employees did so in the knowledge that they could make their contributions via their employer’s payroll. This transitional provision only applies if the request to deduct these contributions from the employee’s pay was made prior to the date when these changes take effect, and the employee is making regular contributions into their stakeholder pension.