

These notes give guidance on how to elect to contract-out of the State Second Pension via an Industry-wide Money Purchase Stakeholder scheme.

Industry-wide Money Purchase schemes are centrally administered schemes in which only employers in a specified industry are eligible to take part.

An existing registered Industry-wide Money Purchase scheme may apply to convert to an Industry-wide Money Purchase Stakeholder scheme. Whether such a scheme was already contracted-out prior to conversion or not, a new election to contract-out must be made to HM Revenue & Customs (HMRC).

A scheme wishing to become a stakeholder pension scheme must register with HMRC to operate Relief at Source (RAS) and also apply to the Pensions Regulator for stakeholder registration.

Industry-wide Money Purchase schemes may contract-out using a simplified election process provided that:

- the person responsible for the day-to-day management of the scheme acts as agent for each employer participating in the scheme
- consultation with independent trade unions may be carried out centrally providing the unions agree
- the Notice of intention may be issued by the person responsible for the day-to-day management of the scheme but they must make it clear that it is being issued on behalf of the employer
- a single election to contract-out may be made by the person responsible for the day-to-day management of the scheme on behalf of any number of participating employers. Details of each employer must be shown on the form and if necessary on a separate sheet.

To take advantage of this simplified procedure, the rules of the scheme must state that each participating employer must make minimum payments and supply accurate earnings and membership information to the person responsible for the day-to-day management of the scheme.

The provisions for holding company elections do not apply to Industry-wide schemes using the simplified procedure. Each participating employer, whether a holding company or subsidiary, must be listed on the form or a separate sheet and have their own contracting-out certificate.

How to notify HMRC

You must make an election to contract-out by completing form APSS102 and sending it to:

HM Revenue & Customs
Pension Schemes Services
FitzRoy House
Castle Meadow Road
Nottingham
NG2 1BD

Completing the form

You must complete all of the boxes in the relevant section(s) of the form that apply to your scheme. An election to contract-out will not be complete unless all the information requested is given.

About the scheme

1 What is the name and registration number of the scheme?

1.1 Pension scheme name

This is the name by which the scheme is known.

1.2 Enter the Pension Scheme Tax Reference (PSTR)

The PSTR is the unique reference allocated to your scheme by HMRC.

If the scheme was registered for tax relief and exemptions on or after 6 April 2006, or if you made a declaration that you were the Scheme Administrator of a deferred annuity contract made on or after 6 April 2006, this is the reference notified to you by HMRC in an online message on successfully registering the pension scheme. If the Scheme Administrator opted out of receiving pension scheme notifications over the internet they will have been sent a letter including the PSTR, acknowledging the scheme was registered for tax purposes or that the declaration has been received.

If the scheme was set up before 6 April 2006 and the application for approval was dealt with before 31 March 2006, the Scheme Administrator will have been sent an approval letter containing the Superannuation Fund (SF) reference number.

The Pension Schemes Online service will allow the Scheme Administrator to use this to access the scheme record for the first time. The PSTR will be given to the Scheme Administrator and/or authorised practitioner the first time they access Pension Schemes Online on or after 6 April 2006.

If the scheme was set up before 6 April 2006 but the application for approval was dealt with on or after 31 March 2006, the Scheme Administrator will be sent an approval letter including the PSTR.

1.3 Enter the Superannuation Fund (SF) reference

If the scheme was set up before 6 April 2006 and the application for approval was dealt with before 31 March 2006, the Scheme Administrator or practitioner will have been sent an approval letter containing the SF reference number.

1.4 If the scheme already has a SCON enter it here.

2 What type of certificate are you applying for?

Indicate the type of scheme for which you require a contracting-out certificate.

Industry-wide Money Purchase scheme (COMP)

A scheme in which only employers in a specified industry are eligible to participate where the employer pays minimum payments which, along with other contributions from the employer or member, provide the member with a pension based on the value of his or her fund at retirement.

Industry-wide Money Purchase Stakeholder Pension scheme (COMPSPH)

A scheme in which only employers in a specified industry are eligible to take part, which operates on the same basis as a COMP scheme but with stakeholder status.

Converting an existing Industry-wide Money Purchase scheme (COMP) to an Industry-wide Money Purchase Stakeholder Pension scheme (COMPSPH)

An existing money purchase scheme set up for employers in a specified industry that wants to convert to stakeholder status.

3 Effective date of contracting-out

Enter the date from which you want contracting-out to start. Where the election is from an existing Industry-wide Money Purchase scheme applying to convert to an Industry-wide Money Purchase Stakeholder scheme, this date will be the date of the conversion, not the original contracting-out start date.

4 Who is the person responsible for the day-to-day management of the scheme?

Enter the name, address, phone number and email address of the person(s) resident in:

- the United Kingdom (UK)
- another European Union (EU) member state, or
- another state in the European Economic Area (EEA) (Liechtenstein, Iceland or Norway)

having responsibility for the day-to-day management of the scheme for contracting-out purposes, for example, the Scheme Administrator or practitioner.

Enter the reference number that you wish us to quote when contacting you.

5 Who is the main trustee for the scheme?

Enter the name, address, phone number and email address of the person or company appointed to carry out the provisions of the trust instrument, if applicable, under which the benefits were paid.

Enter the reference number, if any, that you wish us to quote when contacting you.

6 Which type of notice has been issued?

Where possible, you should make an election to contract-out before the date from which the contracting-out certificate is to have effect. This may avoid retrospective adjustment of National Insurance contributions and claims for a refund.

Before making an election you must give either:

- a Notice of intention to contract-out, or
- a notice of explanation.

Notice of intention

Where a Notice of intention is applicable you cannot make an election before the date on which the Notice of intention expires but you must make it within three months of that date.

6.2 The notice to employees must be given in writing. Tick the appropriate box to confirm how the notice was issued.

Tick the appropriate box(es) to confirm who the copies of the notice have been sent to.

7 Information relating to the employers

Enter details for all employments to be covered by the contracting-out certificate.

Enter the employer's:

- name
- address
- Company Registration Number (CRN) if applicable. This is the 8-digit number obtained from Companies House.
- Employer's Contracted-out Number (ECON) – if the company has previously had one.

Enter the date the contracting-out for the employment is to start.

If you need to make more entries please continue on a separate page.

Rebate of National Insurance contributions (NICs)

Enter the following details to allow rebates of NICs to be paid to the scheme.

8.1 Name of bank or building society

8.2 Address of bank or building society

8.3 Account details

Enter the:

- bank or building society account name
- bank or building society account number for payments of minimum contributions or age-related rebates
- bank or building society sort code for payments of minimum contributions or age-related rebates.

8.4 Enter the magnetic media number if you have one, otherwise leave blank.

A magnetic media number is allocated to a Scheme Administrator or pension provider by the National Insurance Contributions Office. This enables them to receive payment and acknowledgement information on magnetic tape, disc or cartridge.

8.5 Enter the contact name and address to which payments information is to be sent.

Declaration

Tick the box to confirm that the scheme meets all the conditions in Regulation 6 of the Contracting-out Regulations (SI 1996/1172) that are applicable to the scheme. This information can be found on the website. Go to www.opsi.gov.uk

The date entered in this box **must** be a date on or after the expiry date of the Notice of intention you described in section 6 of this form. If the date entered in this box is earlier than the expiry date of the Notice of intention, this application will be rejected.

The form must be completed by:

- the employer
- the person responsible for the day-to-day management of the scheme, or
- the main trustee.

Where the form is not submitted by the employer both of the boxes should be ticked to confirm that the content of the form has been approved by the employer and that they have authorised the submission of the form on their behalf.

Please note if these declarations should be made but both boxes are not ticked, the form will be returned to you.

What to do next?

On receipt of an election, which contains all of the required information, HMRC will issue contracting-out certificates. A separate contracting-out certificate will be issued to the person with the day-to-day management of the scheme in respect of each employer. It will be for them to decide whether the certificates will be held centrally or given to each participating employer.

All employers participating in the scheme will be issued with a SCON and a common ECON unless a participating employer already has an ECON in their own right. In this case that particular employer will retain their original ECON.

Amending the election

Your election can be amended at any time before HMRC issues the contracting-out certificate, if the amendment does not alter the categories or descriptions of the earners to which the election relates. This might include amendment to any details given on the election, which are subject to notice and consultation, if the correct information was shown on the notice. This also includes any minor amendments to details not subject to consultation and notice requirements.

If, however, an amendment would alter the categories or descriptions of earners, or incorrect information was shown on the original notice, the employer must issue fresh notices to all concerned, with the notice period running from when the new notice was issued.

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may also check information we receive about you with what is already on our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so.

For more information go to www.hmrc.gov.uk and look for *Data Protection Act* within the *Search* facility.