

# Review of Automatic Enrolment – Advisory Group Terms of Reference

## 1. Purpose

1.1. The purpose of the Advisory Group ('the group') is to support the work of the DWP review team conducting the Review of Automatic Enrolment ('the review') by providing advice, insight and a challenge function. The group will comprise three chairs each leading on a key theme within the review (3.1 below) with supporting membership from a range of experts. Advice will be provided by the group to the DWP review team to inform DWP's development of a report to the Secretary of State for Work and Pensions.

1.2 Together the advice from the group should reflect the views of key interest groups, such as representatives of employers and individuals, pension providers and professional advisers.

1.3 The work of the group will have regard to s149 of the Equality Act and the principles of fairness, affordability and sustainability in providing advice on future policy development through:

- Ensuring that automatic enrolment continues to meet the needs of individual savers while,
- Balancing the needs of individuals with the costs to employers, where possible minimising the administrative burden on employers; and
- Ensuring value for money for the taxpayer.
- Recognising consistency with other recent developments in the wider pensions and savings landscape.

## 2. Context

2.1 The purpose of the review is to build on the success of the automatic enrolment programme, and to focus on how to ensure that the programme continues to meet the needs of individual savers for the future, and that the technical operation of the policy is working as intended.

2.2 Since the 2010 review - Making Automatic Enrolment Work - and the beginning of the roll-out of the programme in 2012, there have been major changes in the pensions and savings landscape, and the labour market, and the group will reflect on the wider context within which automatic enrolment sits and issues including:

- Automatic enrolment policy; the timetable for phased increases in contributions, current thresholds and the forecast for staging through to 2018.
- Policy changes; including the introduction of the new State Pension, changes to the State Pension age and the introduction of the Fuller Working Lives agenda; pension freedoms and the Lifetime ISA.
- The Advisory Group should also be aware of and take into consideration the examination of the level of the charge cap that is being undertaken in 2017. This work will also consider whether some or all transaction costs should be covered by the charge cap, which applies to the default arrangement of schemes used for automatic enrolment.
- The Department's examination of the technical operation of automatic enrolment and potential simplification measures.

- The evolving labour market, including having regard to the Taylor Review and the introduction of the National Living Wage.

### 3. Scope

3.1. The group will provide evidence-based advice (the evidence and data gathering process where relevant will be in accordance with accepted standards and best practice) on three themes:

- a) Strengthening the **engagement of individuals with workplace pensions** so that they have a stronger sense of long-term personal ownership and are better enabled to understand and maximise savings.
- b) The existing **coverage of automatic enrolment** and the balance between enabling as many people as possible to save in a workplace pension whilst ensuring that it should make economic sense for them to be included.
- c) Strengthening the evidence base around **appropriate contributions into workplace pensions**.

### 4. Resources

4.1. The group will work closely with DWP, and will be supported by the DWP review team. DWP will lead on any options analysis and economic modelling and provide all secretariat support for the group.

### 5. Deliverables

5.1. The group must submit their advice to DWP, which will be reflected in a report produced by the DWP review team for the Secretary of State. The report will be laid before Parliament during 2017.

### 6. Membership

6.1. The three chairs of the group and lead areas are:

**Ruston Smith** (Trustee Director at Peoples' Pension) – strengthening personal engagement.

**Jamie Jenkins** (Head of Pensions Strategy, Standard Life) – coverage of automatic enrolment

**Chris Curry** (Director, Pensions Policy Institute) – evidence base on future contributions.

The other members of the Advisory Group are:

| Member | Organisation      |                                                                   |
|--------|-------------------|-------------------------------------------------------------------|
| 1      | Carl Emmerson     | Deputy Director, Institute of Fiscal Studies                      |
| 2      | Jane Vass         | Head of public policy, Age UK                                     |
| 3      | Neil Carberry     | Director for people and skills, Confederation of British Industry |
| 4      | Linda Ellett      | KPMG, partner – Tax and Pensions Practice                         |
| 5      | Nigel Stanley     | NEST Members' Panel, Chair                                        |
| 6      | Jocelyn Blackwell | Trustee Director NOW: Pensions                                    |
| 7      | Judith Hogarth    | Pensions policy for the EEF                                       |

All members have agreed to the terms of reference and appropriate confidentiality agreements.