



Auto-enrolment hits new milestone

New figures from the Pensions Regulator have revealed that more than four million workers have now been automatically enrolled into a workplace pension.

The data, published on 14 August, showed that more than 21,000 employers have now completed their declaration of compliance informing the regulator how they have met their duties.

Pensions Minister Steve Webb said: "This latest milestone figure shows how saving in a workplace pension is now becoming the norm. Four million people have now been automatically enrolled into a workplace pension with many more saving for

their retirement for the first time or saving more as a result."

The regulator is urging all employers to find out when they need to be ready by making sure they know their staging date – the date when an employer must start implementing auto-enrolment for their employees.

Charles Counsell, executive director of automatic enrolment at the Pensions Regulator, said: "This summer, we have begun the process of writing to hundreds of thousands of small employers informing them when they need to be ready to meet their new workplace pension duties."

Every employer will receive an individual letter 12 months before their staging date, directing them to where they can find information on what action they need to take and when at www.tpr.gov.uk.

At Birchwood Investment Management, our fully qualified team offers extensive experience in auto-enrolment and other occupational pension issues.

Our pensions experts can provide advice on a one-to-one basis, or through seminars, or we can provide more specialist assistance with reviewing and upgrading pension schemes or implementing new schemes. For more information, please contact us.



Future looks brighter on redundancies

The number of employers expecting to make redundancies has fallen to its lowest level since before the global financial crisis, according to new research.

The latest Labour Market Outlook (LMO) from the Chartered Institute of Personnel and Development (CIPD) questioned 1,026 employers about their recruitment, redundancy and pay intentions for the third quarter of 2014.

The report, published in August, found that the proportion of employers expecting to make redundancies had fallen to a post-crisis low of 21 per cent. In the private sector, the figure was even lower, at 18 per cent, but rose to 32 per cent in the public sector.

Manufacturing and production sector companies were significantly more likely (25 per cent) than services firms (17 per cent) to be planning redundancies in the next three months.

Redundancy intentions for the third quarter of 2014 were highest among public administration and defence employers (49 per cent) but more than one-third of finance, insurance and real estate (36 per cent) and information and communication (35 per cent) organisations were also planning redundancies in the next three months.

On recruitment, the latest net employment balance – which measures the difference between the proportion of employers who expect to increase staff levels and those expecting to decrease staff levels in the third quarter of 2014

– remained positive but fell slightly to +23 from +26 since the last LMO report in the spring.

Meanwhile, research by commercial law firm EMW, also published in August, found that the value of redundancy pay-outs in the UK has reached its lowest level since before the credit crunch.

It said that the total fell by 10.4 per cent from £4.8 billion in 2012-13 to £4.3 billion in 2013-14.

EMW said that the decrease was the first in the value of pay-outs since the financial crisis, and the average pay-out remained high. The average redundancy pay-out this year was £13,396, virtually unchanged from the previous year's £13,521.

Pensions deferral benefits to be slashed

The government has announced a significant change to the financial benefits of deferring the state pension.

It is not mandatory to claim the state pension when someone defers taking it and delaying drawing the pension currently means that it increases by 10.4 per cent for every full year the claim is deferred.

But on 22 July, Pensions Minister Steve Webb announced that for anyone reaching state pension age on or after 6 April 2016 and who chooses to defer their state pension, the rate of increase will reduce to 5.8 per cent for each full year – an increment rate he described as “actuarially fair”.

The changes mean that someone receiving the new state pension of an estimated £155 a week – which will take effect from 6 April 2016 – would see their annual pension increase by £467 if they deferred for a year, in comparison to £838 at the current 10.4 per cent rate. It is also estimated that the move will save the government £300 million a year by 2030.

Hargreaves Lansdown's head of pensions research Tom McPhail said: “With the population living longer and more people staying in the workforce later, it is hardly surprising that the government has chosen to cut back on this generous rate of return.

“The reduced rate of increase now means that someone choosing to defer for one year will now have to live for around 19 years to benefit from the decision; this compares to only around ten years under the current rate of increase of 10.4 per cent. This might still be an attractive proposition for someone in good health with substantial private savings or who is willing to carry on working.”

Ongoing changes to pension rules and accessibility to funds can be confusing for people thinking about their retirement options, making it a sensible choice to seek advice from expert advisers, like the team at Birchwood.

Employment rises for older workers

Saga's latest employment research has revealed that growth in the number of over-50s in work is outstripping that for younger people.

The figures, published on 13 August, suggest that the contribution of the over-50s to the job market has been steadily rising between the start of the current Parliament in May 2010 and April-June 2014.

In May 2010, just over eight million UK workers were aged 50 or older. That figure had risen to just above nine million over the three months to June 2014. Between May 2010 and June 2014:

- the number of workers aged 16-49 rose by 3.5 per cent, from 20.8 million to 21.5 million

- the number of employees aged 50-64 rose by nine per cent, from 7.2 million to 7.9 million over April
- the biggest increase was in employees aged 65 or older, with a 36.4 per cent increase, to 1.09 million

Saga also calculated that 26 per cent of all employed people were now in the 50-64 age bracket, up from 25.9 per cent a year ago, while 3.6 per cent of all employed people were aged 65 or older, up from 3.4 per cent in the same period.

Paul Green, Saga's director of communications said “Thanks in part to the abolition of the default retirement age, many more older people are able to continue in work for as long as they choose to do so, rather than at the whim of their employer.

“However this good news masks the misery that long-term unemployment causes and more needs to be done to help.”

He said that extending the removal of employers' national insurance contributions for employing younger workers – which will be scrapped for under-21s from April next year – could encourage more bosses “to take a chance on those who have been out of work for some time, but who are desperate to get back into the workplace.”

He added: “We need to stop writing older workers off simply because they have found themselves out of work at an older age; and start making the most of the invaluable skills and experience many have to offer.”

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