



Stanplan A CIMP

Changes to the Stanplan A General Rules

This is a brief summary of the changes that Standard Life Trustee Company Limited, the trustee of Stanplan A, has made to the General Rules with effect from 6 April 2006 to apply the new simplified pension regime.

Contributions & benefits

- The 15% limit on employee contributions has been removed.
- The old limits on benefits have been removed for active members and early leavers.

Lump sum benefit on death before retirement

- There's no limit on the amount of the lump sum. (Any insured death in service cover will be limited to the amount described in the Special Rules.)
- If the beneficiary is a dependant they can, before receiving the lump sum, ask the trustee to pay part or all of it as a pension instead. This could be an attractive option if the lump sum would be subject to the 55% lifetime allowance charge.

Earnings cap

- The General Rules will continue to apply the earnings cap to the definitions of earnings used for 'Group A members'. (These are normally members who joined on or after 1 June 1989.) This only affects contributions that are expressed as a percentage of earnings, or death in service cover that is expressed as a multiple of earnings. It doesn't apply to the benefits payable on retirement.
- An employer can use the Special Rules to disapply the earnings cap for its employees.
- The earnings cap will be increased at the start of each tax year in line with the yearly increase in the Retail Price Index (measured from one September to the next) and rounded up to a figure that is divisible by £600. The earnings cap for 2006/07 will be £108,600.

Normal retirement date

- Normal retirement date can be any date from the 'normal minimum pension age' up to the day before the member's 75th birthday.
- 'Normal minimum pension age' means age 50 up to 5 April 2010 then age 55 from 6 April 2010.

- If the employer agrees, a member can take their benefits before their normal retirement date and stay in service.
- No benefits are payable before the normal minimum pension age unless the member is (and will continue to be) unable to carry on their normal occupation because of physical or mental impairment.
- There isn't an option for a member to take their benefits in stages.

Retirement benefits

- The tax-free lump sum is limited to the 'pension commencement lump sum' set out in the Finance Act 2004. This takes account of any transitional protection, including members with rights to a tax-free lump sum greater than 25% of fund on 5 April 2006.
- A tax-free lump sum is available from voluntary contributions and protected rights.
- Once the tax-free lump sum (and any lifetime allowance charge) has been deducted, the balance of the fund is used to provide an unlimited pension.
- There's no requirement for the pension to increase in payment.
- The member can choose 'annuity protection', where a lump sum is paid out if the member dies after buying their pension and before their 75th birthday. (Annuity protection isn't available from Standard Life at 6 April 2006 but the member can use their open market option to buy a pension with protection from another provider.)

Triviality

- The new limits apply for paying a lump sum to members or dependants instead of trivial pensions.

Early leavers

- The General Rules didn't need to be changed to take account of the changes introduced by the Pensions Act 2004 for members who leave with less than two years' pensionable service. This is because the General Rules give all members the right to preserved benefits. These Pensions Act changes only apply where a member leaves with three months' or more pensionable service and doesn't have a right to preserved benefits.

Civil partnerships

- Any reference to a husband or wife includes a civil partner and any reference to a widow or widower includes a surviving civil partner.

Paternity or adoption leave

- The provisions for paying contributions and providing benefits during paternity or adoption leave are the same as for maternity leave.