TISA

tax incentivised savings association

Response by TISA to

The Department of Work & Pensions consultation paper March 2013

Technical Changes to Automatic-Enrolment

May 2013

The Tax Incentivised Savings Association – TISA has a growing membership of over 120 organisations interested in the UK market for retail financial services products, from Child Trust Funds, through Individual Savings Accounts to Pensions. We have Advisory Councils in Retirement Saving, Wraps and Distribution, whose observations and thinking have contributed to this response. We are distinguished by the very wide scope of our membership, from Banks, though Investment Houses and Life and Pension providers, to Distribution organisations and IFAs. We are not, therefore, restricted to representing a sector approach, but rather the views of a very broad church indeed. We also, as an organisation, start from the principle that what is good for the consumer must, in the long term, be good for the business of our membership.

CONSULTATION RESPONSE

TISA is pleased to have the opportunity to respond to this Consultation. Whilst we would not propose to respond in detail to all the consultation questions, we would wish to make the following observations.

Technical Changes

- TISA welcomes the DWP proposed series of technical changes to the Auto-Enrolment regulation. The overall intention of making it easier for employers to use existing payroll processes whilst checking for worker eligibility is a positive move. However, our members remain concerned around the cost and timings of these proposals. Payroll process adjustments are up against tight deadlines. We also note that some proposals become effective from April 2014, whilst some employers could be impacted earlier.
- **Defining pay reference periods for assessing automatic enrolment dut**ies **–** we believe more clarity of the proposals will be required here. While these changes may not impact the majority of employers, this is a welcome proposal for employers in certain sectors where they operate weekly payrolls based on timesheet submissions where each individual is paid in one pay period for work completed in a prior one. For large numbers of employers in this sector, this is the only practicable method for meeting their requirements.
- **Defining pay reference periods for assessing scheme quality –** This is a more sensible way of undertaking this assessment as it ensures that people with fluctuating earnings know what their contributions are at the point they are paid rather than having adjustments made at the end of the year.
- **Introducing consistency for contribution payment deadlines for all joiners –** this is a good pragmatic solution
- **Jobholders who opted out of pension saving before automatic enrolment-** a technical change that we support.
- **Changing the form and content of the Opt out notice –** a change we support
- **The "joining window" –** the proposal is a sensible and much needed solution
- **Test Scheme Standard** -understand the principle but early test will prove whether this is workable.

Other changes

- We believe the papers recognition that further consultation into the area of excluding certain categories of worker from auto enrolment and other possible easement for employers is vital to the success of workplace pensions
- **Enhanced/fixed tax protection cases –** this is very welcome news. However, precise detail on how this exemption will work and the circumstances in which it will apply are not yet known. This is an area our members are eagerly awaiting news. In the meantime employees with fixed or enhanced protection still need to opt out within the first month in order to maintain their tax protection.
- **Possible easement for employers that auto-enrol all staff –** This is a welcome change. We think it would be helpful if the statutory opt-out rules applied to all workers who are automatically or contractually enrolled.

Summary

There are many positive and encouraging technical changes proposed in the paper that TISA supports. We are however, concerned that small to medium sized employers and their payroll providers will struggle to engage with this challenging regulation.

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