



Major pension changes for 2012

The recent Queen's Speech for 2007, written by Gordon Brown, confirmed that the most radical proposals for UK pension provision for many years will be confirmed in 2008 and will come into force in 2012.

Gordon Brown has said that "A bill will place a duty on every employer to contribute to good quality workplace pensions for their employees."

Through the Pensions Bill 2007 the Government will implement a new National Pension Savings Scheme ("NPSS").



So what will this mean?

- The Government plans to create a simple, low cost, centrally managed pension plan.
- The plan is aimed at people who do not currently have access to good quality workplace pensions – generally this will be those on moderate to low incomes.
- "Auto enrolment" into the NPSS will apply to every employee in the UK, aged between 22 and state pension age. This means that everyone will be automatically included in the scheme unless they specifically elect to opt out, or if their company has been made exempt because of their existing pension provision.

How will the NPSS affect existing company pension provisions?

- A simple test will measure the quality of each existing plan.
- The existing plan could then operate instead of, or alongside NPSS.
- If a company wishes to keep its existing plan, the plan will need to be on equal or better terms than the NPSS in order to be approved.

Essentially, what this means is that if you are an employer in the UK, you will need to ensure that either your existing pension arrangements are equal to the NPSS, or you will need to adopt NPSS proposals.

The plan can most definitely be a positive thing, but companies do need to make sure they are ready. Oval will be working with clients to review their existing pension arrangements to make sure that everyone is well prepared, and to offer help and guidance on the new NPSS standards.

To find out more about what NPSS might mean for your company, contact Paul Cooper at Oval on 0115 937 1307 or email paul.cooper@theovalgroup.com