

Auto-enrolment Jul 17 2023

# Auto-enrolment extension bill passes second reading in Lords



The bill will go to the committee stage next (Eddie Mulholland - WPA Pool/Getty Images)

By **Tara O'Connor**



A bill which would extend auto-enrolment to those aged 18 and over has passed its second reading in the House of Lords.

In a debate in the House of Lords last week (July 14), Baroness Ros Altmann said the pensions (extension of automatic enrolment) (no. 2) bill could benefit 600,000 18 to 21-year-olds working in the private sector.



The bill would also see the lower earnings limit for contributions abolished.

Baroness Altmann, who sponsored the bill, said: “There are several benefits of extending auto-enrolment to workers under the age of 22: it will improve inclusivity and will give younger generations longer to benefit from the power of compounding long-term investment returns, giving them a chance to build bigger pension funds.

“It can also simplify the administration of workplace pension schemes, which will save money and reduce the risk of errors if a minimum age is no longer in place—although that will be determined in due course by regulations.”

She said even more people could benefit if the limit was removed altogether and auto-enrolment was expanded to workers from the age of 16.

However, Viscount Younger of Leckie, the parliamentary undersecretary for the Department for Work and Pensions said a 2017 review found 18 to be the “appropriate minimum age” adding those aged 16 and above would be entitled to opt in to automatic enrolment.

The bill will now go to the committee stage, a line by line examination - a date for this is yet to be scheduled.

The private members bill from MP Jonathan Gullis, backed in March by the government, grants two extensions to auto-enrolment: abolishing the lower earnings limit for contributions and reducing the age for being automatically enrolled from 22 to 18 years old.

The expansion of automatic enrolment was originally proposed in 2017 by a government review, but no action had been taken since then to implement those proposals.

Back in March, pensions minister Laura Trott said the reform would make a meaningful difference to people's pension saving over the years ahead.

"Doing this will see the government deliver on our commitment to help grow the economy and support the hard-working people of this country, particularly groups such as women, young people and lower earners who have historically found it harder to save for retirement," said Trott at the time.

Last week (July 11), in a document from the Department for Work and Pensions, titled 'Analysing the impact of private pension measures on member outcomes', the government confirmed it was going ahead with changes to auto-enrolment.

The reforms are forecast to increase total pension contributions by £2bn per year in 2022-23 terms – or by £45bn over 30 years.

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