



Auto-enrolment; making it work

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auto-enrolment - the employee perspective

Nigel Stanley
*Head of Campaigns and
Communications*
Trades Union Congress



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We can't go on like this

The last few decades have seen:

- Employer retreat
- State retreat
- Individuals not plugging the savings gap





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The decline of private sector pensions

- replacement of DB by DC is too simple an account
- bigger trend is the growth of those with no employer-backed pension
- DB to DC is not just transfer of risk
- but cut in contributions ... and increasingly
- poorer governance as GPPs replace trust-based schemes



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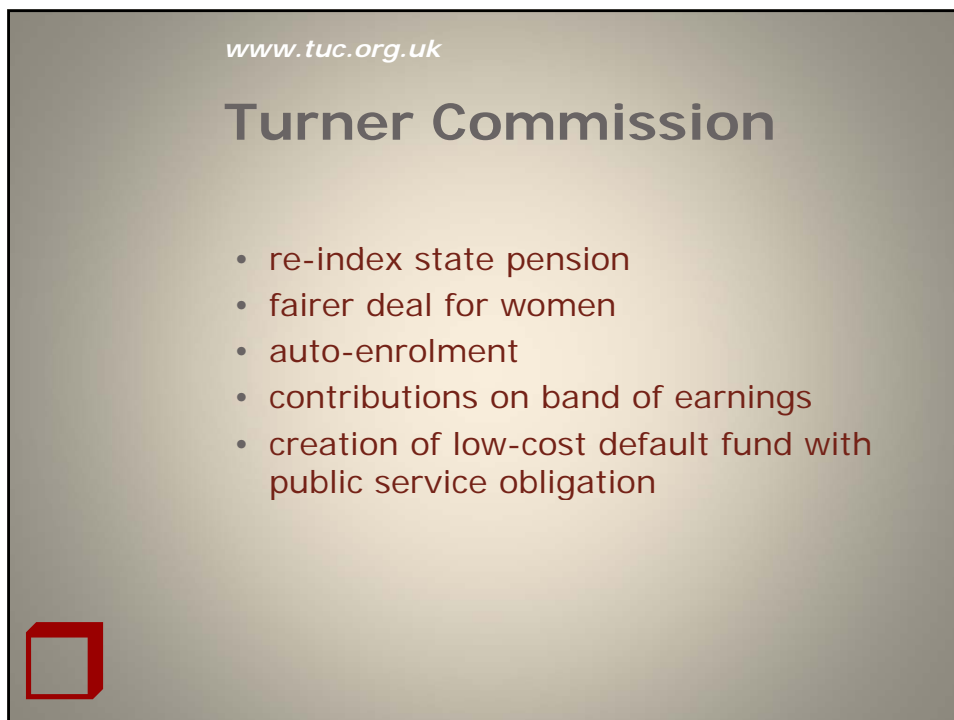
Forty years on

	1966	2006
Private sector	8 million	3.6 million
Public sector	4 million	5 million
		(includes part-timers)





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The road to 2012

- Commission's proposals won wide consensus support
- Unions say that this is progressive step-change
- New consensus is a new set of things to agree and disagree about – not an end to debate
- new government's review minor changes only



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2012 – what's good

- auto-enrolment/nudge
- employer contribution
- NEST is good challenge to industry
- state-pension changes (more to come)
- end of default retirement ages





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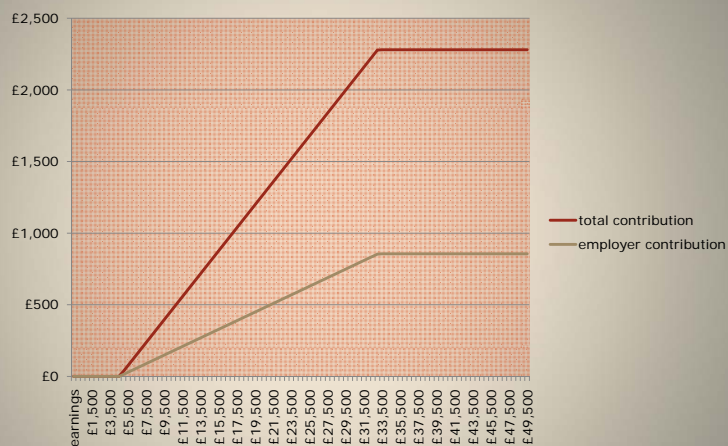
2012 – what's not so good

- It's been too slow
 - staging
 - phasing
- NEST too hobbled
 - no transfers in or out
 - contribution cap
 - no lump-sums
 - but review rightly recommended change
- It's not ambitious enough



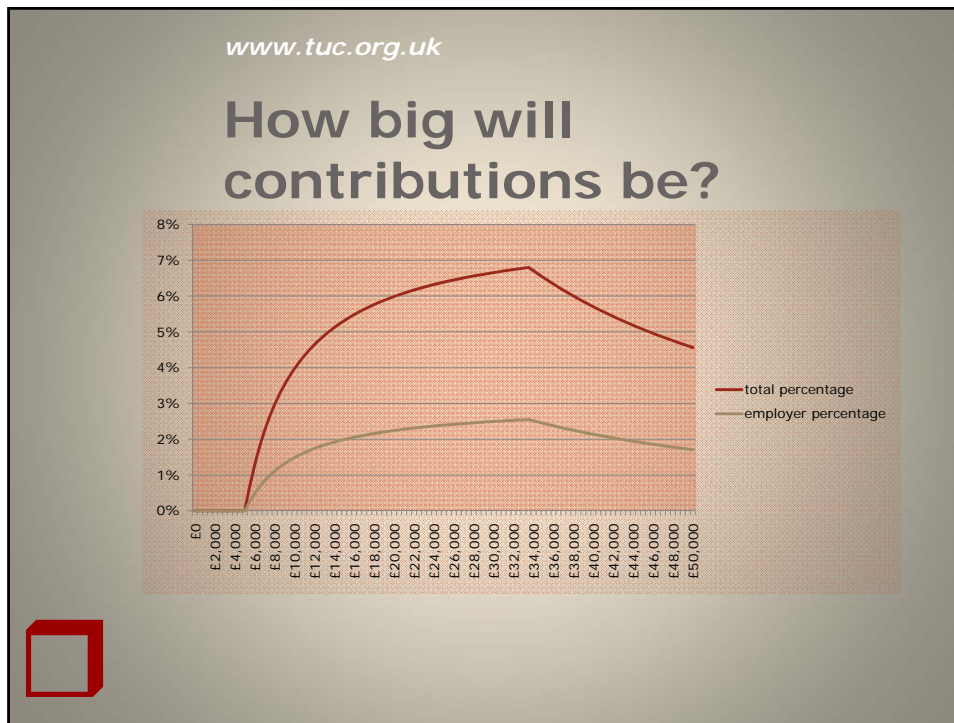
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The effects of the band





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Perfect should not be the enemy of the good!

- These are not arguments against 2012
 - levelling down
 - means-testing
- 2017 review

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Practical issues

- worries
 - three month waiting period
 - hostile media encouraging opt-out
 - some employer schemes may not be quite right for lower paid
- strengths
 - NEST is good practical choice
 - new test for self-certification is a good practical compromise



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A new consensus ... but not the end of debate

- better DC
- better state provision
- flexible retirement
- labour market for older workers

