

Pensions Act 2008

The 2008 Pensions Act is now in force which will have implications for all employers and their employees. The current Stakeholder legislation is being replaced in 2012 with the new National Pensions Savings Scheme (NPSS). All employers in the UK, whether they have one member of staff or 10,000, will need to take action to comply with their new responsibilities under this new pension reform.

The main points of the new legislation are as follows:

- All jobholders between the age of 22 and state pension age must be automatically enrolled unless they are members of a qualifying scheme.
- A jobholder is anyone between 16 and 75 in receipt of earnings £5035 and £33,450 per year. This includes wages, salary, bonus, commission, overtime, shift allowances, and all maternity, paternity and adoption pay.
- Contributions will be **3% from the employer**, 4% from jobholders and 1% in tax relief. A total of 8% and contributions can be phased in over 3 years.
- Individuals may opt out within a prescribed period but must be re-enrolled at regular intervals of no more than 3 years.
- Contributions will be limited up to £5,000 (£10,000 1st year).
- Qualifying schemes can be either occupational or personal pensions and contributions must be at least 8% of qualifying earnings of which the employer must pay 3%.
- It is proposed that there is a 5 year ban on moving money out of Personal Accounts.
- There is no allowance for independent financial advice
- The schemes will be heavily regulated by the Department of Work and Pensions

We have the prospect of 10 million members being auto enrolled at midnight on 5th April 2012.

Furthermore, without advice, members could be auto enrolled into a pension scheme that is not to their advantage. This could affect those on low income, those at the upper end of the age spectrum at commencement, or those who have heavily interrupted employment records.

The NPSS will be with us sooner than you think and we are urging all local businesses to take this on board. We highly recommend that you seek advice from your advisers to see if your existing arrangements will likely make you exempt from the NPSS. If you are not making any employer contributions, now is the time to start budgeting.

Radcliffe & Co Life and Pensions Ltd are very happy to help if you do not have an adviser who specialises in providing employers with pension advice. They are one of the largest Independent Financial Advisers in the south of England specialising in this area and they can provide you with a pensions audit and help you through this new legislation.

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The information contained on these web pages is for general guidance only and is in no way a substitute for seeking professional advice on your specific circumstances.