

30 April 2012

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Dear Paul,

Revised implementation proposals for workplace pension reform – NAPF response

The NAPF is the voice of workplace pensions. We represent some 1,200 pension schemes from all parts of the economy and 400 businesses providing essential services to the pensions industry. Ten million working people currently belong to NAPF member schemes, while around 5 million pensioners are receiving valuable retirement income from those schemes.

The NAPF are strong supporters of automatic enrolment, which we believe is a fundamental part of the solution to the UK's pension savings crisis. All employees need access to a quality workplace pension with an employer contribution. We are concerned about the impact of endless changes and delays to the full introduction of automatic enrolment. They undermine confidence in the reforms amongst employer and the pensions industry, and are detrimental to the millions of workers who need to start saving as soon as possible to have any hope of a decent income in retirement.

Delaying both staging and phasing dates for auto-enrolment benefits the Exchequer significantly, because cutting pension saving cuts the amount of tax relief that ordinary workers receive. However, we believe it is false economy to keep delaying auto-enrolment to temporarily increase tax revenues, as this only adds to future Government costs when people retire without adequate pensions.

However, we do recognise these are very difficult economic times and many small and medium-sized employers will welcome an extra few years to implement the reforms. But it is essential that these are the last changes to the timetable. Employers, schemes and the pension industry now need to get on with preparing for automatic enrolment with certainty about the rules and timescales.

We strongly welcome the Government's continued commitment to ensuring the reforms do eventually cover all employers. This commitment is absolutely essential to the success of auto-enrolment in tackling our pension savings crisis.

Looking at the detail of the proposals, our members do have concerns about the increased complexity around staging dates – for instance the new system for smaller employers within large PAYE schemes. We would urge the DWP to keep staging as simple as possible so it is easy for employers and schemes to work out when their staging date is.

If you have any questions about this response please do not hesitate to contact me.

With best wishes,

A handwritten signature in black ink, appearing to read 'Richard Wilson', written in a cursive style.

Richard Wilson

Policy Lead: DC pensions

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