

Auto-enrolment Sep 19 2023

Govt to consult on expansion of auto-enrolment 'at the earliest opportunity'



(Chris J. Ratcliffe/Bloomberg)

By **Tom Dunstan**

The government will play its part in consulting on how to implement the expansion of auto-enrolment at the earliest opportunity, according to Viscount Younger of Leckie.

The advertisement features the text "Tip the balance in your clients' favour" in green on the left. On the right, the Quilter logo is positioned above a semi-circular gauge with a needle pointing to the right. To the right of the gauge is a yellow money bag with a pound symbol (£). Below the gauge is an orange button with the text "Tell me more". At the bottom, a disclaimer reads: "Investments may fall or rise in value. Your clients may not get back what they put in. Legals".

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Tell me more

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At the third reading of the pensions (extension of automatic enrolment) (no. 2) bill in the House of Lords yesterday (September 18), Baroness Ros Altmann stated the bill will “pave the way for half a million younger people and at least 2.5mn older workers to build bigger pensions”.

She also praised the cooperation of that bill stating: “The bill reflects the strong cross-party support in both Houses and continued political consensus on auto-enrolment.”

She added: “I look forward to the promised early consultation to confirm the details and timing of the regulations, which will see the provisions of the bill implemented by all employers.”

Baroness Sherlock was similarly positive about the bill, stating that it would allow the government to make progress in fulfilling its commitment by implementing some of the 2017 review measures.

These would include reducing the lower age limit for being auto-enrolled and removing the lower earnings limit.

She explained: “The coalition government implemented auto-enrolment in 2012, and there has been a welcome growth as a result in the number of people saving for a pension.

“We can all celebrate that - but, as we noted at second reading, pensions adequacy is still an issue, so we need to look at continually improving auto-enrolment.”

However, Sherlock additionally questioned the timetable of implementing the 2017 review measures, pointing out that the government had previously committed to do so in the mid 2020s.

In response, Viscount Younger of Leckie stated that, following the passage of the bill, the government will consult on how to implement the expansion of automatic enrolment “at the earliest opportunity”.

Viscount Younger of Leckie also said that removing the lower earnings limit will mean that every worker will be paying pension contributions from their first pound of earnings and benefit from an employer contribution.

He added that, overall, an extra £2bn-worth would be saved a year.

The private members bill from backbench 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.

Industry reaction

In response, Quilter head of retirement policy, Jon Greer, stated there is “no doubt” that these reforms are needed to adapt pension policy to the evolving needs of the workforce.