

Automatic enrolment in the UK- From concept to more than 3 million pension savers

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6th Global Pensions & Savings Conference
2nd -3rd April 2014



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Why? Reasons for the reform

Figure 1 - Life expectancy rising

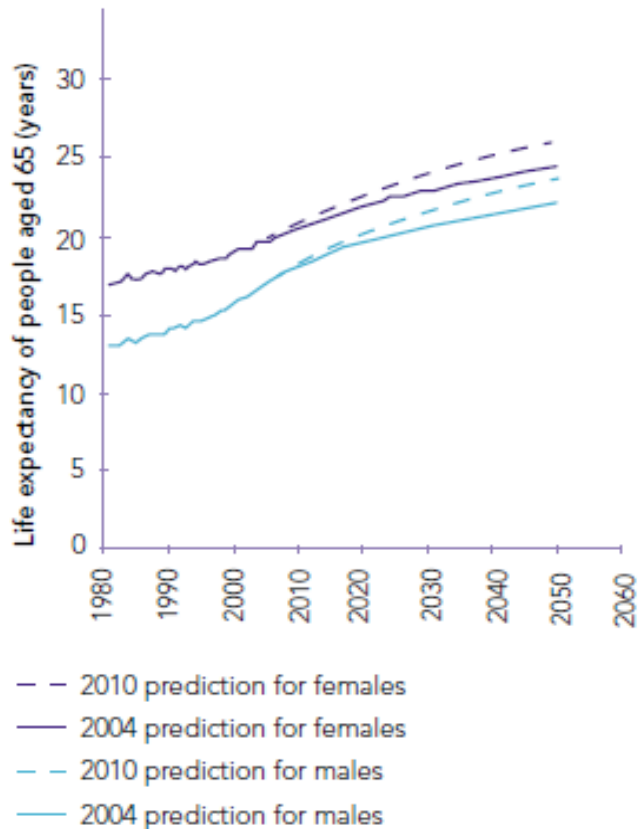
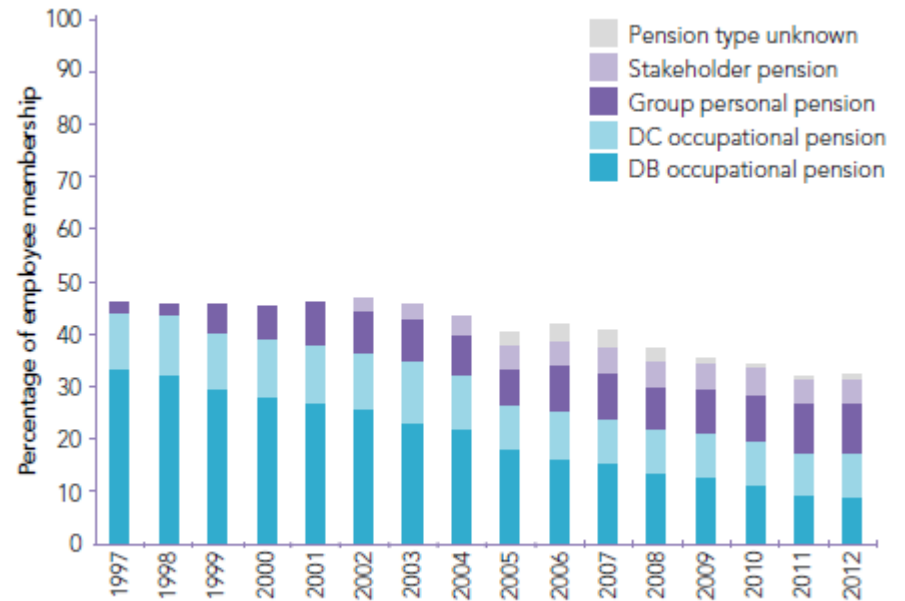


Figure 2 - Less people saving



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Figure 1. Past and predicted trends in the life expectancy period of 65 year-old men and women in the UK as of 2004¹¹ and 2010¹²

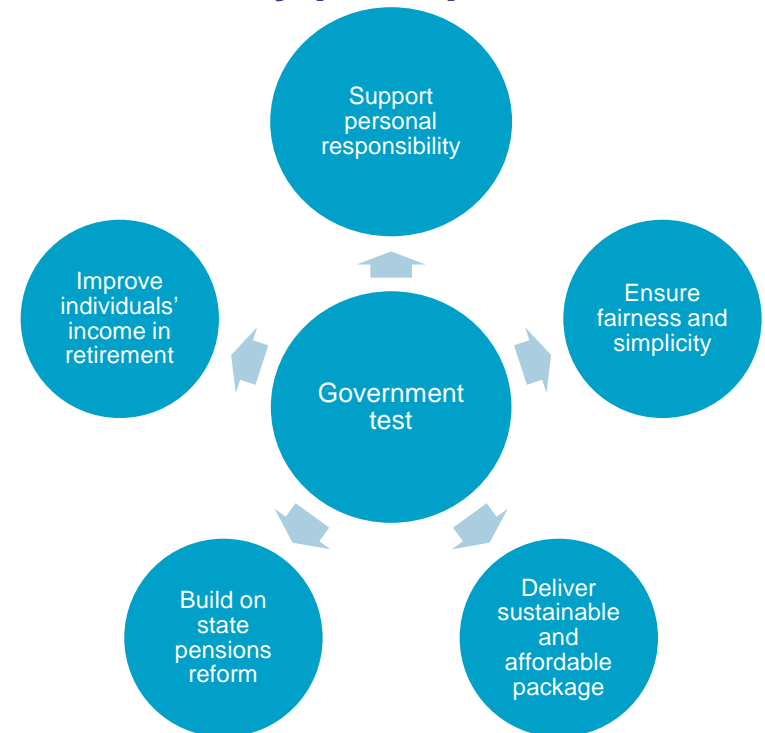
Figure 2. Trends in the membership of UK private sector employer-sponsored pension schemes, between 1997 and 2011, by pension scheme type¹⁵

Aims – automatic enrolment aims to increase private pension saving in the UK

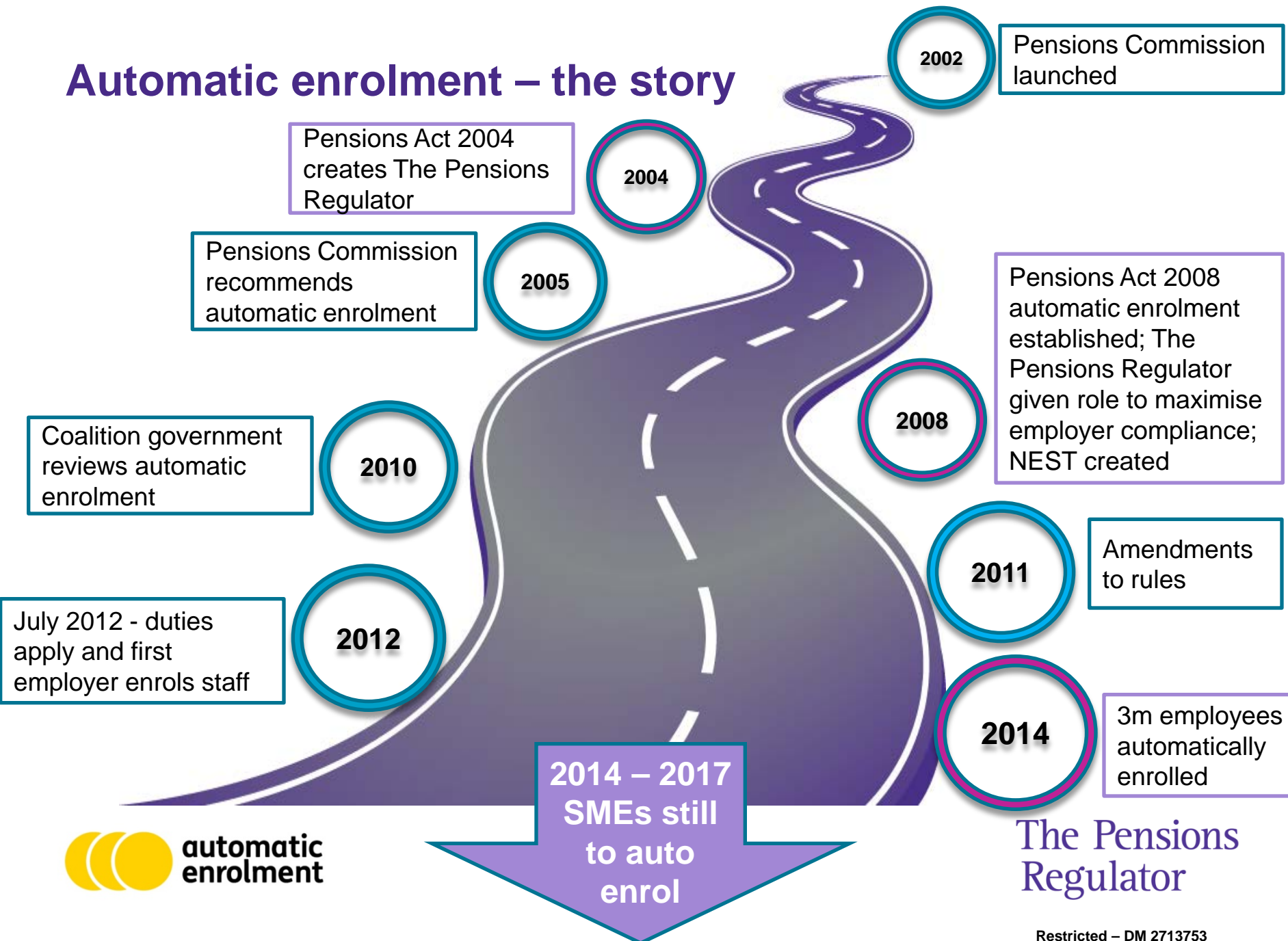
Once fully implemented, automatic enrolment aims to increase the number of:

- individuals newly saving or saving more in a workplace pension by around **eight million**, and
- increasing the amount that is being saved in workplace pensions by around **£11 billion a year**.

Key principles



Automatic enrolment – the story

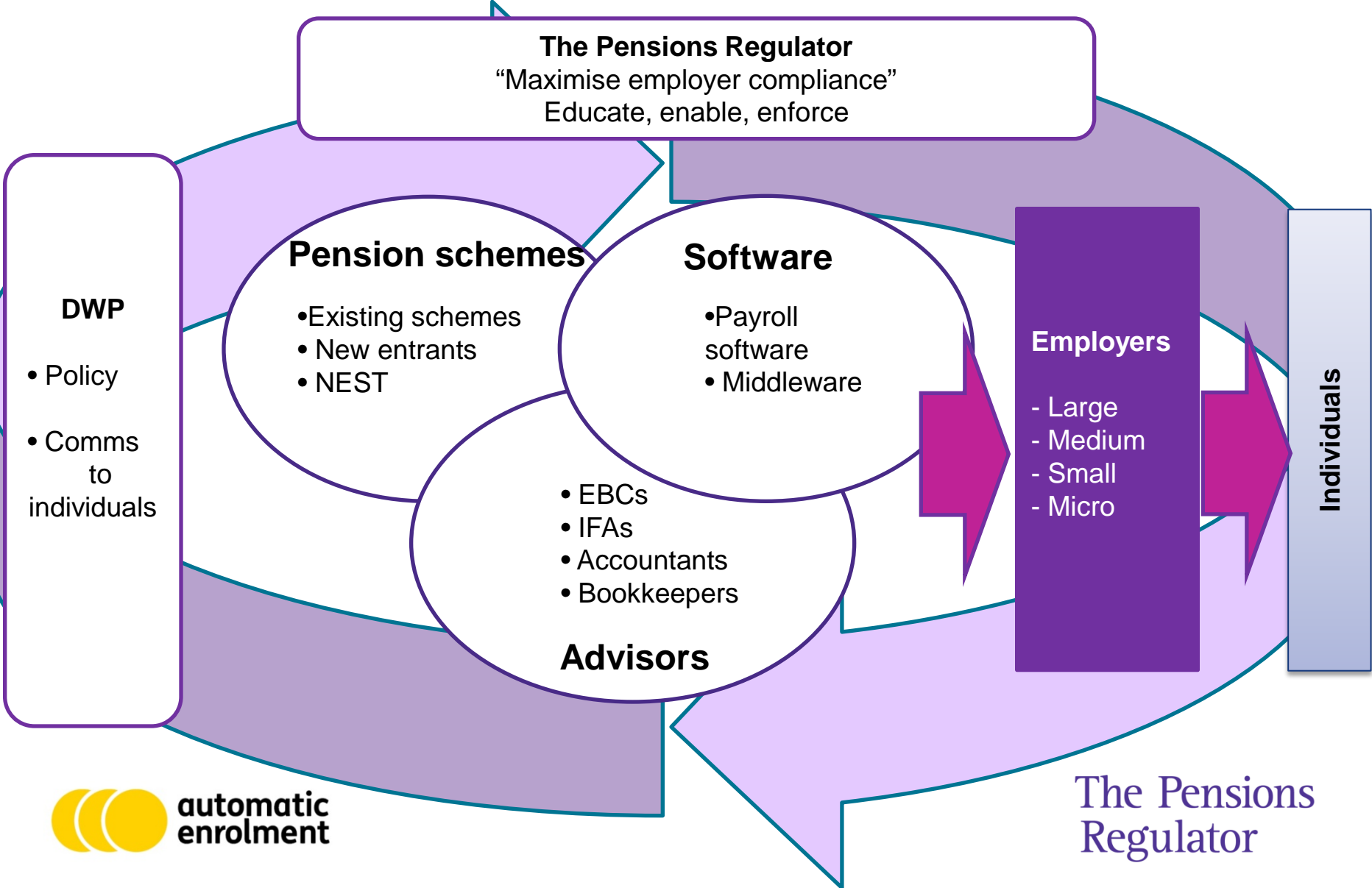


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Workplace pensions automatic enrolment at a glance

	United Kingdom	New Zealand	
Similar	Eligibility test	Age, income, exempt groups	Age, exempt groups
	Automatically enrol	Existing and new workforce	New employees
	Opt - out option	Yes	Yes
	Opt - in option	Yes	Yes
	Employer minimum contribution	1% going to 3%	3%
	Employee minimum contribution	1% going to 5%	3%
	Government Contribution	1%	\$1,000nz Kick start Up to \$521 members tax credit
Different	Other features	-	Home loan withdrawal First home deposit subsidy
	Scheme choice	Employer chosen	Employee (or default allocation)
	Capacity	NEST (public service obligation) + market	6 Default Schemes + market
	Compliance model	Employer focus – UK Pensions Regulator supervision	Central Administration – NZ Inland Revenue

Players in the game

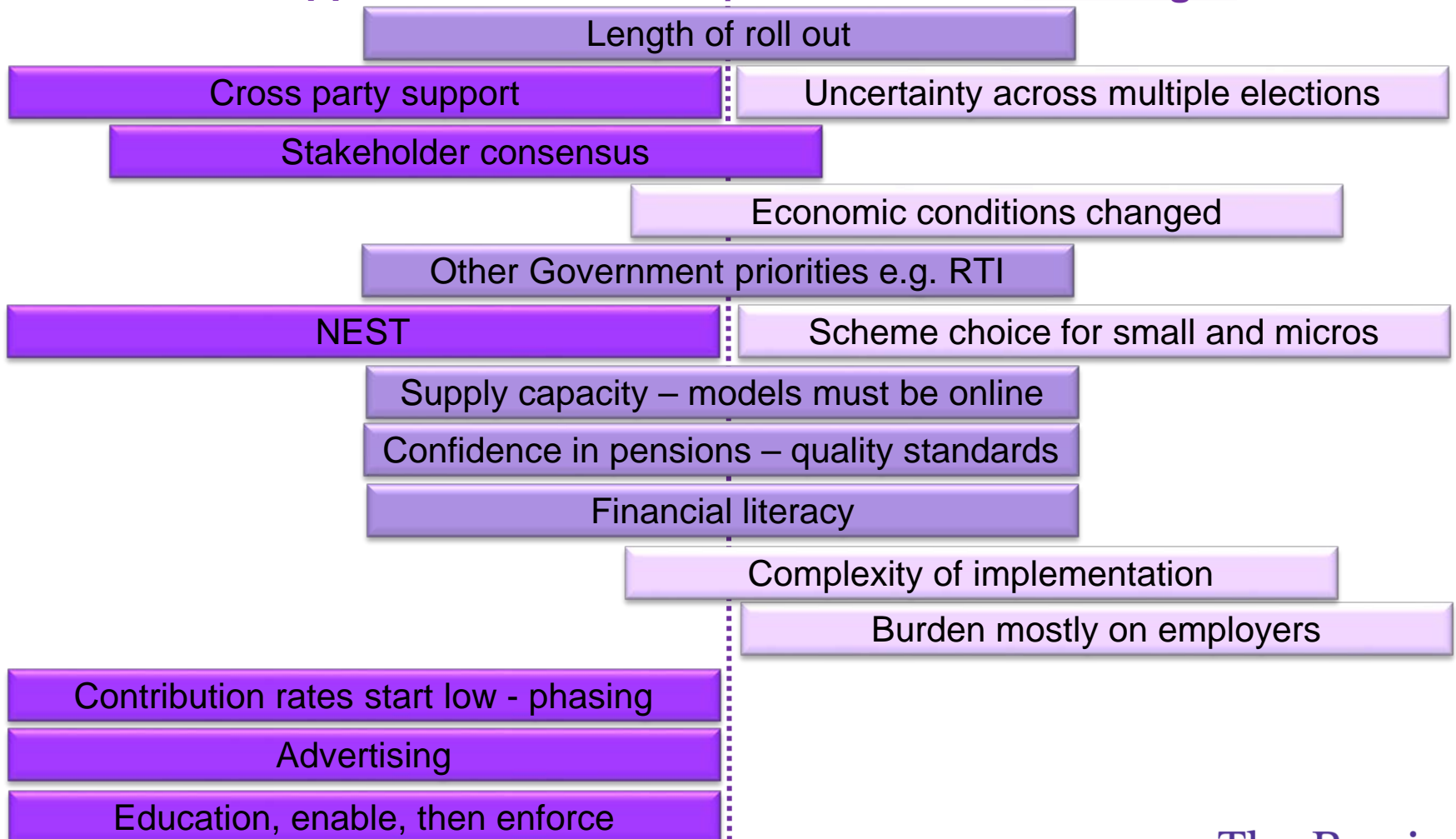


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Implementation opportunities and challenges

Opportunities

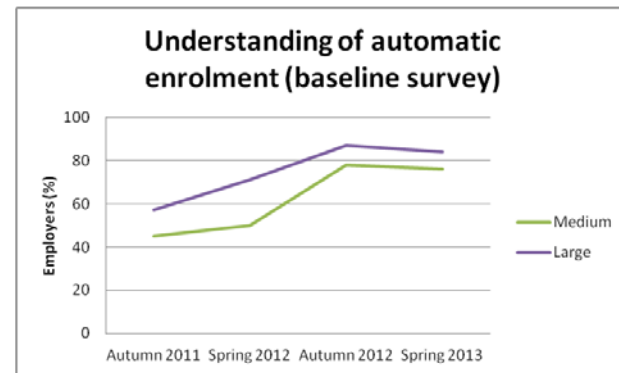
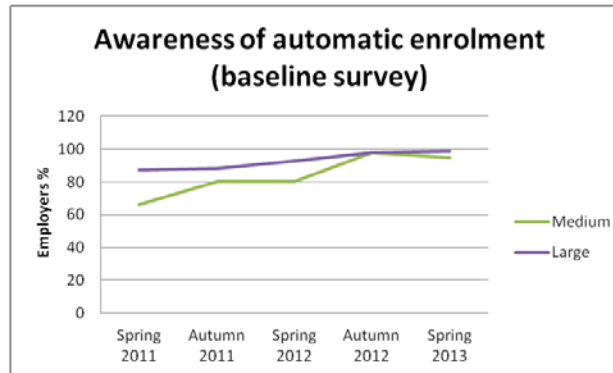
Challenges



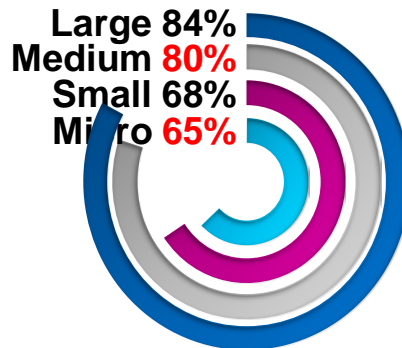
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Progress so far

Lead indicator*



Levels of support*



In principle
AE is a good
idea for your
workers

Outcomes**

- > 10,000 - Employers automatically enrolled jobholders
- > 3 million - Jobholders enrolled into Defined Contribution schemes
- > 400k – Jobholders to go into Defined Benefit schemes
- Over 75% workforce** now in pensions schemes

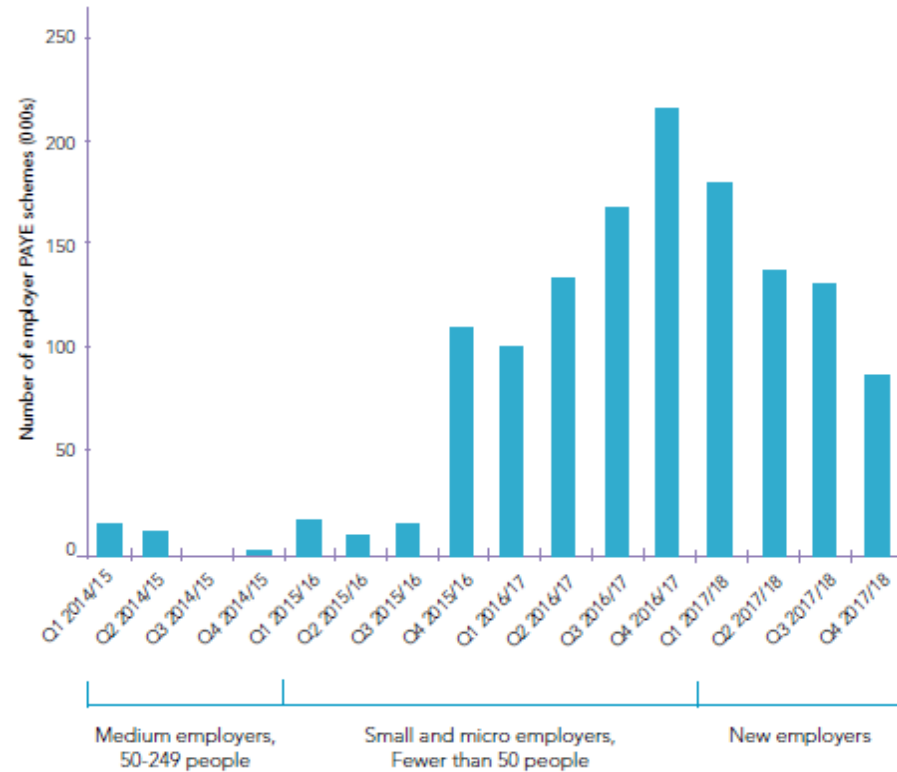


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Appendices

Employer staging profile

Staging volumes by quarter



Q1: 1 April – 30 June
Q2: 1 July – 30 September
Q3: 1 October – 31 December
Q4: 1 January – 31 March



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Communications strategy: Multi-channel approach



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Press adverts



The law on workplace pensions has now changed and every employer must comply. Start planning for automatic enrolment today by finding out the staging date for your company. To get started visit tpr.gov.uk/actnow
Workplace pensions. We're all in.



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Website campaign landing page

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Workplace pensions has changed - act now

The law on workplace pensions has changed and every employer must comply. Start planning today. Find out your organisation's deadline for being compliant by checking your staging date.

Employers >

Automatic enrolment - act now

Step 1: Enter your **PAYE reference** (you can find this on your P35) into our tool to find out your staging date.

[Find your staging date](#)

Step 2: Once you know your staging date you can use our timeline planner to understand what you need to do and when to comply.

[Create your plan](#)

Pensions professionals >

Your clients may ask you to carry out some or all of their employer duties on their behalf. You can access useful information and resources to help you in the specific areas where your clients ask you for help.

[Help your clients prepare](#)

Trustees >

Trustees have an important role to play. Employers may approach you for advice on whether they can use the pension scheme for automatic enrolment and if not, how to change the scheme rules.

[Automatic enrolment and the role of trustees](#)

Individuals >

Automatic enrolment has begun. This means that employers will need to automatically enrol certain staff into a pension scheme and make contributions towards it.

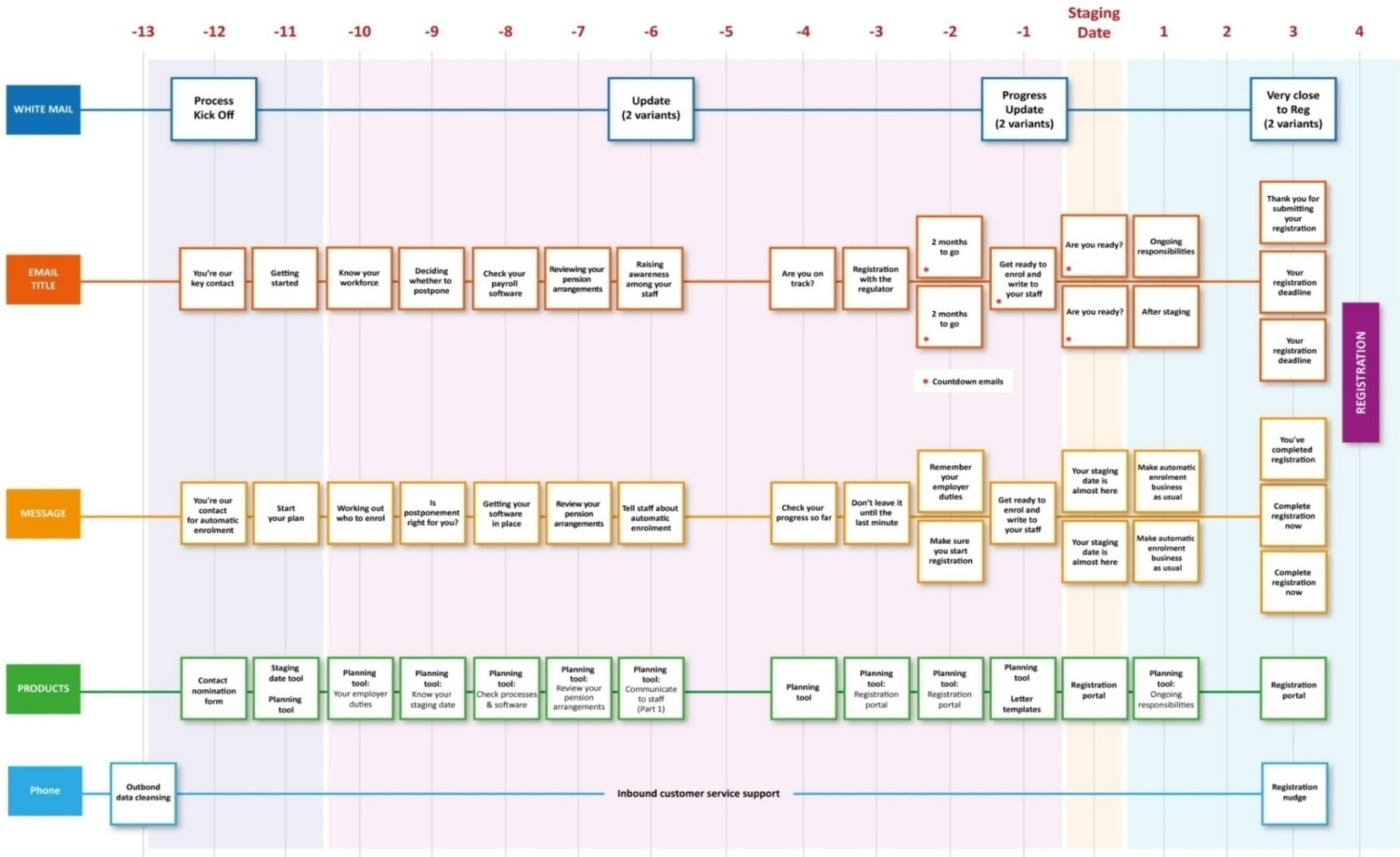
[Check whether automatic enrolment affects you](#)



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Medium employer journey

MEDIUM EMPLOYER JOURNEY



Online employer planning tool

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Committed to increasing confidence and participation in work-based pensions

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Employers

- What is automatic enrolment?
- Getting ready for automatic enrolment**
 - Create your plan for automatic enrolment
 - Raising awareness about automatic enrolment
 - What is my staging date?
 - What will automatic enrolment cost me?
 - Nominate a contact
 - Know your workforce
 - Automatic enrolment registration
 - Does your existing scheme qualify?
 - Setting up a pension scheme
 - Business software
- Implementing automatic enrolment
- Running your pension scheme
- Closing a scheme

Your plan for automatic enrolment

Key: ■ Now ■ Between now and staging ■ At Staging and beyond Print this page

You have 11 months left
Your staging date 04 Sept 2014
Your registration deadline 05 Jan 2015

Time (months) -18 -15 -12 -9 -6 -3 0 3

Click + to expand a task

Task	Start (months)	End (months)	Category
Know your staging date	-18	-17	Now
Nominate a contact	-18	-17	Now
Develop a plan	-18	-15	Now
Know your workforce	-15	-12	Between now and staging
Check processes and software	-12	-9	Between now and staging
Review pension arrangements	-12	-6	Between now and staging
Communicate to staff	-12	-9	Between now and staging
At staging	-12	-11	At Staging and beyond
Enrolling eligible jobholders	-11	-10	At Staging and beyond
Registration	-10	-9	At Staging and beyond
Keep records	-9	-8	At Staging and beyond
Ongoing responsibilities	-8	-7	At Staging and beyond

Preparation | Implementation



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 - Setting up a pension scheme
 - How to choose a pension scheme
 - Finding a provider
 - Getting your scheme up and running
 - Stakeholder pensions
 - Business software

Finding a provider

You can find pension scheme providers in a number of ways, including using an adviser. You should providers some key questions to help you check their scheme meets the legal requirements and is quality.

On this page

- Key points
- Who can help you find a provider?
- List of providers
- Questions to ask providers

Employers

- What is automatic enrolment?
- Getting ready for automatic enrolment

Getting your scheme up and running

Once you've decided on a pension scheme provider, you'll need to liaise with them to get your scheme up and running.

need to find out what information they need from you to enrol your staff. You'll also need to agree needs to be paid to the scheme and when.

haven't chosen a provider yet, see [finding a provider](#).

this page

- points
- ing up your scheme
- ne contribution rates
- ne due dates for payment of contributions
- about tax relief
- out what the provider needs and when to create membership
- the provider manages opt outs
- the provider manages opt ins or joiners
- ditional services the provider may offer

Key points

You'll need to work closely with your scheme provider to set up your scheme so you're ready to automatically enrol at the right time.

You need to agree contribution rates and the dates these should be paid with your scheme provider. Find out everything in the months leading up to staging so you're ready in time.

The provider may offer additional services to help you manage automatic enrolment.

Setting up your scheme

you've chosen your pension scheme provider, you'll need to work with them to set up the scheme. There are a number of things you'll need to find out and agree with the scheme provider, such as what they need from you to someone an active member of the scheme, and agreeing contribution rates and due dates for payment. You'll need to do all of this ahead of your staging date so you're ready to automatically enrol staff at the right time.

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How to choose a pension scheme

When you choose a pension scheme for your staff you must make sure it meets certain criteria. You should also choose a good quality scheme that provides value for money and protects your staff's retirement savings.

If you have an existing scheme, you need to decide whether you continue to use it for existing and new members. You may need to choose a new scheme for some or all of your members.

On this page

- Key points
- If you don't have a pension scheme
- If you have a pension scheme
- Reviewing the quality of a new or existing scheme

Key points

- If you don't have a pension scheme that you can use for automatic enrolment, you will need to choose a new one.
- If you already have a pension scheme that you want to use for automatic enrolment, you need to check that you can use it.
- Your scheme must meet certain criteria and should be good quality.

If you don't have a pension scheme

If you don't have a scheme, or you can't use (or don't want to use) your existing scheme, you must choose a new one.

Most employers are likely to use a defined contribution (DC) scheme for automatic enrolment. The most suitable DC scheme is likely to be a large scheme run by a specialist pension provider such as a group personal pension or master trust.

You should speak to scheme providers or a pension adviser. Go to [finding a provider](#).

You may be approached with offers to open a new trust-based scheme. This would involve your organisation providing a board of trustees to run the scheme and therefore would involve more cost, time and work for you as the employer.

Most employers will find that it is not cost-effective to set up this type of scheme unless it has at least 1,000 people

Useful links

AE Analysis and commentary report 2013

<http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-commentary-analysis-2013.pdf>

AE Employer awareness and understanding report spring 2013

[Employers' awareness, understanding and activity relating to workplace pension reforms - Spring 2013 \(PDF, 977kb, 83 pages\)](#)

AE Intermediary awareness and understanding report spring 2013

[Intermediaries' awareness, understanding and activity relating to workplace pension reforms - Spring 2013 \(PDF, 730kb, 62 pages\)](#)

AE Intermediary hub

<http://www.thepensionsregulator.gov.uk/professionals/help-clients-prepare-for-auto-enrolment.aspx>

The Pensions Regulator website

<http://www.thepensionsregulator.gov.uk/index.aspx>

Making Automatic Enrolment work

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214585/cp-oct10-full-document.pdf

AE evaluation report 2013

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/261672/rrep854.pdf

www.thepensionsregulator.gov.uk



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