

DWP announces a delay to Auto-enrolment

Pensions Minister Steve Webb has announced that the Auto-enrolment staging dates and contribution increases for a significant number of firms will be delayed or changed. The current poor economic climate and the impact of these changes on small businesses are the reasons given for the delay. **However, the reforms will still go ahead.**

Under current legislation companies would be legally obliged to provide either an approved group pension scheme or enrol workers into the National Employment Savings Trust (NEST) and make contributions into it for their employees. Concerns have been raised over the impact this delay will have on NEST's ability to repay its £120m set-up loan.

For employers who have between 50 and 3,000 employees their staging dates will be delayed slightly to "smooth" out the transition. The exact timetable for these changes will be announced in January 2012.

For firms with 50 or fewer workers the changes will mean that their staging dates for Auto-enrolment, which currently start in April 2014, will now begin in the next parliamentary session which is due to commence after May 2015. There are approximately 4 million workers in this category.

All businesses employing from 120,000+ down to 3,000 employees will continue with their current staging dates which range from October 2012 for the largest employers to July 2013. It is thought that a delay was considered for these larger employers but discounted due to the fact that their plans to meet the requirements are now too advanced.

Minister Webb commented: "Everybody who was due to be enrolled up to July 2013 will still be enrolled and we will publish a revised schedule in the New Year."

Enrich will continue to monitor developments and provide updates in future bulletins. We are also planning more of our popular breakfast briefings at which you can discuss this and other issues relating to the pension reforms with your peers in an informal manner.

For information and advice about Auto-enrolment and how it affects your company please contact Nick Oram, Head of Pensions by telephone on 020 7997 5847 or by email at nicholas.oram@enrichbenefits.com. Please also contact Nick if you would like to attend our breakfast briefings.

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