

## **PRESS COMMENT**

**Wednesday, 28 March**

The Pensions Regulator's (TPR) Employer Survey published today, shows the majority of employers are supportive of the increase in minimum contributions next month.

**Malcolm McLean, senior consultant at Barnett Waddingham, said;** "It is good to note that the majority of employers are supportive of the increase in minimum auto-enrolment contributions next month.

"A third of small employers already pay above the minimum and even though it's not a legal requirement, most employers said they intend to write to their staff about the changes.

"TPR is therefore right to be optimistic that, insofar as employers are concerned, in the majority of cases the forthcoming contribution changes will be accepted and absorbed into their payroll processes without any undue difficulty.

"The bigger question perhaps is how will the employees themselves react to the increases – bearing in mind that for those paying the minimum rate of currently 1% of earnings they will experience a threefold increase to 3%?

"Here again, although the outcome is not 100% certain, there is reason to anticipate a relatively successful outcome. There will undoubtedly be some opt-outs but the amounts involved are not large and coinciding as they do with an increase in the national minimum wage and the possibility of an annual wage rise for some employees the net result may be fairly minimal. Indeed in the knowledge that the employer is paying in more on their behalf it should be possible for employees to see this as a pay rise not a reduction, albeit that they are having to pay in a little more now but receiving a greater reward in their pension over the longer term."

**- Ends -**

### **For further information:**

STEPH ADMANS

PR manager

01494 788112 / 07590 176736

Steph.admans@barnett-waddingham.co.uk

CALI SULLIVAN

PR executive

01494 788813

cali.sullivan@barnett-waddingham.co.uk



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