

Royal Assent – Workplace Pension Reform – 15 Key Facts:

- Royal Assent (26 November 2008) is the date when the Pensions Bill 2007 officially became the Pensions Act 2008. This means that the pensions reforms proposed in the Bill will now be passed into law.
- The Pensions Act 2007 reformed State pensions and introduced arrangements to increase the State pension age. The Pensions Act 2008 reforms workplace pension provision.
- The aim of these reforms is to make saving for retirement the norm. There are currently around 7 million people in the UK who are not saving enough to generate the pension income they are likely to want, or expect, in retirement.
- The workplace pension reforms are due to take effect from 2012 and will be introduced gradually to facilitate a smooth take-on of employers by the Pensions Regulator and pension schemes.
- The workplace pension reforms mean that all employers must offer a qualifying workplace pension scheme to their workers and that all eligible workers must be automatically enrolled into this chosen scheme.
- A minimum employer contribution of 3 per cent on a band of earnings will be required, but can be more than this. The total minimum contribution for eligible workers should equal 8 per cent of that band of earnings. This is made up of employer contributions, worker contributions and tax relief.
- Auto-enrolment is designed to make it easy for individuals to participate in pension saving, helping to overcome the inertia which prevents many people from saving currently. However, individuals will be able to opt out.
- The personal accounts scheme is being created to provide a low-cost, independent, workplace pension scheme that any employer can use. It aims to provide access to workplace pension saving to millions of people – typically those on low to middle incomes.
- Employers will be able to choose to use the personal accounts scheme or another qualifying workplace pension.
- 3 parties will work together to implement the new reforms – the Department for Work and Pensions (DWP), the Pensions Regulator (tPR), and the personal accounts delivery authority (PADA).
- DWP is responsible for co-ordinating activity for the reform programme, including agreeing policy with Ministers and overseeing delivery.
- The Pensions Regulator is the UK regulator of work-based pension schemes, and is an existing non-departmental public body.
- The role of the Pensions Regulator in these reforms is to maximise compliance with the employer duties set out in the Act, and ensure certain safeguards protecting employees are adhered to. It will provide information to employers on how to fulfil their duties and guidance on good standards of pension scheme administration.

- The personal accounts delivery authority is a new non-departmental public body specifically established under the Pensions Act 2007 to help implement the reforms.
- PADA will be responsible for designing and introducing the infrastructure for the new personal accounts pension scheme.