



Press Release

Thursday 24th June 2010

RISING RETIREMENT AGES INEVITABLE, AND 2012 AUTO-ENROLMENT MUST BE WORKABLE

The National Association of Pension Funds (NAPF) commented on announcements about the UK pension system made this morning by Iain Duncan Smith and Steve Webb.

On the **state retirement age**, Joanne Segars, NAPF Chief Executive, said:

"People are living longer and that means retirement ages will have to rise.

"But we cannot have workers retiring later and later on an inadequate state pension. The UK has one of the lowest in the developed world, and it is also too complicated. The trade-off for working later should be a better state pension.

"We also need to ensure that the right jobs are available to people in later life, together with increased levels of employer flexibility."

The NAPF proposes scrapping the existing state pension system and creating a Foundation Pension for all that would be worth £8,000 a year. This would take 2m pensioners out of means testing, and give pensioners £25 more a week. The Foundation Pension would partly be paid for by increasing the state pension age to 70 by 2046.

On the **review of 2012 pensions reforms**, Ms Segars said:

"The Government is right to focus on ensuring that auto-enrolment works well. It must be simple and cost-effective for employers to auto-enrol their staff into existing, good quality pensions. If that does not happen, there's a greater risk that employers will 'level down'.

"However, this is a wide-ranging review that challenges some of the long-established elements of the 2012 package. The Review must not forget that the reforms are designed to help 10 million people who are not prepared for retirement, or who have missed out on pensions saving. That will be best

achieved through providing access to high quality, well run, low cost schemes, including NEST.

“Auto-enrolment and NEST alone will not reinvigorate private pensions. The Government must work with the NAPF and others to support trustees and employers in strengthening today’s occupational pensions.”

Notes:

1. The NAPF is the leading voice of workplace pensions in the UK. We speak for 1,200 pension schemes with some 15 million members and assets of around £800 billion. NAPF members also include over 400 businesses providing essential services to the pensions sector.

2. Contact the NAPF press office to find out more about the Foundation Pension proposals. Contact Paul Platt, Head of Media and PR, NAPF, 020 7601 1717 or 07917 506 683. paul.platt@napf.co.uk