

New pensions regime on the way

Future generations of workers cannot be left struggling to pay for an ageing population. This was the key message from Government, ahead of the second reading of the Pensions Bill 2007.

A main proposal of the bill is the automatic enrolment of all eligible employees into either a qualified workplace scheme or personal accounts, with employer contributions of a minimum three per cent and employee contributions of four per cent.

In this way, it is hoped to overcome the inertia that currently sees just four workers in every 10 saving into a private pension scheme. Under the new scheme, the minimum employer contribution and tax relief will mean individuals' contributions are matched pound for pound.

While the Government emphasised the responsibility that an individual has for saving towards his or her own future, in time the new regime will place an additional responsibility on employers too – and many will seek to have their systems in place before the Act is implemented.

Any business seeking an independent review of their current employee benefit arrangements would be well advised to talk through their plans with a legal employment specialist. For further information, please contact Claire Bell on 0115 9 100 200 or email enquiries@actons.co.uk.



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