

Pensions Bill - Regulatory Impact Assessment

Pensions Bill

Regulatory Impact Assessment

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Introduction

This regulatory impact assessment sets out the pension reform provisions in the Pensions Bill. This package of measures moves towards meeting the Government's five tests for pensions reform:

- **promoting personal responsibility** ensuring that individuals are responsible for their own plans for retirement.
- **be fair** by meeting the needs of the most vulnerable and establishing a new contributory principle that rewards "something for something".
- **be simple** to make the pension system simpler and ensure an individual's decision to save can be more straightforward.
- **be affordable** by balancing the financial needs of future pensioners with the financial capabilities of the taxpayer, and to ensure those needs are funded in a stable fiscal environment.
- **be sustainable** by clarifying the roles and responsibilities of individuals, employers and the state and to build trust in the UK pensions system.

The pension reform measures are based on the policy proposals set out in the White Paper *Security in retirement: towards a new pensions system*, published in May 2006. The White Paper was accompanied by an assessment of costs and benefits.

The Government has consulted widely on the package of reform measures in the Pensions Bill, through the National Pensions Debate and formal consultation following the publication of the White Paper.

The consultation findings were published in October 2006 in *Security in retirement: towards a new pensions system. Summary of responses to the consultation*.

The provisions in the Pensions Bill are largely as outlined in the White Paper. These include the uprating of basic State Pension by earnings growth; changes to the State Pension age; and modernisation of State Pension qualifying conditions to improve coverage. Following the results of the consultation and further policy consideration, four new measures are proposed. These are:

- new measures for reform of the State Second Pension to make it simpler to understand;
- reforms to enable a spouse (and in the future, a civil partner) to draw a pension based on their spouse's (or, in the future, civil partner's) insurance even if they choose not to retire; and

- confirmation of the uprating arrangements for adult dependency increases and other benefits as a consequence of uprating the basic State Pension by earnings;
- establishing a delivery authority with a limited remit, to prepare the documentation necessary to enable commencement, in July 2008, of the commercial process for the infrastructure of personal accounts.

This regulatory impact assessment analyses the costs and benefits of the measures set out in the Pensions Bill, including those set out above. It also includes an assessment of delivery costs.

The Government is also publishing:

- **The Gender Impact of Pension Reform** – a detailed gender analysis of the pension reforms, comparing outcomes for men and women;
- **Financial Incentives to Save for Retirement** - a technical analysis ;
- **Estimating the Economic and Social Welfare Impacts of Pension Reform** - an analytical working paper; and
- **Personal Accounts** – a White Paper and associated Regulatory Impact Assessment.

Chapter 1 – Overview

Objectives

- 1.1 The White Paper, *Security in retirement: towards a new pensions system*, (referred to hereafter as ‘the White Paper’ for ease of reference), set out the challenges facing the UK pensions system and the Government’s proposals for a long-term, sustainable solution.
- 1.2 The provisions in the Pensions Bill set out a package of reforms on state pensions, simplification measures in private pensions, and the establishment of the foundations for personal accounts. The reforms in the Bill do not include the establishment of personal accounts themselves which the Government will bring forward at a later date.

Background and rationale for intervention

- 1.3 In November 2005, the Pensions Commission published its second report, explaining the background and context to pensions issues for future pensioners, and making recommendations on how the system could be reformed to better meet future needs.
- 1.4 In May 2006, building on the analysis and recommendations made by the Pensions Commission, the Government published its proposals for pension reform, and the rationale for change, in its White Paper.
- 1.5 Average pensioner incomes today compare well with those of previous generations, and changes since 1997 have been successful in tackling pensioner poverty. But, as the Pensions Commission found, demographic and social trends evident today create challenges for the future:
 - life expectancy is increasing. This, along with lower birth rates, is resulting in older age groups becoming an increasingly large proportion of the population;
 - family structures are changing, with cohabitation and divorce now more common;
 - the trend of women’s growing participation in the labour market is continuing;
 - as a result of the accumulation of 60 years of pensions legislation, the current pensions system is complex and difficult to understand;
 - in addition, problems with savings incentives could develop if, in the long term, a pensions system evolved in which a significant majority

of pensioners were entitled to Pension Credit. That has never been the intention of this Government;

- recent research estimates the number of people under-saving for their retirement to be around 7 million.

Consultation

- 1.6 The formal consultation period following publication of the White Paper ran from 25 May to 11 September. As well as written responses, the Government engaged with stakeholders and members of the public in a range of other ways to widen the debate and increase people's understanding of the issues.
- 1.7 The consultation was supported by on-line Pensions Forum debates with Ministers on the DWP website. To increase understanding, a number of fact sheets explaining key issues in more detail were also published on the Forum.
- 1.8 The Department held a seminar for employers and a seminar on carers' issues with stakeholder organisations and the public. Ministers also attended a number of regional road shows to meet stakeholders and members of the public.
- 1.9 A full summary and analysis of the consultation responses was published in October 2006 in *Security in retirement: towards a new pensions system. Summary of responses to the consultation*, (referred to hereafter as 'the White Paper Consultation Response' for ease of reference).

Options

Option 1: Do nothing

- 1.10 As the Pensions Commission's second report made clear, there is no current pensions crisis. Pensioners' incomes are higher, in real terms, than they have been before. But the Pensions Commission, and the Government's White Paper, set out the rationale for why doing nothing is not an option
- 1.11 For example, without reform to the state pensions system:
 - inequalities between men and women will continue;
 - if the Guarantee Credit is uprated with prices increasing numbers of pensioners will fall into low income and poverty;

- a result of maintaining an affordable State Pension as numbers of people aged over 65 increased, would be the value of the state support for pensioners falling relative to incomes; and
- the State Pension support for pensioners would grow in complexity and add to uncertainty for individuals about their retirement income.

Option 2: Package of reform

1.12 The Pensions Bill provides a package of reform to pensions that builds a solid foundation on which individuals can make private saving. These include: state pension reform to provide a fairer, more generous State Pension; reforms to simplify the existing private pension system; and setting up a system of personal accounts.

1.13 The key components of the Pensions Bill are:

Improving the coverage, generosity and sustainability of the State Pension by:

- linking the uprating of the Pension Credit standard minimum guarantee¹ and the basic State Pension to earnings;
- improving the entitlement to basic State Pension for women and carers by reducing the number of qualifying years for a full basic State Pension to 30 and revising and modernising credits for caring that will apply to both the basic State Pension and the State Second Pension;
- flat-rating and simplifying the State Second Pension; and
- gradually raising State Pension Age, including consequential changes for other social security benefits.

Establishing a delivery authority for personal accounts

- establishing a delivery authority with a limited remit, to prepare the documentation necessary to enable commencement, in July 2008, of the commercial process for the infrastructure of personal accounts. Personal accounts will provide an opportunity to contribute to a low cost savings vehicle.

Enacting simplification measures in private pensions by:

- permitting the trustees of defined benefit contracted-out occupational pension schemes to simplify their scheme structure by converting the Guaranteed Minimum Pension into ordinary scheme benefits which are of at least equal actuarial value;

¹ The standard minimum guarantee is the minimum level of income guaranteed to pensioners through the **Guarantee Credit** element of **Pension Credit**. Some groups of pensioners, such as severely disabled people and carers, will qualify for additional amounts.

- abolishing contracting out in defined contribution schemes, to remove complexity from pension savings decisions that currently arises from the difficult judgement about whether a person would be better off contracted-out or contracted-in to the State Second Pension;
- enabling occupational pension schemes to operate simpler internal dispute resolution procedures; and
- removing the requirement for the Secretary of State to approve actuarial Guidance Notes.

Costs and benefits

1.14 This Regulatory Impact Assessment presents costs and benefits for the reform package up to 2050, based on the best evidence currently available. There are inevitably uncertainties associated with these estimates. More detail on the methodology and assumptions involved in the estimates is in Annex A.

Costs

1.15 Figures 1.1-1.3 below show the costs of pensioner benefits (a) with no reform; (b) with an earnings linked standard minimum guarantee; and (c) with the full package of reform. They are presented in both cash, prices and as a percentage of GDP.

Figure 1.1: Total expenditure on pensioner benefits, cash, £ billion

	2010	2020	2030	2040	2050
(a) without reform:					
Basic State Pension	56.2	84.7	137.9	204.7	285.2
SERPS / S2P	13.5	25.5	49.4	92.2	186.2
Pension Credit	7.3	5.9	4.6	3.1	2.1
Other Pension Benefits	3.0	3.4	5.0	7.2	10.4
Total pensions spending	80	119	197	307	484
Housing and Council Tax Benefits	8.6	6.7	7.5	9.4	14.6
Attendance Allowance & Disability Living Allowance	9.7	15.1	25.2	39.1	56.3
Total Pensioner Benefits	98	141	230	356	555
(b) with an earnings-indexed standard minimum guarantee:					
Pension Credit	9.4	16.5	35.1	73.8	139.6
Total pensions spending	82	130	227	378	621
Housing and Council Tax Benefits	8.6	10.9	18.4	32.0	62.9
Total Pensioner Benefits	100	156	271	449	741
(c) with other reforms:					
Basic State Pension	56.2	98.0	185.3	327.6	519.1
SERPS / S2P	13.5	25.6	49.8	96.6	186.1
Pension Credit	8.9	10.3	11.9	13.4	15.1
Other Pension Benefits	3.0	3.4	4.9	7.0	10.1
Total pensions spending	82	137	252	445	730
Housing and Council Tax Benefits	8.6	10.3	14.6	22.2	40.7
Attendance Allowance & Disability Living Allowance	9.7	15.1	24.5	37.7	53.3
Total Pensioner Benefits	100	163	291	505	824

Figure 1.2 : Total expenditure on pensioner benefits, 2006/7 prices, £ billion

	2010	2020	2030	2040	2050
(a) without reform:					
Basic State Pension	50.5	57.8	71.4	80.4	85.0
SERPS / S2P	12.1	17.4	25.6	36.2	55.5
Pension Credit	6.5	4.0	2.4	1.2	0.6
Other Pension Benefits	2.7	2.3	2.6	2.8	3.1
Total pensions spending	72	82	102	121	144
Housing and Council Tax Benefits	7.8	4.6	3.9	3.7	4.3
Attendance Allowance & Disability Living Allowance	8.8	10.3	13.0	15.3	16.8
Total Pensioner Benefits	88	96	119	140	165
(b) with an earnings-indexed standard minimum guarantee:					
Pension Credit	8.5	11.3	18.2	29.0	41.6
Total pensions spending	74	89	118	148	185
Housing and Council Tax Benefits	7.8	7.5	9.5	12.6	18.8
Total Pensioner Benefits	90	107	140	176	221
(c) with other reforms:					
Basic State Pension	50.6	66.9	95.9	128.6	154.7
SERPS / S2P	12.1	17.5	25.8	37.9	55.4
Pension Credit	8.0	7.0	6.2	5.3	4.5
Other Pension Benefits	2.7	2.3	2.5	2.8	3.0
Total pensions spending	73	94	130	175	218
Housing and Council Tax Benefits	7.8	7.0	7.6	8.7	12.1
Attendance Allowance & Disability Living Allowance	8.8	10.3	12.7	14.8	15.9
Total Pensioner Benefits	90	111	151	198	246

Figure 1.3 : Total expenditure on pensioner benefits, per cent of GDP

	2010	2020	2030	2040	2050
(a) without reform:					

Basic State Pension	3.5	3.2	3.2	3.0	2.6
SERPS / S2P	0.8	1.0	1.2	1.4	1.7
Pension Credit	0.4	0.2	0.1	0.0	0.0
Other Pension Benefits	0.2	0.1	0.1	0.1	0.1
Total pensions spending	4.9	4.5	4.6	4.5	4.4
Housing and Council Tax Benefits	0.5	0.3	0.2	0.1	0.1
Attendance Allowance & Disability Living Allowance	0.6	0.6	0.6	0.6	0.5
Total Pensioner Benefits	6.1	5.3	5.4	5.2	5.1
(b) with an earnings-indexed standard minimum guarantee:					
Pension Credit	0.6	0.6	0.8	1.1	1.3
Total pensions spending	5.1	4.9	5.4	5.6	5.7
Housing and Council Tax Benefits	0.5	0.4	0.4	0.5	0.6
Total Pensioner Benefits	6.2	5.9	6.4	6.6	6.8
(c) with other reforms:					
Basic State Pension	3.5	3.7	4.3	4.7	4.6
SERPS / S2P	0.8	1.0	1.2	1.4	1.7
Pension Credit	0.5	0.4	0.3	0.2	0.1
Other Pension Benefits	0.2	0.1	0.1	0.1	0.1
Total pensions spending	5.0	5.1	5.9	6.4	6.5
Housing and Council Tax Benefits	0.5	0.4	0.3	0.3	0.4
Attendance Allowance & Disability Living Allowance	0.6	0.6	0.6	0.5	0.5
Total Pensioner Benefits	6.2	6.1	6.8	7.3	7.3

Notes: Figures refer to financial years, eg 2020 refers to 2020/21. Pension spending includes benefits specifically targeted at pensioners. Pensioner benefits include all benefits to which pensioners are entitled. More details – including knock on effects of pension reform on working age benefits - are given in Annex A.

Administration costs of reform

1.16 The administration costs of pension reform are set out below. They represent current best estimates. These represent the estimated implementation and administration costs associated with the reform package and costs for both the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC). These costs will be refined as these reforms are taken forward and more detailed planning is undertaken.

1.17 These show cost estimates of:

- £192m for state pension reforms up to 2022 including both the costs of implementation and ongoing operational costs;
- £21m for the personal accounts delivery authority which covers delivery authority costs up until the second Bill where further personal accounts legislation is intended;

- £8m costs for other private pension reforms (abolition of contracting out in defined contribution (DC) schemes and Guaranteed Minimum Pension (GMP) conversion) covering the period between 2007/08 and 2012/13
- in addition, there will be administrative savings for HMRC starting in 2013 that will arise as a result of abolishing contracting out for defined contribution schemes.

Figure 1.4 : Administration Costs of Reform, £ million

	07/08	08/09	09/10	10/11	11/12	2012-22	Total
State Pension reforms	13	31	47	30	14	57	192
Personal Accounts Delivery Authority	16	5					21
Private pension reforms	-	-	3	3	2	(10)	(2)
Total	29	36	50	33	16	47	211

*Costs expressed in nominal terms
Numbers in brackets, eg (2) reflect net savings.

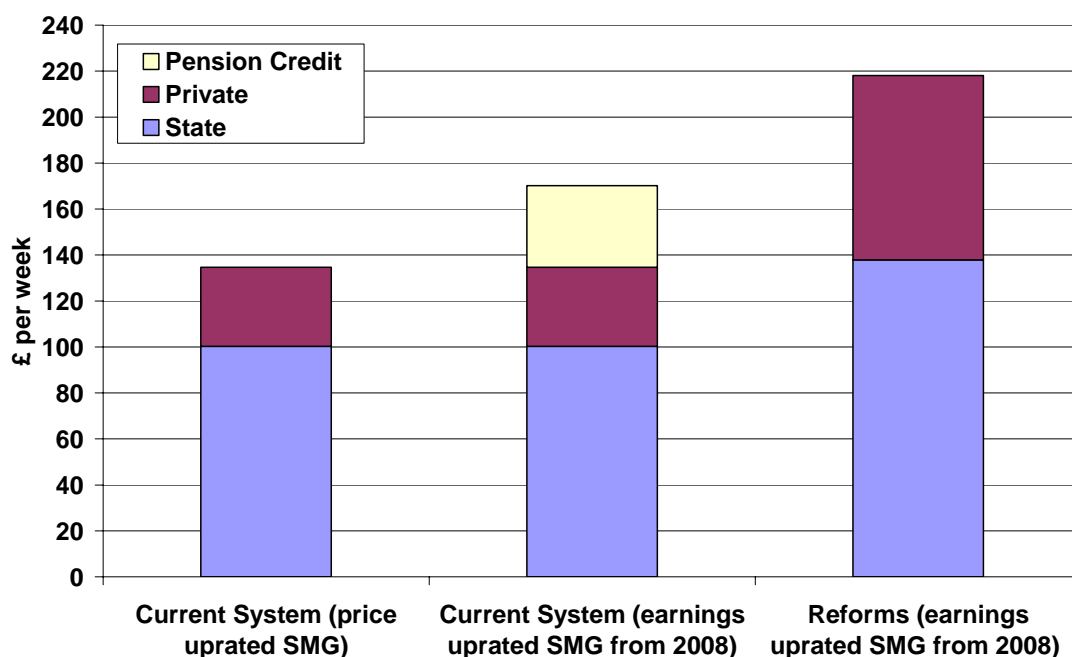
Costs and benefits to individuals

1.18 The pensions reform package will bring a number of benefits to individuals including:

- a greater number of people, over 90 per cent of people reaching State Pension age will have a full basic State Pension by 2025 due to improved coverage;
- a more generous State Pension with earnings uprating of basic State Pension. In conjunction with flat-rating of State Second Pension, will improve savings incentives for individuals;
- the poorest pensioners will benefit from a higher income with earnings uprating of the Pension Credit standard minimum guarantee;
- a simpler system of State Second Pension and private pension measures will make it easier for people to understand the pension they are accruing.

1.19 Figure 1.5 below compares pre and post reform gross retirement income for a median earner when they reach State Pension age. Because of the increase in State Pension age this chart shows income at 65 in 2050 pre-reform, and income at 68 in 2053 post reform. For consistency with charts produced in the White Paper RIA this chart includes income from personal accounts.

Figure 1.5: State Pension for a Median Earner at State Pension age (2050 before reform, 2053 with full reform package).



Source: DWP modelling

Note: In 2005/6 earnings terms. Assumes Median earner earns £440 a week. The current system (and with earnings uprating of Pension Credit standard minimum guarantee) assumes a working-life of around 40 years and reaches State Pension age in 2050. With reform assumes 43 working years and reaching State Pension age in 2053 (due to the pension age rises from 65 to 68). Assumes private saving of 4 per cent of income between lower earnings limit and upper earnings limit into a stakeholder pension, and with full reform into a personal account with 3 per cent employer contribution and 1 per cent tax relief.

1.20 In this Regulatory Impact Assessment most outcomes for individuals are presented in ‘earnings terms’. This gives a sense of how much income pensioners will have compared to typical earnings in the relevant year. Earnings tend to rise faster than prices, and so if pensioners’ incomes increase in line with earnings (remaining constant in earnings terms) then they will be able to buy more goods and services in the future than they can now. Putting outcomes in ‘earnings terms’ (as figure 1.5 does) shows how pensioners’ incomes would change relative to the rest of society.

Gender impact

1.21 Despite a number of changes designed to help parents and carers build up better State Pensions (such as the introduction of Carer’s Allowance in 1976 and Home Responsibilities Protection in 1978), without reform, women’s entitlements to a basic State Pension are still projected, on average, to remain behind men’s until around 2025. Their State Second Pension entitlements would not catch up for many years after that.

1.22 The reform measures set out in the Pensions Bill will improve the State Pension outcomes for those with limited contribution records or with low pay. Women are disproportionately represented in these groups, so will benefit more than men at the outset.

1.23 State Pension reforms will:

- improve coverage by reducing the number of qualifying years required for a full basic State Pension to 30. Currently around 30 per cent of women reaching State Pension age are entitled to a full basic State Pension; with reform, this will rise to around 75 per cent in 2010 and to over 90 per cent from around 2025;
- provide credits for caring, enabling more people (particularly women) to build up entitlement to basic State Pension and State Second Pension. Around 120,000 people, including 85,000 women, are estimated to gain credits for basic State Pension in 2010 as a result of the new Carers' Credit;
- reform the State Second Pension to increase coverage for parents and carers, where about 90 per cent of those who benefit will be women;
- provide a more generous State Pension through earnings uprating of the basic State Pension.

1.24 Sixty four per cent of those contracted-out through defined contribution schemes are men, and so the abolition of contracting out will affect more men than women. For most workers an informed decision to stay contracted-out in a defined contribution scheme requires complex consideration and many industry experts already advise people to contract back in to the State Second Pension. The withdrawal of contracting out for defined contribution schemes provides these workers with unequivocal rights to State Second Pension.

1.25 More detailed gender analysis of the pension reforms, comparing outcomes for men and women is published in The Gender Impact of Pension Reform.

Race impact

- 1.26 Some groups of Black and minority ethnic women are especially likely to accrue the basic State Pension primarily through Home Responsibilities Protection (HRP), or to have never worked in paid employment. These women in particular will gain from the conversion of HRP into credits.
- 1.27 The reduction in the number of qualifying years to 30 will help those who have spent a number of years not accruing basic State Pension. Thus the reforms benefit those who are disadvantaged in the labour market, and so are more likely to benefit some minority ethnic groups.
- 1.28 The exact assessment that can be made on the effect of the package on minority ethnic groups is limited by lack of data.

Impact on those caring for severely disabled people

- 1.29 Around 1.8 million individuals are caring for more than 20 hours a week.² A wide range of evidence³ suggests that those caring for more than 20 hours are more likely to experience detrimental effects in other areas of their lives. For example those caring over 20 hours have significantly lower employment rates, whereas those caring for less than 20 hours have very similar employment rates to the working age population as a whole.
- 1.30 Around 120,000 additional people could gain a carer's credit for the basic State Pension in 2010 following these reforms, and around 180,000 additional people could gain credits for State Second Pension in 2010.

Impact on employers

- 1.31 Within the overall reform package, the abolition of contracting out in defined contribution pension schemes is likely to have the most impact on employers because they will start to pay full rate National Insurance Contributions. However, since the employer rebate must be paid into the scheme, the additional National Insurance Contributions cost could be offset by a reduction in employer contributions overall.
- 1.32 There will be one-off costs from the abolition of contracting out in defined contribution schemes, but the Government believes these will be small. Only a small proportion of occupational schemes in the UK are contracted-out defined contribution schemes. There are around

² Census 2001, Figures refer to Great Britain.

³ See for example Maher J and Green H, 2002, *Carers 2000: Results from the 2000 General Household Survey*, TSO.

4,000 contracted-out and contracted-out mixed benefit schemes with around 600,000 active members. This compares to a total of around 69,000 occupational schemes with around 4.7 million active members.⁴

- 1.33 Raising State Pension age is estimated to increase the labour supply. Such increases in labour supply are likely to have a beneficial effect on filling vacancies and have a restraining effect on wage growth.

Impacts on small firms and competition

- 1.34 The provisions of this Bill will not have any significant effect on small businesses.
- 1.35 The Government considers that the provisions of this Bill will have a neutral effect on competition.

Enforcement, sanctions and monitoring

- 1.36 The Government will continue to publish and monitor data on pensioners' incomes, detailed information on pensioner benefits, and pension contributions.
- 1.37 The Government will periodically commission reviews on increasing State Pension age, drawing on a range of independent expert advice in the light of emerging evidence on demographic change.

Implementation and delivery plan

- 1.38 The Pension Service has initiated a delivery programme to coordinate, manage and deliver those changes to State Pensions for which it is responsible for delivery, and to make necessary changes to its products and services to reflect other reform measures.
- 1.39 In addition, other delivery activities, including Her Majesty's Revenue and Customs' activities for the contracting out changes, are also being managed through over-arching programme arrangements. The majority of the administrative activity will be in delivering pension reforms scheduled for introduction from 2010, with the link between the basic State Pension and growth in average earnings following later. Implementation of the rise in State Pension age will occur over three decades (rising one year between 2024-26, 2034-36 and 2044-46).
- 1.40 The scale of the changes, particularly to the many Information Technology systems affected, will necessitate long lead times for delivery plans, with the majority of the IT changes being developed between 2007 and 2012. The costs of these changes may be revised

⁴ Based on Government Actuary's Department (GAD) survey of Pension Schemes, includes all members of private pension schemes.

as further work on the detail of how they would be implemented is undertaken.

- 1.41 The costs of delivery include an extended publicity campaign to raise public awareness of the state pension reform changes, in particular for those customer groups most affected.

Post-implementation review

- 1.42 The Government propose periodically to commission reviews on whether the timetable for increasing State Pension age remains appropriate, drawing on a range of independent expert advice about the emerging evidence on demographic change.
- 1.43 The Department for Work and Pensions will continue to monitor State Pension awards and accruals, the level and distribution of pensioners' total incomes, and levels of understanding of the state pension system through analysis of administrative data, surveys and other sources. It will continue to report on progress against its Public Service Agreements in its annual and departmental reports.

Summary and recommendations

1.44 The figure below summarises the costs and benefits:

Figure 1.6: Summary of cost and benefits of reform

Measure	Costs	Benefits
A New Structure		
<p>Basic State Pension uprated with earnings.</p> <p>State Second Pension becomes flat-rate in accrual by around 2030.</p> <p>State Pension age rises to 68 by 2050.</p> <p>The savings credit maximum will be uprated by earnings from 2008 and then by prices from 2015.</p> <p>Adult Dependency Increases abolished.</p>	<p>Individuals born after April 1959 will receive State Pensions later, but on average a similar proportion of life will be spent in retirement.</p> <p>Higher earners will no longer get earnings-related pensions from the state – but everyone will get more contributory State Pension overall.</p> <p>Younger spouses of pensioners will no longer attract an Adult Dependency Increase.</p> <p>Some changes will be necessary to business payroll systems.</p> <p>Gradual reduction in the Contracted-out rebate (but DC pension schemes will no longer be contracted-out).</p>	<p>Basic State Pension uprating maintains the value of basic State Pension compared to working-age incomes. Pensioners will also see basic State Pensions uprated in line with earnings over the course of their retirement.</p> <p>A simpler structure will make it easier for individuals to understand what they can expect from the state. Along with less reliance on means testing this will clarify incentives to save and may result in more private saving.</p>
Improved Coverage		
<p>Qualifying years for basic State Pension reduced to 30.</p> <p>Home Responsibilities Protection reformed into a positive weekly credit – for people with care of a child up to 12.</p> <p>Credits for childcare in State Second Pension available for people with care of a child up to age 12.</p>	<p>Some individuals would have received NI credits until their youngest child reached 16, and will no longer do so – but this is offset by the reduction in qualifying years needed and extra accruals of State Second Pension for caring for children between 5 and 11 years old.</p>	<p>Benefits all who do not currently build up a full NI record.</p> <p>Particularly beneficial to women and carers who will be much more likely to achieve a full basic State Pension. In 2020 there are some additional 270,000 women receiving full basic State Pension.</p>

<p>A new weekly credit for carers providing 20 hours a week or more care.</p> <p>Minimum Contribution conditions abolished.</p> <p>25% <i>de minimis</i> rule abolished.</p> <p>Labour-market attachment test in State Second Pension abolished.</p>		<p>Large numbers of people will have more choice about undertaking education and other socially worthwhile activities such as caring and volunteering, without necessarily suffering a reduction in State Pension later in life.</p> <p>Every contribution will count – some people, particularly women who face cultural or other barriers to working, but who provide significant social contributions will get State Pensions for the first time.</p>
Personal accounts delivery authority		
<p>Personal accounts delivery authority is created to develop personal accounts.</p>	<p>Start up costs estimated at £21 million.</p>	<p>Develop the right mix of expertise to provide foundation on which Personal Accounts can launch from 2012.</p> <p>Ensure appropriate governance structure is in place to develop personal accounts.</p>
Simplification of private pensions		
<p>Abolition of contracting out of additional pension into DC schemes</p> <p>GMP conversion</p>	<p>Reduce contributions into DC schemes that have contracted-out members.</p> <p>Higher future spending on additional pension.</p> <p>Small one-off administrative cost to contracted-out schemes.</p>	<p>Removes complication that makes it easier to make informed decisions to save in a pension.</p> <p>Reduction in national insurance rebates.</p> <p>Small reduction in administrative cost.</p>

Declaration and publication

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

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