



Smaller firms offered help on auto-enrolment

The Pensions Regulator is set to publish a list of pension schemes to help small and micro employers prepare for automatic enrolment.

Research by the organisation, which regulates UK workplace pensions, suggests that one in five (290,000) employers in this category will not seek advice when choosing a pension scheme in which to automatically enrol eligible workers, while one in ten (130,000) do not know how to select a scheme, or think it will be difficult.

Now the regulator plans to publish on its website a list of schemes meeting key criteria, as a starting point for smaller employers to find out what is available. The regulator, which has been seeking views on the proposal in a consultation that closed on 1 December, will make it clear that there may also be more suitable schemes on offer.

Charles Counsell, the regulator's executive director for automatic enrolment, said: "We want to head off the risk that small and micro employers may struggle to comply because they lack the information they need to identify a scheme for their staff."

Meanwhile, new research has found that almost half of the businesses that have so far had to auto-enrol have postponed the process.

Law firm Hugh James found that 4,590 out of 10,817 firms (42.4 per cent) had taken advantage of rules enabling them to delay auto-enrolment by up to three months.

The firm said smaller firms – which will be coming on board in 2015 – tended not to have large HR

and payroll teams, which meant they were likely to rely even more heavily on postponement. Partner Louise Price said: "The biggest reason for businesses to postpone appears to be a general lack of preparation."

Birchwood Investment Management's fully qualified team offers extensive experience in auto-enrolment and other occupational pension issues. Our 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.



Over-40s 'hit by new mortgage rules'

Mortgage lenders are stepping back from offering loans extending into borrowers' retirement, according to a new report.

Research by the Intermediary Mortgage Lenders Association (IMLA), published on 24 November, suggests that people seeking a loan likely to remain outstanding beyond a "normal" retirement age of 65 are suffering from unclear Mortgage Market Review (MMR) rules.

Most private sector employees are now in defined contribution (DC) pension schemes, which can make it difficult to accurately predict pension income and harder for lenders to decide how affordable a loan might be post-retirement.

The MMR requires lenders to ensure mortgages are affordable for the lifetime of the loan. IMLA said this was leading some lenders to impose lower maximum age limits, to avoid potential future accusations of breaching the rules should customers' pensions not be enough to meet mortgage repayments after they retire.

As a result, anyone over the age of 40 could find their mortgage options restricted when seeking a loan with a term that would take their borrowing past the age of 65.

Executive director Peter Williams said: "Restricting access to mortgage credit is the right decision in some circumstances for the consumers' long-term security, but equally there are situations when a refusal to lend can prove to be to the borrower's financial detriment."

He added: "There is still a place for the majority of non-standard borrowers in the post-MMR mortgage market. An expanse of products remain on offer, backed up by expert broker advice which is increasingly vital to help consumers pick their way through the maze and find a product to fit their circumstances."

As an independent advisor, Birchwood can research the whole mortgage market for options, including those offered by less well-known lenders, to source appropriate products as well

as providing support throughout the mortgage application and purchase process. For more information, please contact us.



Webb: Some pension savers will make wrong choices

Pensions Minister Steve Webb has warned that some people will make "the wrong choices" when new pension freedoms take effect in April 2015.

Speaking at the Institute of Chartered Accountants in England and Wales (ICAEW) Retirement Summit in London on 17 November, he said: "This coming April, some people will get it wrong.

"They will make the wrong choices. They will get a worse outcome than if they had, for example, fully taken up our guidance or paid for advice or if they had bought an annuity. That's what

happens when you set people free."

From April 2015, people aged 55 will be able to take their defined contribution pension pot how they want, with 25 per cent tax-free, as it is at present, and any other money withdrawn subject to their marginal – or usual – rate of income tax in that year.

Pension savers will have the freedom to buy an annuity if they wish to do so, take their whole pension pot in one lump sum or keep their pension invested and draw funds from it over a period of time.

The government will be offering a free guidance service for people aged 55 and over from next April, to help them assess their options. Mr Webb told the summit he saw that advice as a "taster" that he hoped would help people "realise that advice might be worth paying for".

At Birchwood, we recognise that the pensions environment is a confusing one and that the imminent changes to pension rules can make it even more challenging to make decisions that will maximise future financial security. For more information on any aspect of pension savings or release, or retirement planning, please contact us.

Eurozone 'must increase older worker numbers'

A new report says that increasing the number of older workers in the labour force could make a significant difference to economic growth over the next 40 years.

The report, published on 20 November by the think tank International Longevity Centre-UK (ILC-UK), revealed that workers aged over 50 contributed 2.5 trillion to the Eurozone's economy in 2013.

But it warned that only around half of workers aged 55-64 in the Eurozone are currently in

employment, adding: "Unless a higher proportion of older people remain in the workforce, total employment could fall by up to 17 per cent over the next 35 years."

Ben Franklin, senior research fellow at ILC-UK said that while older workers were not "a silver bullet" to tackle Europe's economic challenges, the report revealed the huge potential benefits of extending working lives. He said that in long term plans to maximise European productivity, policymakers needed to harness the "power of older workers."

Timothy Fassam, head of public affairs at Prudential, which was involved in the report, said: "Many older people are happy to stay in work for longer. However, there are of course those who would prefer to give up work in their seventh decade but have had to delay their retirement because of insufficient pension savings.

"The best way to secure a comfortable retirement income is to save as much as possible as early as possible, and take the advice of a retirement specialist or financial adviser."

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