

PENSIONS POLICY INSTITUTE

PPPI

Automatic enrolment
changes

This report is based upon modelling commissioned by NOW: Pensions Limited.



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Automatic Enrolment Changes

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Report Summary

In 2017 there will be a review of automatic enrolment. Although a number of aspects that were to be included have already been addressed, it is possible that the Department for Work and Pensions (DWP) will expand the remit to include other elements, such as the earnings trigger and the qualifying earnings band.

Analysis of the employed population from the Labour Force Survey¹ identifies the number and the nature of people that will be affected by the removal of the earnings trigger and earnings band on contributions. Specifically:

- 3.3 million individuals would become eligible for automatic enrolment if the earnings trigger was removed.
- All members of an occupational pension scheme could be affected by an increase to minimum contribution levels.
- 77% of employees earning less than the trigger income are women.
- Over 50% of part-time workers earn less than the trigger income, and 81% of part-time workers are women.
- 70% of people are married at State Pension age (SPa) and household income will reflect this.
- Over 40% of employees earning less than the trigger income are in receipt of child benefit.

In addition, the PPI has modelled a range of individuals and couples and their pension saving under different variations; through:

1. Removing the band earnings; and
2. Removing both earnings band and earnings trigger.

Key findings from the private pension saving analysis:

- At the National Living Wage (NLW) 8% of band earnings is less than 4.5% of total earnings.
- Paying contributions of 8% of total earnings would cost an employee, who works full-time at NLW, an additional £4.50 per week, with a total of £9 per week extra going into their pension pot (made up from employee, employer and tax relief). The additional saving could result in an additional £29,000 (87%) into the final pension pot.
- For individuals who have taken a seven year career break and worked part-time for a while before coming back to full-time work until the end of their career, the final pension pot could increase by £10,000 (86%) by removing the earnings band, and by £22,000 (190%) by removing the earnings trigger and band.
- Someone with multiple part-time jobs could increase their final pension pot by £29,000 (140%) by removing the earnings band and by £41,000 (200%) by removing the earnings trigger and band.

¹ LFS (2016) *Quarterly Labour Force Survey, April - June, 2016*

- A high earner, at the 90th percentile of earnings, will benefit from the removal of both the upper and lower bands, and could achieve a final pension pot £72,000 (over 40%) higher.

Key findings from the post-retirement income analysis:

- The additional saving could result in an additional £24 per week of private pension income in retirement from the contributions made on earnings below the lower band.
- For a couple where one has taken a seven year career break and worked part-time to bring up a child, their household income could increase by £27 per week (all band earnings) or by £37 per week (no earnings trigger) in retirement.
- The additional private pension income may reduce an individual's entitlement to means-tested benefits.

The analysis is designed to help improve the discussion and debate on the automatic enrolment thresholds. The research does not make recommendations as to the appropriate direction of future policy, but is designed to provide independent evidence to allow policy development to be well informed.

Introduction

Background

In 2017 there will be a review of automatic enrolment. Although a number of aspects that were to be included have already been addressed, it is possible that the Department for Work and Pensions (DWP) will expand the remit to include other elements, such as earnings trigger and the qualifying earnings band.

Project purpose and scope

NOW: Pensions are looking to produce data and evidence that can be fed into the review and have commissioned the PPI to model a selection of scenarios that look at the effect of removing the qualifying earnings bands and removing the earnings trigger. Each scenario is applied to a number of different profiles both individually and as part of a couple, reflecting a different range of earnings and working patterns as identified by NOW: Pensions.

For each of these aspects, on their own and in combination, we identify and analyse the group of individuals within the population who would become eligible for automatic enrolment. This is done across two dimensions:

- Identifying the population who will become eligible for automatic enrolment in terms of numbers and segmentation across age, gender, disability, ethnicity, and industry sector.
- Illustrating the potential pension saving outcome for individuals who become eligible for automatic enrolment.

Current system

Under current legislation, employees between age 22 and State Pension age (SPa) are eligible for automatic enrolment into a scheme chosen by their employer, with employees having the right to opt-out. The annual earnings threshold above which every employee should be automatically enrolled is £10,000 (2016/17) (within a single employment). Contributions are payable on band earnings over £5,824 and up to a limit of £43,000 (2016/17).²

The minimum required level of contributions employers and employees make into a pension scheme is being phased to reach 8% of band earnings by 2019.³ This 8% will be made up of 3% from the employer, 4% from the employee and the remainder from the Government (through tax relief).⁴

The review of the thresholds for 2016/17 froze the value of the earnings trigger at £10,000 and the lower limit of the qualifying earnings band at £5,824.⁵ This was a real terms decrease in the value of the trigger, which brought an additional

² The Pensions Regulator (2016) *Automatic enrolment earnings threshold*

³ DWP (2012) *Revised implementation proposals for workplace pension reform July 2012*

⁴ The tax relief may be higher for those people who pay higher-rate tax

⁵ DWP (2015) *Review of the automatic enrolment earnings trigger and qualifying earnings band for 2016/17: supporting analysis*

130,000 individuals into the qualifying population and an associated increase in pension savings of £6 million when compared to raising the threshold in line with earnings inflation. The real terms decrease of the lower limit results in an increase of around £31 million of pension saving. However, only increasing the upper limit of the qualifying earnings band in line with the 2016/17 National Insurance contributions Upper Earnings Limit of £43,000 leads to a reduction in real terms, to the level of pension saving in 2016/17 of £14 million. The combined impact, after interactions, of these changes is estimated to increase the level of pension saving by £23 million.⁶

Anyone who is not automatically enrolled into a workplace pension because their earnings are below the trigger has the right to opt-in, and will receive an employer contribution as long as they earn above the lower limit of the qualifying earnings band. Employers are required to provide information to individuals about their opt-in rights.

Individuals who are self-employed are not considered in this report, as they are currently outside the scope of automatic enrolment. This report does not assess the affordability of the changes to contributions and how this affects take home pay or could increase costs to employers and the State. The report does not consider any potential behavioural response.

Figures presented in this report have been rounded and are presented in current (2016) earnings terms, therefore, totals may not sum exactly.

⁶ DWP (2015) *Review of the automatic enrolment earnings trigger and qualifying earnings band for 2016/17: supporting analysis*

Chapter 1: Changes to the system

The Policy options

Three scenarios were modelled to illustrate the effect of changing the qualifying earnings band and earnings trigger, specifically:

1. Base scenario - current system with existing band earnings and triggers.
2. Variation 1 - as base but expanded to include all earnings.
3. Variation 2 - as variation 1 but with the earnings trigger removed.

Modelled scenarios

Base scenario (Current system)

This scenario is used as a baseline for comparison with the two variations and represents the current system after the phasing in of 8% of band earnings contributions in 2019.

Variation 1 (No band earnings)

This first variation removes the earning bands so that minimum contribution rates apply to an employee's entire salary. For an individual working 35 hours per week on the National Living Wage (NLW) (£7.20 in 2016-17) earning £13,104 per year, pension contributions will be 8% of £13,104 per year (£1,048). Compared to the current system where contributions would only be payable on band earnings resulting in a contribution of £582 per annum, at an effective contribution rate of 4.4% of total earnings.

Variation 2 (No earnings trigger or band earnings)

The second variation removes the earnings trigger as well as the earnings band. Subject to age restrictions, all employees will be automatically enrolled however low the earnings, and receive pension contributions on their whole earnings. This may result in an individual making contributions to a private pension when they do not pay National Insurance contributions and may not accrue a qualifying year towards the new State Pension.

Employees can be divided into two categories (subject to meeting age restrictions):

- **Those who earn above the threshold of £10,000** - they are eligible for automatic enrolment under the current system and will be affected by Variation 1 (no band earnings).
- **All employees** - people will be affected by Variation 2 (no earnings trigger or band earnings), regardless of the salary earned.

The contribution rate depends on the scenario:

- Under the current system the 8% of contribution is split by salary bands.
- Under no band earnings the 8% of contribution is effective above the threshold of £10,000.
- Under no earnings trigger or band earnings, the 8% of contribution impacts all employees who are subject to band earnings.

Removing both the earnings band and trigger would result in individuals contributing 8% of earnings, whereas under the current system, for those earning £10,000 per annum, their effective contribution rate is 3.3%. The comparison between annual and the effective contribution rate over the different scenarios considered is shown in the table below (Table 1.1). The table also considers earnings of a full-time worker on NLW (£13,104) and a part-time worker who works two days a week (£5,242).

Table 1.1: Annual and effective contribution under variations

Annual salary	Current system		No band earnings		No earnings trigger or band earnings	
	Annual contribution	Effective contribution rate	Annual contribution	Effective contribution rate	Annual contribution	Effective contribution rate
5,242	0	0.0%	0	0.0%	419	8.0%
5,824	0	0.0%	0	0.0%	466	8.0%
10,000	334	3.3%	800	8.0%	800	8.0%
13,104	582	4.4%	1,048	8.0%	1,048	8.0%
20,000	1,134	5.7%	1,600	8.0%	1,600	8.0%
30,000	1,934	6.4%	2,400	8.0%	2,400	8.0%
43,000	2,974	6.9%	3,440	8.0%	3,440	8.0%
50,000	2,974	5.9%	4,000	8.0%	4,000	8.0%
60,000	2,974	5.0%	4,800	8.0%	4,800	8.0%

A system that has no earnings trigger or band earnings, there will be an additional cost of extra contributions.

Employees will be asked to increase their contributions by £4.50 per week and it is possible that this could increase opt-out rates.

There would also be increased costs for employers, including the public sector, through higher contributions and for the state through more tax relief. However, some employers are already meeting these costs, for example using contractual enrolment schemes for all staff (including those earning less than £10,000) and with contributions based on all earnings. Where this is the case, the extra costs would not arise and there would be no impact on employees.

The modelling assumes no transitional arrangements, and generates answers based on an immediate move to the alternative system.

Chapter 2: Individuals who would be affected

Identifying the population who will become eligible for automatic enrolment

This analysis aims to understand the number and nature of individuals who would become eligible for automatic enrolment under no band earnings and no earnings trigger. Analysis of the Labour Force Survey (LFS) data, April-June 2016, identifies the key characteristics of those who may be affected by removing the restrictions.

Various characteristics have been considered, including:

1. **Gender** – which impacts career paths and often influences caring responsibilities.
2. **Marital status** – income is generally received and spent at a household level.
3. **Ethnicity** – ethnicity reflects cultural working practices and attitudes to finance and financial support.
4. **Whether receiving child benefit or carer's allowance** – these individuals generally work fewer hours to be able to support their caring commitments.
5. **Whether working full or part-time** – those working reduced hours are less likely to meet income thresholds.
6. **Whether they have a second job** – under the current system jobs are treated independently.
7. **Industry sector** – different sectors have different working practices and income levels.
8. **Type of household** – the make-up of a household reflects the potential for other incomes within a household.

Under no band earnings any individual already automatically enrolled will be affected by the change, which consists of a pension contribution of 8% total salary instead of a different percentage based on the individual's earnings band.

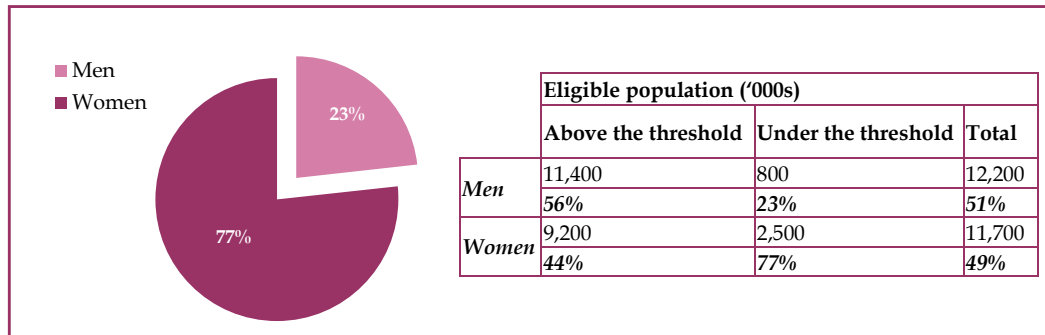
Figures presented in this chapter are age restricted (between 22 and State Pension Age (SPa)) unless otherwise stated. Within the age restriction for automatic enrolment in the working population, 14% (3.3 million) earn less than £10,000 per year and 86% (20.6 million) earn more than £10,000 per year.

The remainder of this chapter detail the key results of the analysis for each characteristic described above.

Gender

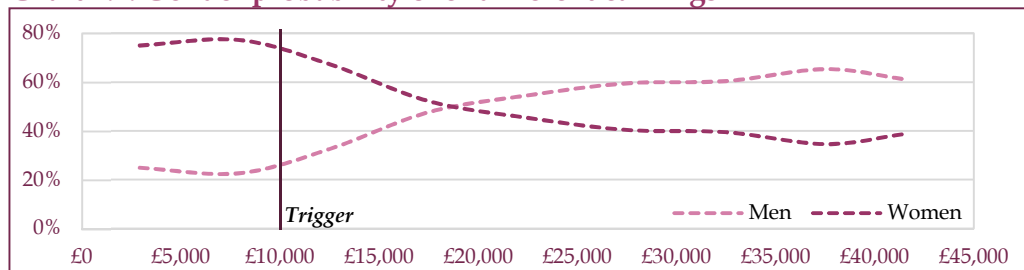
Considering employees who meet the age criteria, 6% of men and 22% of women could be made eligible for automatic enrolment if the earnings trigger and earnings bands were to be removed as they earn less than £10,000. There would be over 3.3 million more people eligible for automatic enrolment of which 77% are women, Chart 2.1.

Chart 2.1: Population under the annual earnings threshold (£10,000) by gender



Lower earners are more likely to be women. Under the current trigger income level over 75% of employees are women (Chart 2.2).

Chart 2.2: Gender probability over different earnings

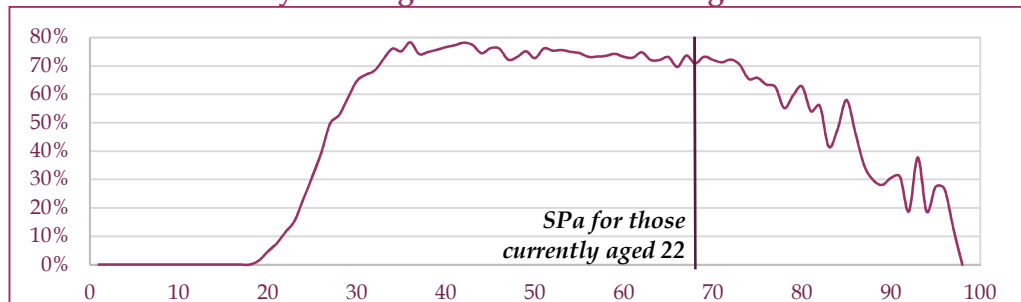


Marital status

'Married' includes civil partners and those cohabiting and assumes that income is received and spent at a household level.

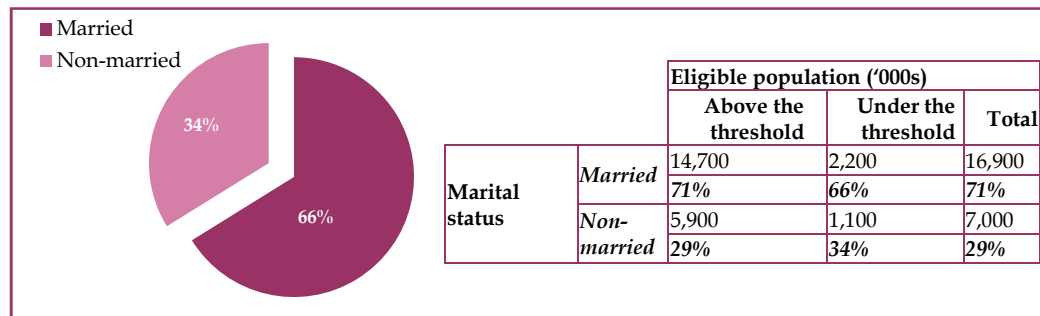
From age 30 onwards, more individuals are married than single. The analysis shows 13% of married and 16% of non-married individuals will be affected by the removal of the earnings trigger. Individuals who are married are unlikely to be in receipt of means-tested benefits after reaching SPa. At 67 (SPa for those currently aged 22), approximately 70% of individuals are married (Chart 2.3).

Chart 2.3: Probability of being married at different ages



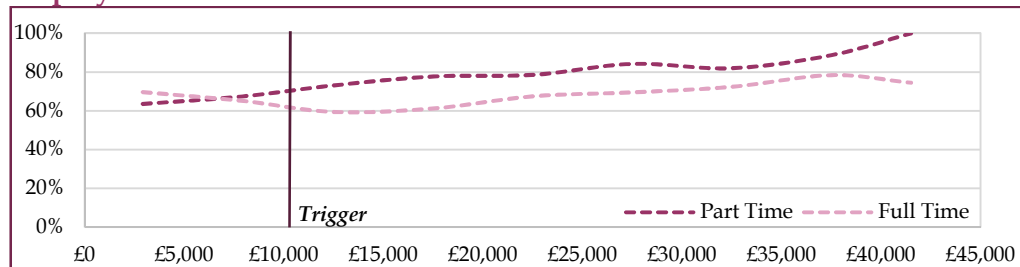
Of the 14% of employees earning below the income trigger, 66% (2.2 million) are married, compared with 71% of those earning more than £10,000, (Chart 2.4).

Chart 2.4: Probability of being under the annual earnings threshold by marital status



The probability of being married is 66% for those earning less than £10,000 for both part-time and full-time employees (Chart 2.5).

Chart 2.5: Probability of being married, split by full-time and part-time employment

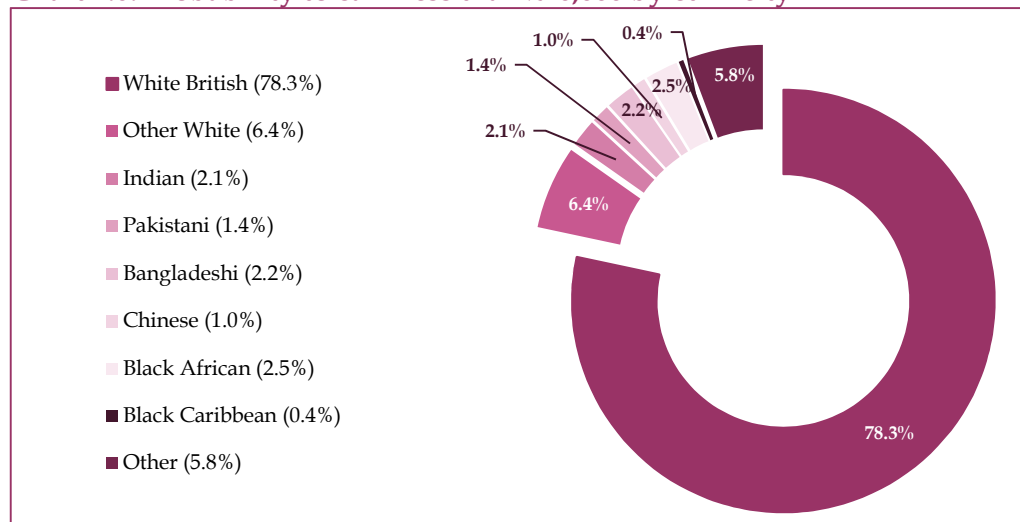


Ethnicity

The LFS data related to ethnicity looks at people who live in England and Wales.

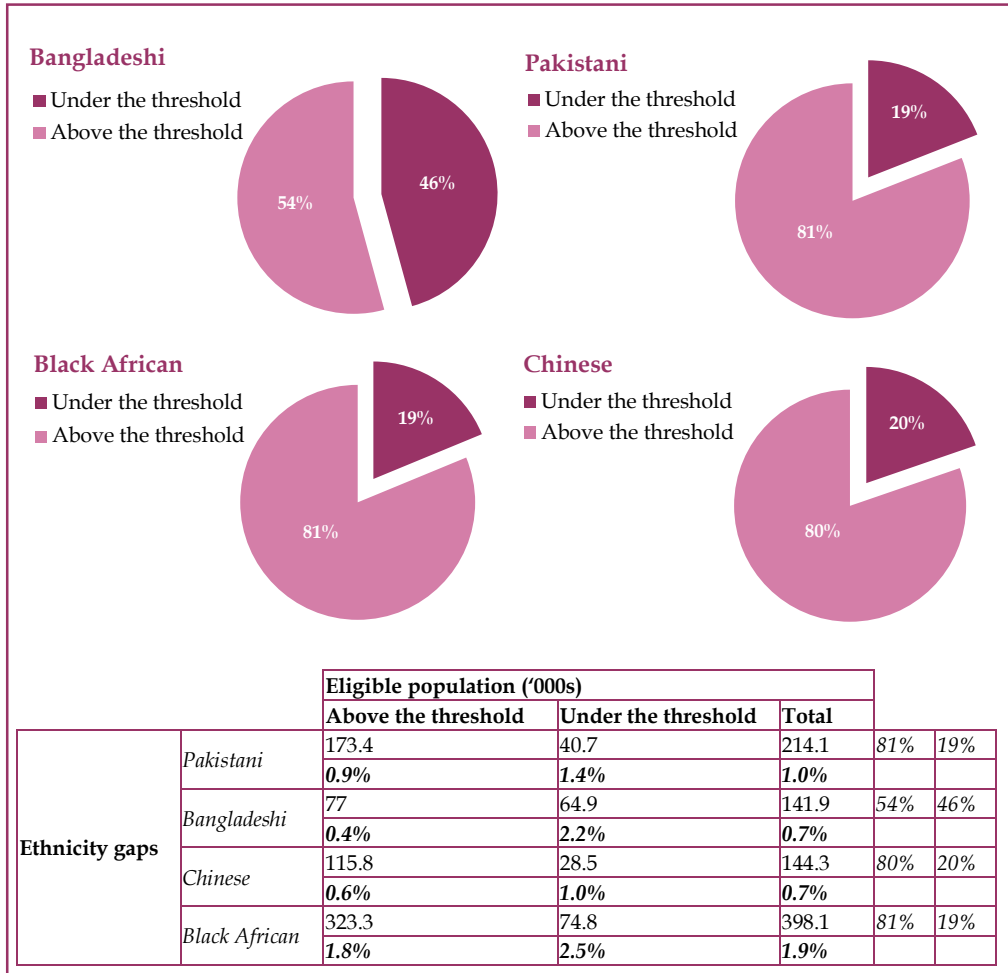
In absolute terms, having no band earnings or no earnings trigger will have a greater impact on white British individuals than ethnic minorities as they represent about four-fifths of all the people who earn less than £10,000 (Chart 2.6). The proportion of white British individuals who earn less than £10,000 is consistent with the entire population

Chart 2.6: Probability to earn less than £10,000 by ethnicity



Proportionately, some ethnic minorities, for example Bangladeshi, Pakistani, Chinese and Black African will be more affected, as the amount of those who earn less than £10,000 is higher than the population as a whole (Chart 2.7).

Chart 2.7: Probability of being under the annual earnings threshold by ethnicity



Individuals receiving child benefit or carer’s allowance

People receive child benefit if they are responsible for a child under 16, or under 20 if they stay in approved education or training. Only one person can claim child benefit for a specific child.⁷

People might be able to receive a carer’s allowance if all of the following conditions apply:

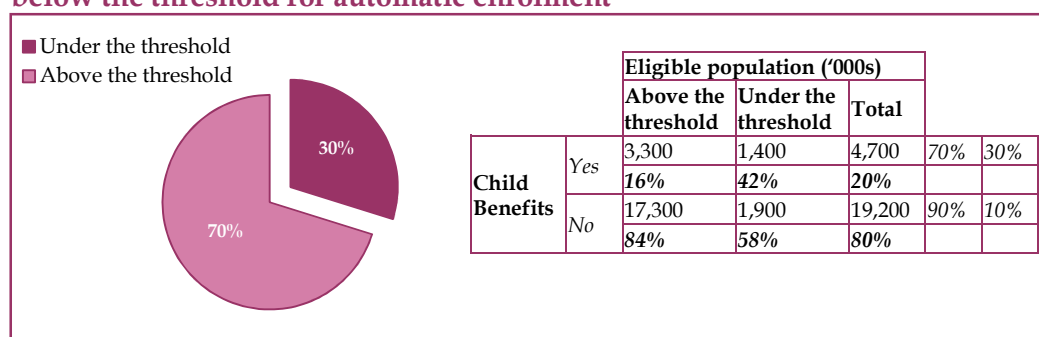
- 16 years old or over.
- Spend at least 35 hours a week caring for someone.

⁷ GOV.UK (2016) *Claim Child Benefit*

- Have been in, and normally live in, England, Scotland or Wales for at least 2 of the last 3 years.
- Not in full-time education or studying for 21 hours a week or more.
- Earn no more than £110 a week.
- Not subject to immigration control.⁸

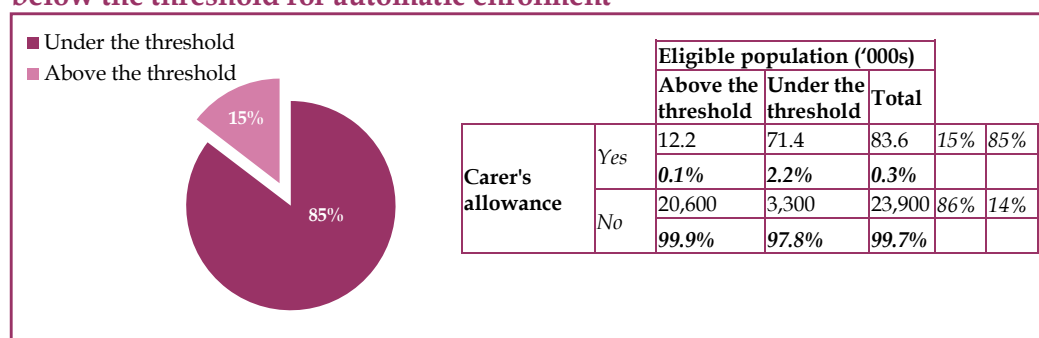
An individual who has a career break to care for a child, who receives child benefits, and earns less than £10,000 accounts for 30% (1.4 million) of the population who receive those benefits (Chart 2.8). This individual could be a mother or a father, but the data shows that carers are more likely to be women than men.

Chart 2.8: Probability of someone who gets child benefits being above or below the threshold for automatic enrolment



Individuals who have a break in their career are more likely to earn less than the annual earnings threshold above which employees should be auto-enrolled. 85% of people (71,400) who receive carer's allowance earn less than £10,000 (Chart 2.9).

Chart 2.9: Probability of someone who gets carer's allowance being above or below the threshold for automatic enrolment



Working full-time or part-time

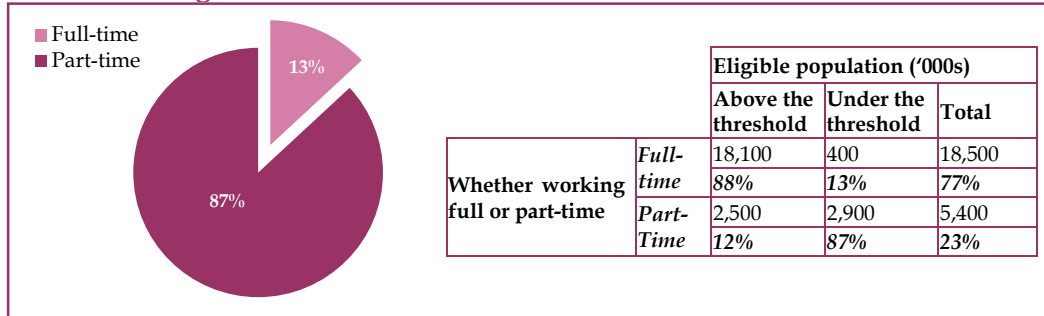
There is no specific number of hours that defines full or part-time, but a full-time worker will usually work 35 hours or more a week. Working reduced hours

⁸ GOV.UK (2016) *Carer's Allowance*

means less income and therefore these people may be more likely to be under the threshold income.

For a part-time worker the probability of earning an annual amount which is less than £10,000, is about 53%. 87% of workers under the annual earnings threshold are part-time (Chart 2.10).

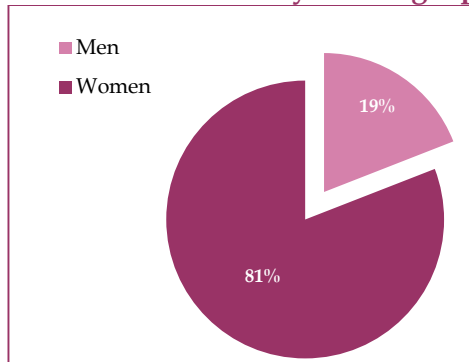
Chart 2.10: Probability of part-time and full-time workers of being under the annual earnings threshold



51% (12.2 million) of men and 49% (11.7 million) of women are in employment and within the age qualification range for automatic enrolment. Splitting them between full-time and part-time workers the proportion is:

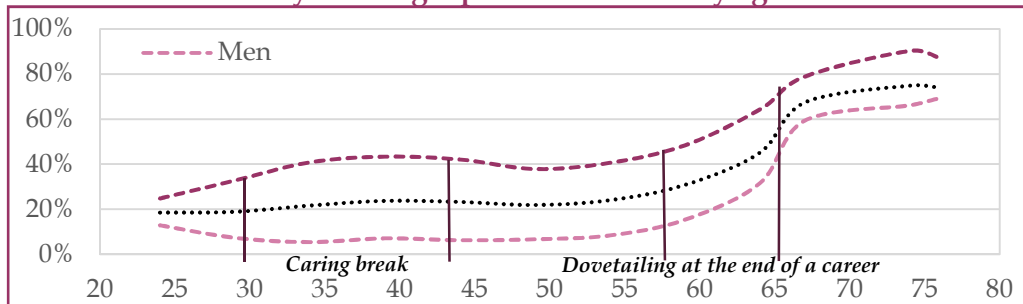
- Full-time - 60% of men versus 40% of women.
- Part-time - 19% of men versus 81% women (Chart 2.11).

Chart 2.11: Probability of being a part-time worker by gender



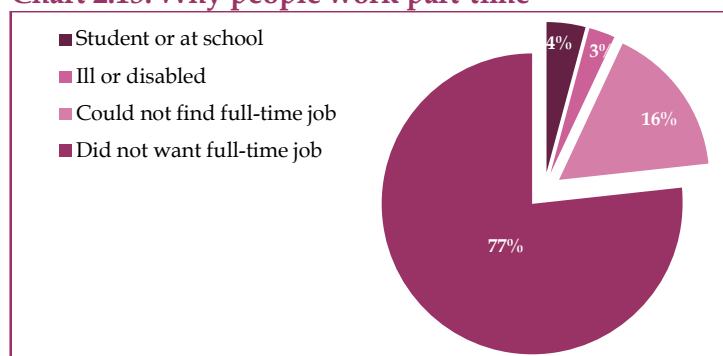
Individuals are more likely to work part-time towards the end of working life. (Chart 2.12).

Chart 2.12: Probability of being a part-time worker by age



According to LFS data there are a numbers of reasons why people decide to work part-time. Three-quarters of them do not want a full-time job and one-sixth could not find a full-time job instead (Chart 2.13).

Chart 2.13: Why people work part-time



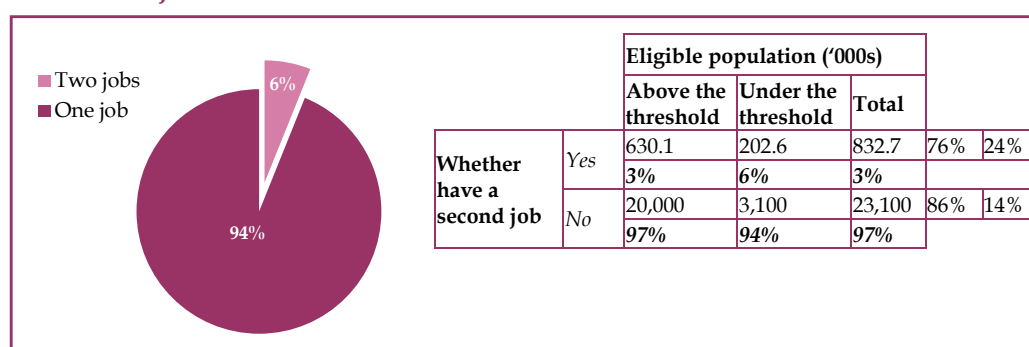
From a household point of view, many of the 77% of part-time workers who do not want a full-time job may have a full-time working partner. Looking at the data, half of part-time workers have a full-time working partner, one-quarter are single individuals and one-tenth have a part-time working partner.

Individuals with a second job

Each job an individual holds is treated independently for automatic enrolment.

24% of individuals with a second job have combined earnings below the automatic enrolment threshold. Therefore, those without a second job are more likely to be affected (Chart 2.14).

Chart 2.14: Probability of being under the annual earnings threshold by number of jobs



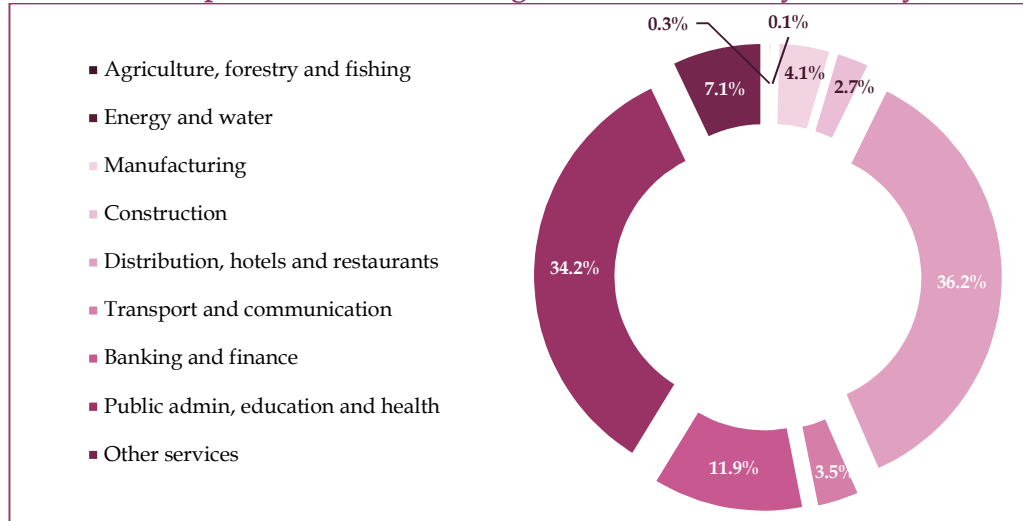
Industry sector

The population has also been considered across industry sectors using LFS sector definitions. Looking in particular at the population earning less than £10,000, the most affected individuals work in “distribution, hotels and restaurants” or “public admin, education and health sectors”.

Looking at the proportion of people that will be affected by no earnings trigger and band earnings (Chart 2.15), “distribution, hotels and restaurants” sector

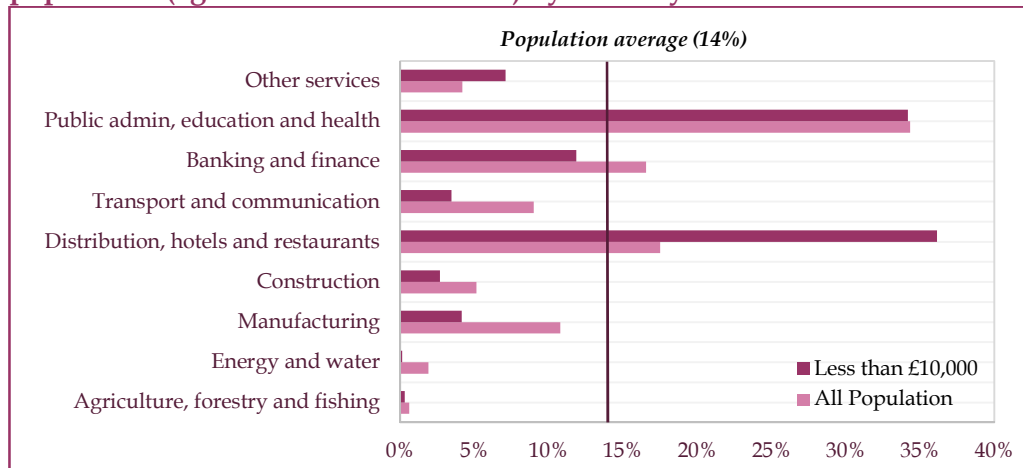
represents 36.2% (1.2 million) and “public admin, education and health” sector 34.2% (1.1 million).

Chart 2.15: Proportion of those earning less than £10,000 by industry sector



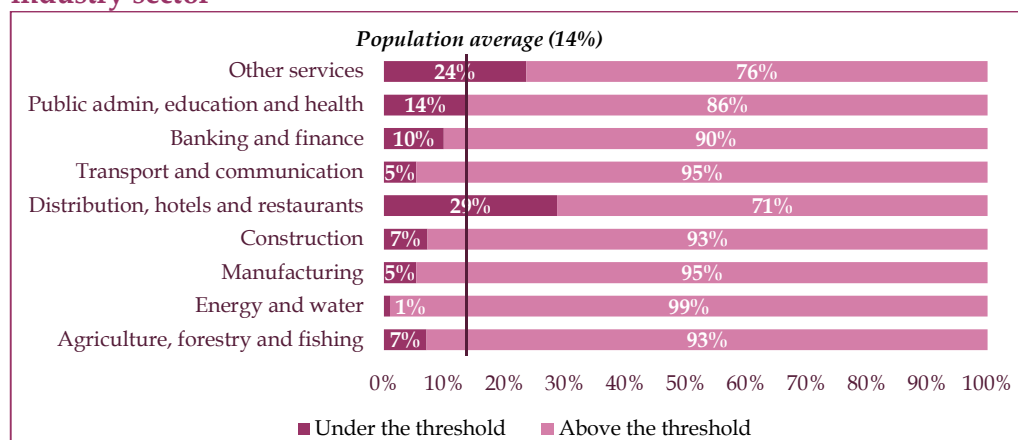
The proportion of employees in the public admin, education and health sector below the income threshold is consistent with the proportion in the entire population (Chart 2.16). For the “distribution, hotels and restaurants” sector, the population earning less than £10,000 are nearly double that of the whole population.

Chart 2.16: Comparing those who earn less than £10,000 with the entire population (aged between 22 and SPa) by industry sector



Looking at the same people for each sector is useful to understand how many of them are under or above the threshold. Only “distribution, hotels and restaurants” and “other services” sectors are disproportionately above the line of 14% of people who earn less than £10,000 per year (Chart 2.17).

Chart 2.17: Probability of being under the annual earnings threshold by industry sector

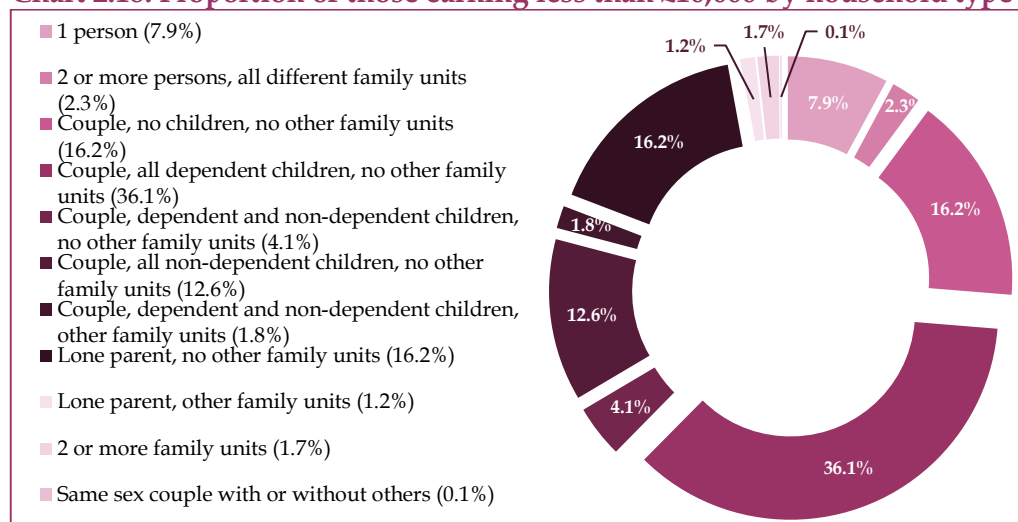


Types of households

A ‘household’ is defined as one person living alone, or a group of people (not necessarily related) living at the same address that share cooking facilities and a living room, sitting room or dining area. A household can consist of more than one family, or no families in the case of a group of unrelated people.⁹ Looking at households can be useful since it reflects the potential for other incomes to be shared and joint decisions to be made.

36.1% of population who earn under the threshold are ‘single family units’ consisting of a couple with dependent children. 16.2% are couples without children or other family units. Lone parents with no other family units account for 16.2%. Chart 2.18 shows how the proportion of people earnings less than £10,000 is split by type of household.

Chart 2.18: Proportion of those earning less than £10,000 by household type

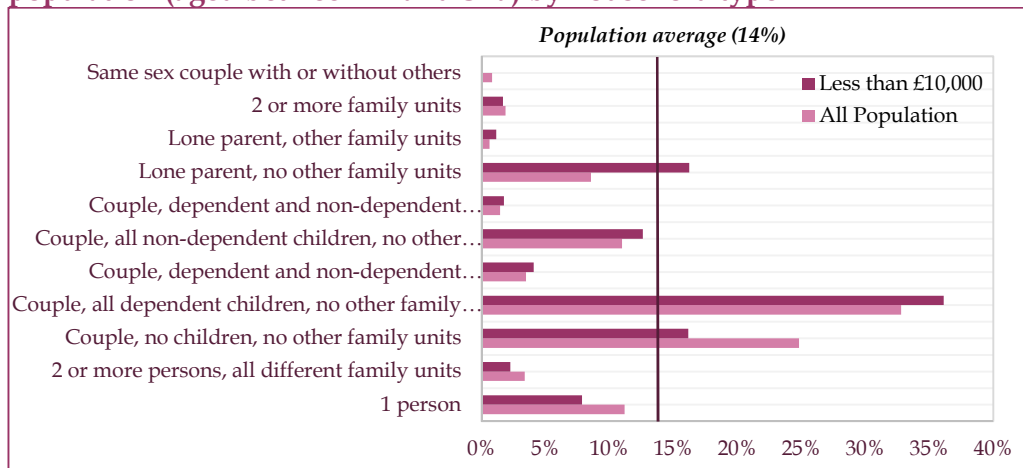


⁹ ONS (2015) *Family and Households: 2015*

The comparison between the population earning less than £10,000 per year and the general population highlights (Chart 2.19):

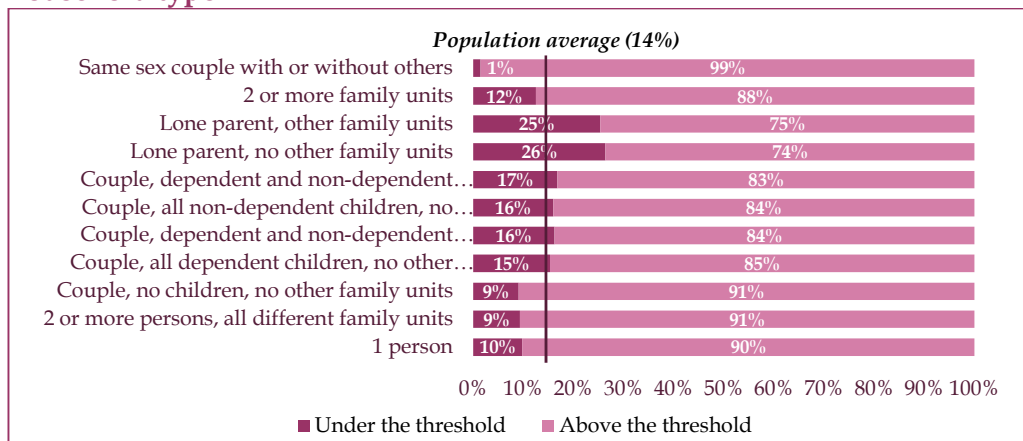
- Working lone parents with no other family units account for more than double the proportion of people earning less than the threshold than in the entire population.
- Couples with dependent or non-dependent children, with or without other family units are also over represented in those earning less than £10,000.

Chart 2.19: Comparing those who earn less than £10,000 with the entire population (aged between 22 and SPA) by household type



Looking at each household type separately, six are above the population average of 14% (Chart 2.20).

Chart 2.20: Probability of being under the annual earnings threshold by household type



Conclusions from the population analysis

14% of employees (3.3 million) who currently earn less than £10,000 per year would be most affected by the removal of band earnings and earnings trigger. 77% of employees earning less than the trigger are women.

These individuals differ from the wider population and are more likely to exhibit certain characteristics:

- **Women are more likely to work part-time** – 4.4 million part-time workers earning less than £10,000 are women.
- **Married people** – 2.2 million employees earning less than £10,000 are married.
- **Ethnic minorities** – the proportion of Bangladeshi, Pakistani, Chinese and Black African earning less than £10,000 is higher than the entire population (age restricted).
- **People who receive carer's allowances** – 71,000 people getting carer's allowance earn less than £10,000.
- **Part-time workers** – 2.9 million employees earning less than £10,000 are part-time workers.
- **People who don't have a second job** – 3.1 million employees earning less than £10,000 do not have a second job.
- **People who work in distribution, hotels and restaurants or public admin, education and health sectors** – respectively 1.2 million and 1.1 million employees earning less than £10,000 are in these two categories.
- **Lone parent, with or without other family units** – 580,000 employees earning less than £10,000 are lone parents.

Chapter 3: The impact on private pensions savings

The profiles considered

A number of profiles have been modelled to represent different potential career profiles which are affected by the removal of band earnings and the earnings trigger. The individuals modelled are detailed with their working patterns and a brief description in the following table (Table 3.1).

Table 3.1: Summary of individuals modelled

Name	Working pattern	Possible Description
Full-time throughout	Full-time -> SPa	<i>A more typical male working profile</i>
Slow start	Part-time -> 30	<i>A mother who starts a family at young age</i>
	Full-time -> SPa	
Caring break to part-time	Full-time -> 25	<i>A mother who start a family at an older age</i>
	Caring Break -> 32	
	Part-time -> 54	
	Full-time -> SPa	
Caring break to full-time	Full-time -> 22	<i>An individual who has an older family member who needs caring</i>
	Caring Break -> 34	
	Full-time -> SPa	
Dovetailing at the end of a career	Full-time -> 55	<i>A manual worker</i>
	Part-time -> SPa	
Two part-time jobs	Part-time -> SPa	<i>An individual with two part-time jobs, a main job working four days a week supplemented by a second job of one day a week.</i>
Median Earner	Full-time -> SPa	
High earner	Full-time -> SPa	

These hypothetical individuals have been selected as their pension saving profile is significantly influenced by the trigger income and the application of contributions based upon band earnings. An individual may fall below the trigger income for a period of their working life as a result of working part-time or not working at all. This may be a result of having a slow start to their career, taking a caring break to raise children or reducing their workload at the end of their career.

Impact on contributions

This chapter illustrates the effect of the changes on five of the above individuals and their final pot at State Pension age (SPa). Results for the other individuals are contained in Appendix 3.

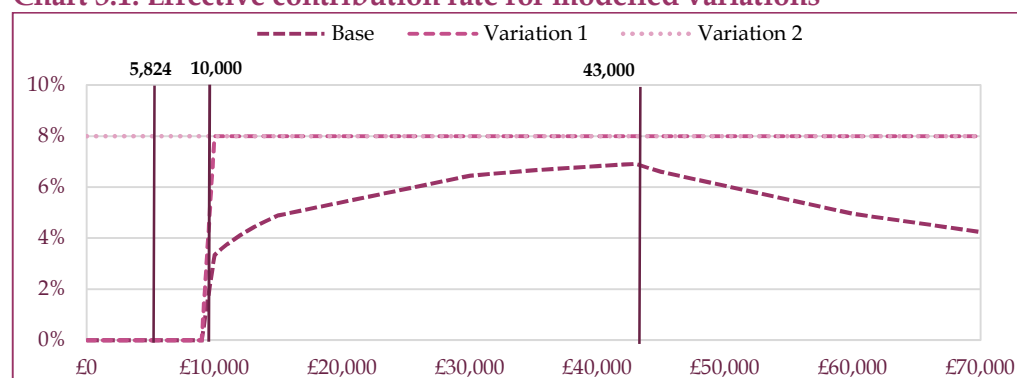
The impact of the changes varies depending upon the individual under consideration. Removing band earnings results in higher contribution rates into private pensions compared to the current system for those who are already making a contribution. Removing the earnings trigger introduces pension contributions for all those who were earning beneath the trigger amount, such as many part-time workers (see Chapter 2).

A part-time employee who works 14 hours per week on the National Living Wage (NLW) (£7.20 per hour in 2016-17) earn £100.80 per week, but they may also have other sources of income, including benefits and National Insurance credits. A full-time employee who works 35 hours per week, earns £252.00 per week.

The analysis of pre-retirement income does not include means-tested benefits or other in-work benefits that the individual may receive. Assuming the same rent and Council Tax levels as is assumed in retirement, they may have an additional £40 per week pre-retirement income through the benefits system. However, it is possible that both rent and Council Tax may be higher when working than in retirement.

The effective contribution rate reflects band earnings as shows in Chart 3.1. For an employee working full-time at NLW earning £13,104 per year, pension contributions are payable on band earnings resulting in a contribution of £582 per year, an effective contribution rate of 4.4% of their total earnings. Removing band earnings and applying minimum contribution rates to total earnings means that for the same individual their pension contribution will be 8% of £13,104 per year.

Chart 3.1: Effective contribution rate for modelled variations



Pension contributions for a qualifying automatic enrolment scheme come from different sources: the employer, the employee, and tax relief from the Government. A full-time worker on NLW makes a contribution of £5.60 per week from their net pay, and with their employer's contribution and tax relief their total pension contribution is £11.20 per week. If they make contributions based upon their total salary, under either variation, their total pension contribution increases to £20.20 a week at an additional cost of £4.50 to the employee. The part-time workers modelled will only make pension contributions after the removal of the earnings trigger and the earnings band at a cost of £4.10 a week in net pay. The impact on the individuals are shown on Table 3.2, along with the effect on other sources of contributions.

Table 3.2: Weekly contribution by contribution source and variation

Weekly amount, current earnings terms

Pension contribution sources	Part-time			Full-time		
	Current system	No band earnings	No earnings trigger and band earnings	Current system	No band earnings	No earnings trigger and band earnings
Employer	£ -	£ -	£3.00	£4.20	£7.60	£7.60
Employee	£ -	£ -	£4.10	£5.60	£10.10	£10.10
Tax Relief	£ -	£ -	£1.00	£1.40	£2.50	£2.50
Total pension contributions	£ -	£ -	£8.10	£11.20	£20.20	£20.20

- For a full-time worker, pension contribution increase by £4.50 a week from take home pay, and by an additional £4.50 from other sources.
- For someone who takes a break during the working life and comes back as a part-time worker, changing the system will result in higher saving, including saving during a period of their life when they were previously making no contributions.
- For someone who has two part-time jobs the removal of band earnings (variation 1) increases the effective contribution rate on their main job (4 days a week) from 3.3% to 8%. The removal of the income trigger results in additional contributions being made on income from the secondary job (1 day a week) raising their total pension contribution by 25%.
- For a median earner, private pension saving is greater when contributions are taken from total earnings.
- For a high earner who will spend a portion of their life earning above the upper level of band earnings, applying contributions to the whole of the salary increases their effective rate of contribution.

The impact upon accrued pension savings

The accrued private pension pot at State Pension age (SPA) is detailed in Charts 3.2 and 3.3 for each individual, broken down as a result of the contribution sources (employer, employee and tax relief). The change reflects the additional contributions the individuals will have made throughout their working lives as a result of different variations under consideration.

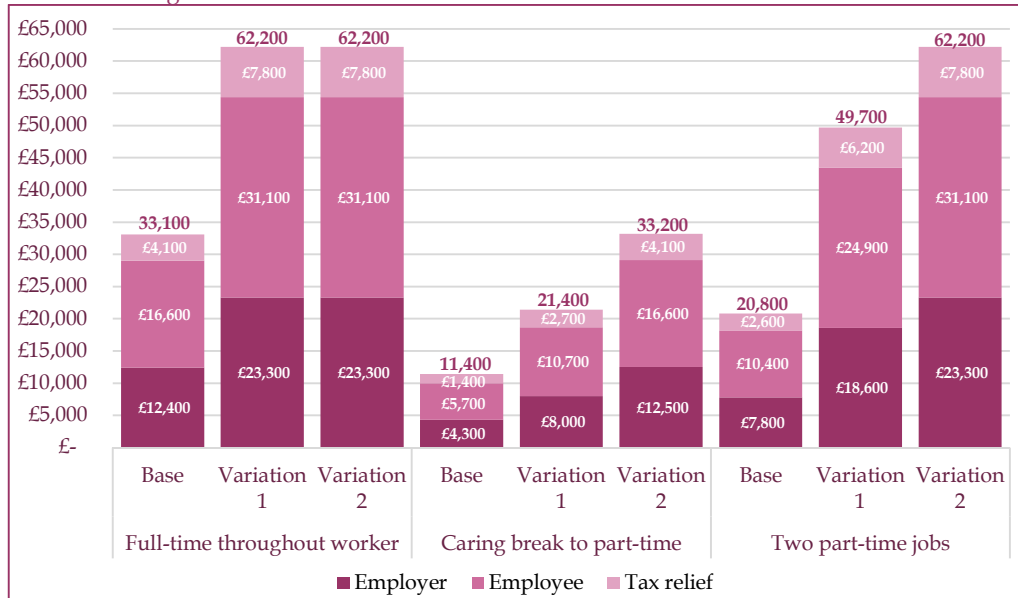
To simplify the charts in this Chapter the connotation of ‘Base’ for current system, ‘Variation 1’ for no band earnings and ‘Variation 2’ for no earnings trigger and band earnings has been used.

- A full-time worker earning the national living wage and making automatic enrolment minimum contributions can expect a pension pot of £33,100 at retirement. But, if contributions were made on every pound of earnings, their pot would increase by 87% and total £62,200.
- For somebody who takes a break to care or look after children, come back working part-time until 54 and then goes back to work full-time, the increase is greater. If contributions were made on every pound of salary then their pension pot would increase from £11,400 to £21,400, an 86% increase. However, this would increase even further to £33,200 if the automatic enrolment trigger were removed, a 190% increase on the current situation.

- For those with two part-time jobs, removing qualifying earnings would increase their pension pot by 140% from £20,800 to £49,700 under no band earnings, and by 200% up to £62,000 under no earnings trigger and band.

Chart 3.2: Final pot at SPa across variations, by work pattern

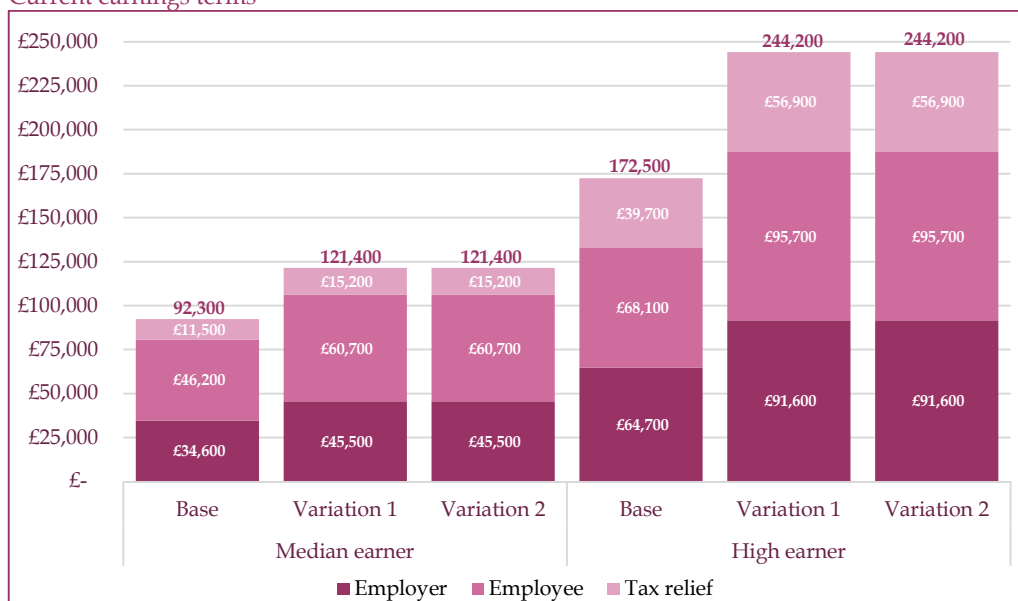
Current earnings terms



- While removing qualifying earnings would have the greatest effect upon total savings of the lower paid workers, it would improve outcomes for all. A median earner who works full-time from aged 22 to SPa would see their pension pot increase 31%, an increase from £92,300 to £121,400.
- The effect on a high earner is also marked, with the pot increasing from £172,500 to £244,200, a 42% increase.

Chart 3.3: Final pot at SPa across variations, by median and high earners

Current earnings terms



The impact upon private pension income

Since the implementation of Freedom and Choice individuals have far more options around the decumulation of their pension saving. The modelling assumes a variety of working life patterns that all run until State Pension age (SPa). The Pension Freedoms allow savers greater flexibility than this, and some may access pots before then to help them bridge the gap between leaving work and SPa and some work on past SPa in either a full-time or part-time capacity.

To more easily compare the affect that the change to savings has upon their post-retirement income they have been modelled to take a 25% tax-free lump sum on retirement at State Pension age and an income in the form of an annuity. The annuity that this purchases is proportional to the size of their final pension pot at SPa.

- Someone who works full-time throughout will have a weekly increase of £23.80 on their private pension income.
- An individual who takes a break during working life and comes back as a part-time worker has a private pension income that will nearly triple when contributions are made upon total earnings and there is no trigger income (variation 2) (Table 3.3).
- The additional saving of someone who has two part-time jobs results in a significantly increased private pension paid for through contributions that match a full-time worker’s contributions that earns the same total income (Table 3.3).
- For a median earner the additional accumulated wealth will provide for a greater post-retirement income, Table 3.3, with an individual’s private pension income set to increase by £23.80 per week.
- While removing the lower band results in an additional private pension income of £23.80 (as observed in other individuals), high earners could expect an increase of private pension income of £59 per week before tax as a result of contributions made on earnings above the upper band. (Table 3.3)

Table 3.3: Private pension income, broken down by source of contributions

Weekly amount, current earnings terms

		Employer	Employee	Tax relief	Private Pension
Full-time throughout	Current system	£10.20	£13.60	£3.40	£27.20
	No band earnings	£19.10	£25.50	£6.40	£51.00
	No earnings trigger / band earnings	£19.10	£25.50	£6.40	£51.00
Caring break to part-time	Current system	£3.50	£4.70	£1.20	£9.40
	No band earnings	£6.60	£8.80	£2.20	£17.60
	No earnings trigger / band earnings	£10.20	£13.70	£3.40	£27.30
Two part-time jobs	Current system	£6.40	£8.50	£2.10	£17.00
	No band earnings	£15.30	£20.40	£5.10	£40.80
	No earnings trigger / band earnings	£19.10	£25.50	£6.40	£51.00
Median earner	Current system	£28.50	£37.90	£9.50	£75.90
	No band earnings	£37.40	£49.80	£12.50	£99.70
	No earnings trigger / band earnings	£37.40	£49.80	£12.50	£99.70
High earner	Current system	£53.10	£55.90	£32.60	£141.60
	No band earnings	£75.20	£78.60	£46.80	£200.60
	No earnings trigger / band earnings	£75.20	£78.60	£46.80	£200.60

Chapter 4: The impact on post-retirement income

Post-retirement income

The total income post-retirement is not just from private pension savings. Individuals may have further income from the new State Pension and from other state benefits where appropriate (Pension Credit, Housing Benefit, Council Tax benefit, winter fuel allowance and Christmas bonus), subject to the current benefit system. This total income will be subjected to taxation.

After retirement, income will go down. That means for a full-time throughout worker going from £290 per week (given benefits levels) during his working life to £270 per week at retirement.

70% of people are married at State Pension age (see Chapter 2). It is therefore important to consider a household unit as this better reflects the income available post-retirement. Household income is used to assess entitlement to means-tested benefits. Couples have a lower cost of living per person spread across their combined incomes, this typically results in a reduction in means-tested benefits under the current system.

Full-time throughout

The affect on someone who is working full-time throughout their working life at National Living Wage (NLW) is summarised in Chart 4.1. As they are assumed to earn above the earnings trigger throughout their working life there is no further impact as a result of the removal of the trigger (Variation 2).

Chart 4.1: Impact on post-retirement income of working full-time throughout
Weekly amount, current earnings terms



The weekly income consists of the sum of new State Pension, means-tested benefits, private pension and may be reduced by income tax. Private pension income becomes more significant, however, State Pension still accounts for the majority of their post-retirement income. Benefit entitlement is means-tested and is therefore dependent upon income for both the individual and any potential spouse.

For example, a married couple will not receive means-tested benefits if their household income, used to assess entitlement, is above the threshold. The additional savings results in an increase of £47.60 per week in household income (Chart 4.1).

However, should they become single later in life (for example, through bereavement) they may become entitled to means-tested benefits, Housing Benefit and Council Tax benefit. Under these circumstances they will receive a tapered rate of benefits dependent upon their income (under the current benefit system). The additional saving will result in an increase to income of approximately £3 a week, despite the additional private pension income. This increase will be partially offset by a reduction in benefits.

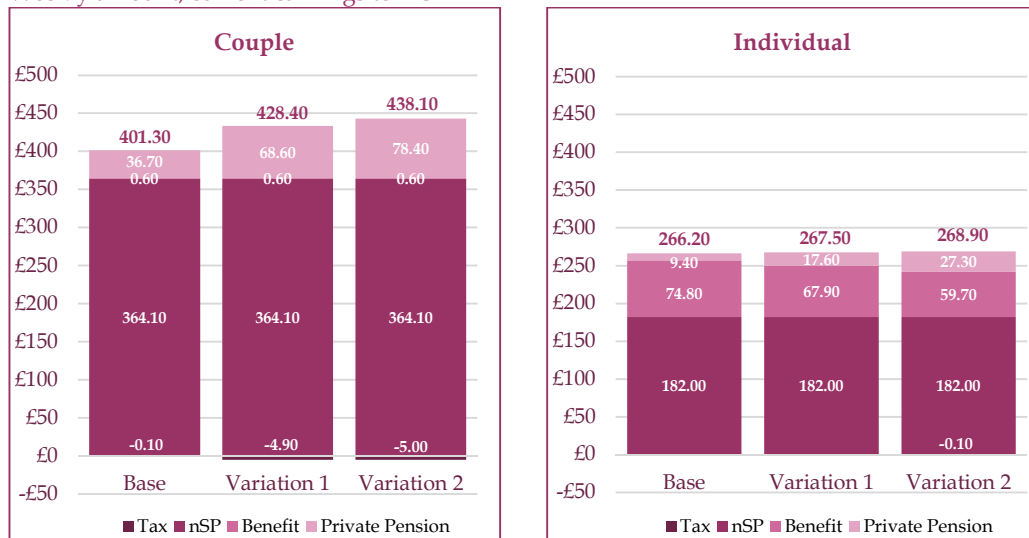
Caring break to part-time

This individual takes time out during their career to care or bring up children. Generally this caring responsibility is undertaken by women. Lone parents may be represented by the single individuals, however many who take caring breaks are married and have a second source of income within the household (see Chapter 2). Since they spent time out of work or working part-time they earn a lower amount throughout their life, resulting in lower private pension savings. This results in a far lower private pension (approximately a third less) than an individual who is working full-time throughout, because they are not able to save to the same level. There will be a greater dependency upon a partner’s private pension under the current system.

This additional private pension saving would increase their household income by nearly 10% (Chart 4.2). If the individual is in receipt of means-tested benefits and is assessed as an individual, they will see the increase in private pension income partially offset by a decrease in their means-tested benefit income.

Chart 4.2: Impact on post-retirement income of caring break to part-time

Weekly amount, current earnings terms



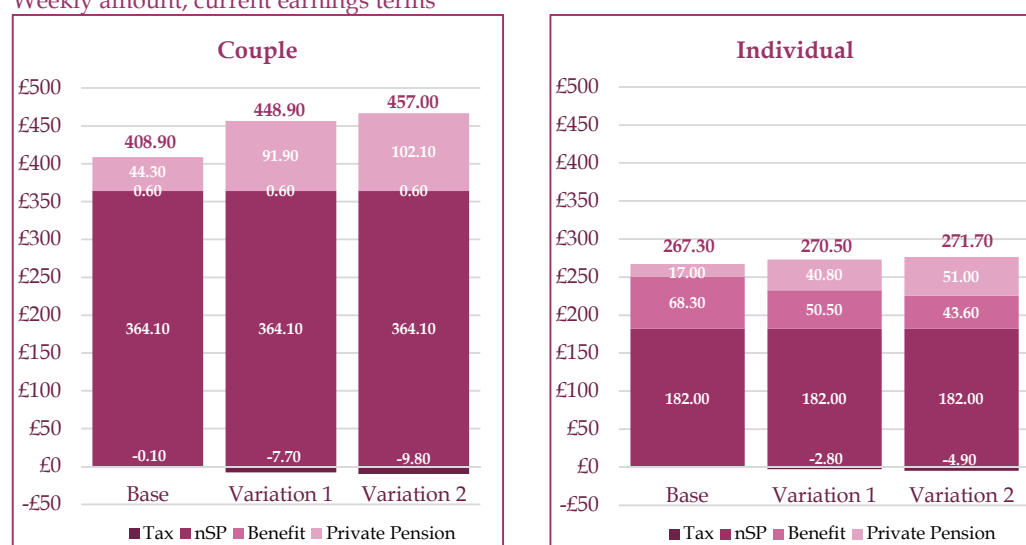
Two part-time jobs

While some individuals work part-time to allow time for other activities, other individuals will work multiple part-time jobs such that their hours and wages are equivalent to a single full-time job. The current legislation treats the assessment of each job independently against the earnings trigger and towards contributions on band earnings. For an individual with two part-time jobs, one of four days a week and one of one day a week paid at NLW, their total income matches that of the full-time throughout individual above. However, their private pension income is approximately 37% lower as a result of their reduced level of saving under the current system.

Where this individual is part of a couple with no entitlement to means-tested benefits, the additional private pension income could raise household income by over 10% where they have a spouse who has been working full-time throughout their career. Loss of means-tested benefits could offset some of the additional private pension income where the individual is single and has entitlement (Chart 4.3).

Chart 4.3: Impact on post-retirement income of two part-time jobs

Weekly amount, current earnings terms



If the individual is married, means-tested benefits is assessed as part of benefit unit. They therefore see no loss of benefits from higher income, and all additional saving results in an increase of income (£40.00 per week on no band earnings and £48.10 per week on no earnings trigger).

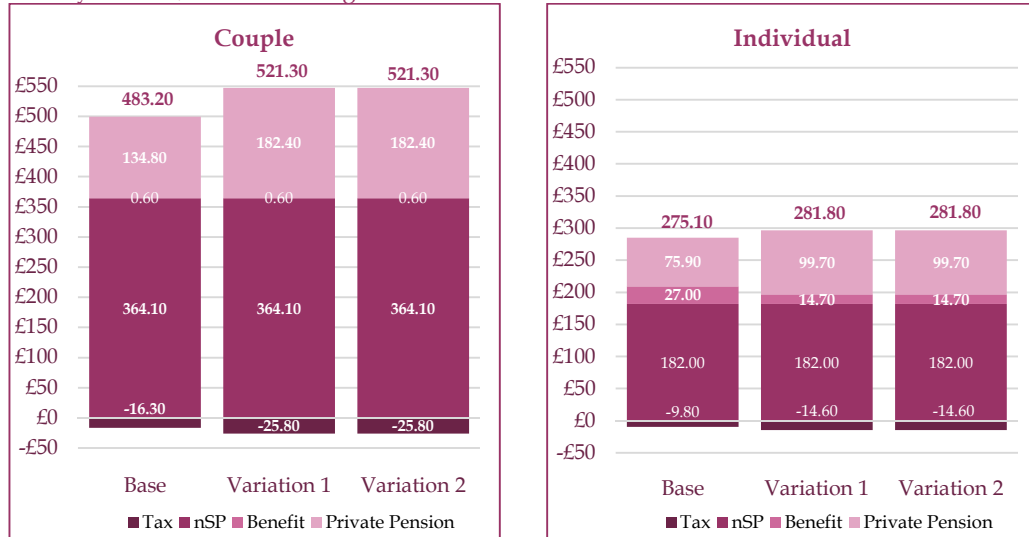
Median earner

The household income of a couple is set to increase by £47.60 per week as a result of the contributions on earnings below the lower band threshold. They are projected to be earning above the trigger level throughout their working life so are only affected by the change from band earnings to total earnings based contributions.

A single individual may be entitled to means-tested benefits (a couple’s income would be above the threshold for entitlement) and the increase in private pension could reduce this entitlement by £12.30 a week, (Chart 4.4).

Chart 4.4: Impact on post-retirement income for a median earner

Weekly amount, current earnings terms



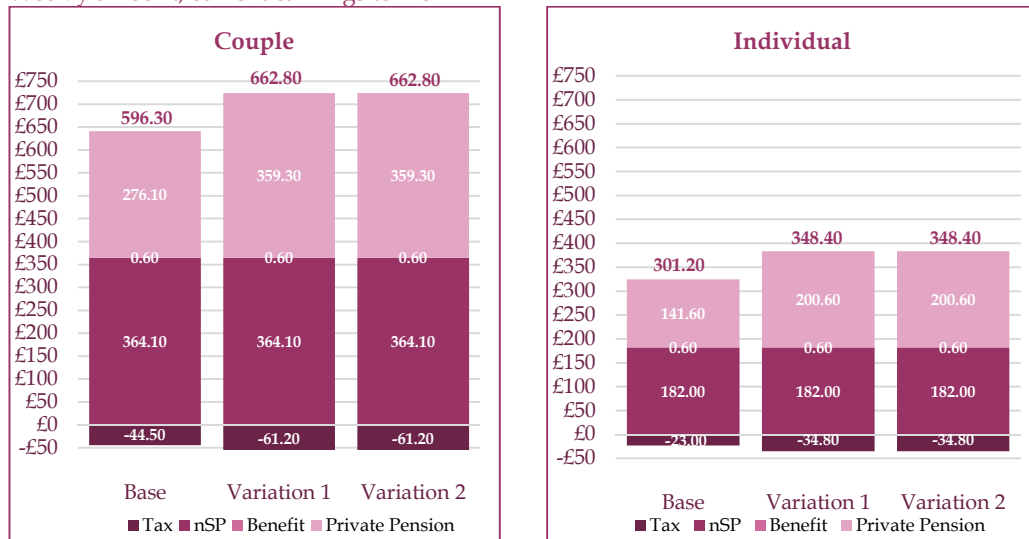
High earner

Although not the primary market for automatic enrolment, an increasing number of high earning individuals are contributing to such pensions.

With the inclusion of a partner also benefitting from the removal of the lower earnings band, this could amount to an increase of £66.50 after tax (Chart 4.5).

Chart 4.5: Impact on post-retirement income for a high earner

Weekly amount, current earnings terms



With tax relief available at the marginal income tax rate paid by the individual, the additional private pension is subsidised to a greater extent by tax relief than for those individuals who have only been able to claim the basic rate of tax relief throughout their working life.

Individuals in receipt of Pension Credit

An individual who does not receive the full amount of the new State Pension (nSP), may be entitled to Pension Credit where they have little or no other forms of household income. This guarantees a minimum level of income and any additional savings made by such an individual may be completely offset by the withdrawal of this benefit which replaces income on a pound for pound basis.

DWP estimates have projected over 80% of new retirees to be in receipt of the full amount of nSP within 20 years.

Appendix 1: Profiles modelled

The individuals modelled

Eight individuals were selected to illustrate the effect of changing the qualifying earnings band and earnings trigger. These are summarised in Table A1.1 by career age and in Chart A1.1 illustrating their earnings over their working life.

The baseline is represented by the 'standard worker' individual; a full-time worker who earns a constant wage of £13,104 per year, through working 35 hours a week at National Living Wage (NLW).

Working profiles

People were assumed to take a break throughout their working life or change their working status.

Table A1.1: Summary of individuals modelled by career age

Individual	Full-time	Caring break	Part-time	Full-time
Full-time throughout	22 - 67			
Slow start			22 - 30	31 - 67
Caring break to part-time	22 - 25	26 - 32	33 - 54	55 - 67
Caring break to full-time	22	23 - 34		35 - 67
Dovetailing at the end of a career	22 - 55		56 - 67	
Two part-time jobs			22 - 67	
Median Earner	22 - 67			
High earner	22 - 67			

Earnings profiles

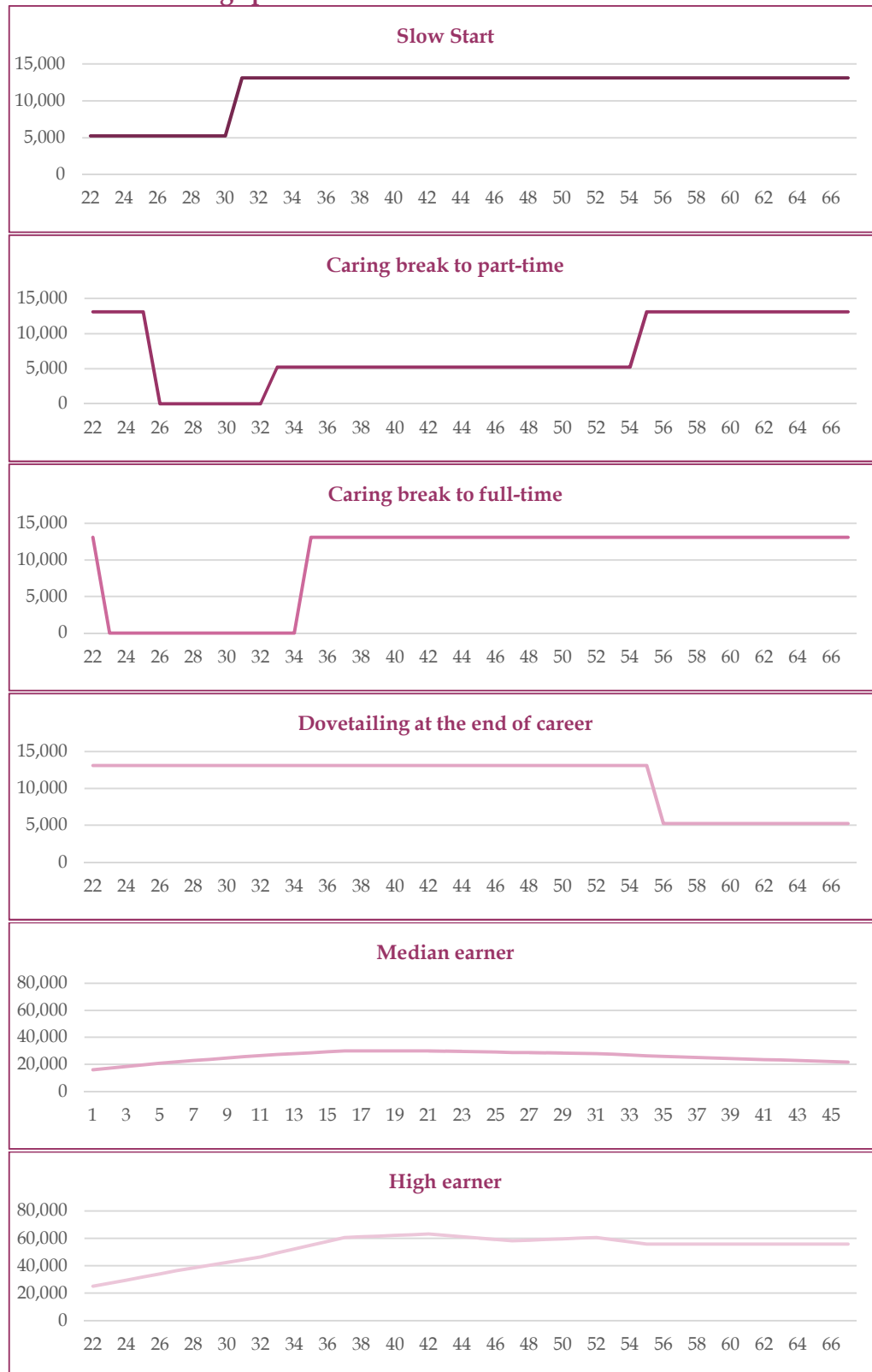
The earnings approach is constant for all the profiles except for the last two figures. Specifically there are three salary levels:

- £0 during the caring break.
- £5,241.60 during the part-time (21 hours a week at NLW).
- £13,104 during the full-time (35 hours a week at NLW).

For 'median earner' and 'high earner' the earnings approach is age-specific. The first figure is assumed to earn £16,016 at age 22 and projected earnings follow the 50th percentile profile for men allowing for promotional increases in earnings working, and contributing to a pension, throughout their entire working life. The second one is assumed to earn £24,947 at age 22 and projected earnings follow the 90th percentile profile for men in the same way.

If an individual, working part-time, earns below the NI threshold it is assumed they receive National Insurance credits. This results in all individuals having accrued full entitlement to the new State Pension at retirement.

Chart A1.1: Earnings profile over career



Appendix 2: Model, individuals and assumptions

The model

The individual impact modelling used the PPI's Individual Model. This model produces illustrative projections of an individual's future income in retirement.¹⁰ This income includes benefits from the state pension system and private pension arrangements, and can also include income from earnings and equity release.

The model is best used to compare outcomes between different individuals, policy options, or other scenarios. The results are best used in conjunction with an appropriate counterfactual to illustrate the variables under test.

The individuals

The individual modelled is specified based upon an earnings and career profile. Saving behaviour for private pension accumulation is considered, as well as the behaviour at retirement.

There is consideration given to the individual as part of a couple which defines the Benefit Unit (BU) used to assess state benefit entitlement.

The policy options

The policy option maps the pension framework in which the individual exists. It can accommodate the current system and alternatives derived through parameterisation. This allows flexing of the current system to consider potential policy options to assess their impact upon individuals under investigation.

This area has the scope to consider the build-up of pensions in their framework such as the auto-enrolment regulations for private pensions and the qualification for entitlement to state benefits.

The assumptions

We project people from age 22 in 2018 so that they can have the benefit of reforms throughout the entirety of their working lives and assume that all their pension entitlement comes from an AE scheme.

From 1 April 2016, the government introduced a new mandatory national living wage (NLW) for workers set at £7.20 per hour. For an individual who works 35 hours week, the constant earnings (in base year earnings terms) is £13,104 per annum.

¹⁰ PPI Models overview

Appendix 3: Other results

Table A3.1: Final pension pot at SPa

Annual amounts in current (2016) earnings terms

Individual	Current system	No band earnings	No earnings trigger and band earnings
Full-time throughout	£33,100	£62,200	£62,200
<i>Increase on current system</i>		87%	87%
Slow start	£25,000	£47,100	£53,200
<i>Increase on current system</i>		88%	112%
Caring break to part-time	£11,400	£21,400	£33,200
<i>Increase on current system</i>		86%	190%
Caring break to full-time	£22,800	£42,900	£42,900
<i>Increase on current system</i>		88%	88%
Dovetailing at the end of a career	£26,100	£48,900	£54,200
<i>Increase on current system</i>		87%	107%
Two part-time jobs	£20,800	£49,700	£62,200
<i>Increase on current system</i>		140%	200%
Median Earner	£92,300	£121,400	£121,400
<i>Increase on current system</i>		31%	31%
High earner	£172,500	£244,200	£244,200
<i>Increase on current system</i>		42%	42%

Table A3.2: Result for a couple - no band earnings

Weekly amounts in current (2016) earnings terms

Individual		Current system							No band earnings						
		nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)	nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)
Full-time throughout		£ 364.10	£ 0.60	£ 20.50	£ 27.20	£ 6.80	£ 54.50	£ 419.00	£ 364.10	£ 0.60	£ 38.30	£ 51.00	£ 12.80	£ 102.10	£ 457.00
	Increase on current system								£ -	£ -	£ 17.80	£ 23.80	£ 6.00	£ 47.60	£ 38.00
Slow start		£ 364.10	£ 0.60	£ 17.90	£ 23.90	£ 6.00	£ 47.80	£ 412.40	£ 364.10	£ 0.60	£ 33.70	£ 44.90	£ 11.20	£ 89.80	£ 447.20
	Increase on current system								£ -	£ -	£ 15.80	£ 21.00	£ 5.20	£ 42.00	£ 34.80
Caring break to part-time		£ 364.10	£ 0.60	£ 13.80	£ 18.30	£ 4.60	£ 36.70	£ 401.30	£ 364.10	£ 0.60	£ 25.70	£ 34.30	£ 8.60	£ 68.60	£ 428.40
	Increase on current system								£ -	£ -	£ 11.90	£ 16.00	£ 4.00	£ 31.90	£ 27.10
Caring break to full-time		£ 364.10	£ 0.60	£ 17.30	£ 23.00	£ 5.70	£ 46.00	£ 410.60	£ 364.10	£ 0.60	£ 32.40	£ 43.10	£ 10.80	£ 86.30	£ 444.30
	Increase on current system								£ -	£ -	£ 15.10	£ 20.10	£ 5.10	£ 40.30	£ 33.70
Dovetailing at the end of a career		£ 364.10	£ 0.60	£ 18.30	£ 24.30	£ 6.10	£ 48.70	£ 413.30	£ 364.10	£ 0.60	£ 34.20	£ 45.70	£ 11.40	£ 91.30	£ 448.40
	Increase on current system								£ -	£ -	£ 15.90	£ 21.40	£ 5.30	£ 42.60	£ 35.10
Two part-time jobs		£ 364.10	£ 0.60	£ 16.60	£ 22.20	£ 5.50	£ 44.30	£ 408.90	£ 364.10	£ 0.60	£ 34.50	£ 45.90	£ 11.50	£ 91.90	£ 448.90
	Increase on current system								£ -	£ -	£ 17.90	£ 23.70	£ 6.00	£ 47.60	£ 40.00
Median Earner		£ 364.10	£ 0.60	£ 50.50	£ 67.40	£ 16.90	£ 134.80	£ 483.20	£ 364.10	£ 0.60	£ 68.40	£ 91.20	£ 22.80	£ 182.40	£ 521.30
	Increase on current system								£ -	£ -	£ 17.90	£ 23.80	£ 5.90	£ 47.60	£ 38.10
High earner		£ 364.10	£ 0.60	£ 103.50	£ 109.00	£ 63.60	£ 276.10	£ 596.30	£ 364.10	£ 0.60	£ 134.80	£ 140.80	£ 83.70	£ 359.30	£ 662.80
	Increase on current system								£ -	£ -	£ 31.30	£ 31.80	£ 20.10	£ 83.20	£ 66.50

Table A3.3: Result for a couple - no earnings trigger and band earnings

Weekly amounts in current (2016) earnings terms

Individual		Current system							No earnings trigger and band earnings						
		nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)	nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)
Full-time throughout		£364.10	£ 0.60	£ 20.50	£ 27.20	£ 6.80	£ 54.50	£419.00	£364.10	£ 0.60	£ 38.30	£ 51.00	£ 12.80	£102.10	£457.00
	<i>Increase on current system</i>								£ -	£ -	£ 17.80	£ 23.80	£ 6.00	£ 47.60	£ 38.00
Slow start		£364.10	£ 0.60	£ 17.90	£ 23.90	£ 6.00	£ 47.80	£412.40	£364.10	£ 0.60	£ 35.50	£ 47.40	£ 11.80	£ 94.70	£451.10
	<i>Increase on current system</i>								£ -	£ -	£ 17.60	£ 23.50	£ 5.80	£ 46.90	£ 38.70
Caring break to part-time		£364.10	£ 0.60	£ 13.80	£ 18.30	£ 4.60	£ 36.70	£401.30	£364.10	£ 0.60	£ 29.40	£ 39.20	£ 9.80	£ 78.40	£438.10
	<i>Increase on current system</i>								£ -	£ -	£ 15.60	£ 20.90	£ 5.20	£ 41.70	£ 36.80
Caring break to full-time		£364.10	£ 0.60	£ 17.30	£ 23.00	£ 5.70	£ 46.00	£410.60	£364.10	£ 0.60	£ 32.40	£ 43.10	£ 10.80	£ 86.30	£444.30
	<i>Increase on current system</i>								£ -	£ -	£ 15.10	£ 20.10	£ 5.10	£ 40.30	£ 33.70
Dovetailing at the end of a career		£364.10	£ 0.60	£ 18.30	£ 24.30	£ 6.10	£ 48.70	£413.30	£364.10	£ 0.60	£ 35.90	£ 47.80	£ 11.90	£ 95.60	£451.80
	<i>Increase on current system</i>								£ -	£ -	£ 17.60	£ 23.50	£ 5.80	£ 46.90	£ 38.50
Two part-time jobs		£364.10	£ 0.60	£ 16.60	£ 22.20	£ 5.50	£ 44.30	£408.90	£364.10	£ 0.60	£ 38.30	£ 51.00	£ 12.80	£102.10	£457.00
	<i>Increase on current system</i>								£ -	£ -	£ 21.70	£ 28.80	£ 7.30	£ 57.80	£ 48.10
Median Earner		£364.10	£ 0.60	£ 50.50	£ 67.40	£ 16.90	£134.80	£483.20	£364.10	£ 0.60	£ 68.40	£ 91.20	£ 22.80	£182.40	£521.30
	<i>Increase on current system</i>								£ -	£ -	£ 17.90	£ 23.80	£ 5.90	£ 47.60	£ 38.10
High earner		£364.10	£ 0.60	£ 103.50	£ 109.00	£ 63.60	£276.10	£596.30	£364.10	£ 0.60	£ 134.80	£ 140.80	£ 83.70	£359.30	£662.80
	<i>Increase on current system</i>								£ -	£ -	£ 31.30	£ 31.80	£ 20.10	£ 83.20	£ 66.50

Table A3.4: Result for a single individual – no band earnings

Weekly amounts in current (2016) earnings terms

Individual		Current system							No band earnings						
		nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)	nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)
Full-time throughout		£ 182.00	£ 59.70	£ 10.20	£ 13.60	£ 3.40	£ 27.20	£ 268.80	£ 182.00	£ 43.60	£ 19.10	£ 25.50	£ 6.40	£ 51.00	£ 271.70
	<i>Increase on current system</i>								£ -	-£ 16.10	£ 8.90	£ 11.90	£ 3.00	£ 23.80	£ 2.90
Slow start		£ 182.00	£ 65.30	£ 7.70	£ 10.30	£ 2.60	£ 20.60	£ 268.00	£ 182.00	£ 51.90	£ 14.50	£ 19.40	£ 4.80	£ 38.70	£ 270.30
	<i>Increase on current system</i>								£ -	-£ 13.40	£ 6.80	£ 9.10	£ 2.20	£ 18.10	£ 2.30
Caring break to part-time		£ 182.00	£ 74.80	£ 3.50	£ 4.70	£ 1.20	£ 9.40	£ 266.20	£ 182.00	£ 67.90	£ 6.60	£ 8.80	£ 2.20	£ 17.60	£ 267.50
	<i>Increase on current system</i>								£ -	-£ 6.90	£ 3.10	£ 4.10	£ 1.00	£ 8.20	£ 1.30
Caring break to full-time		£ 182.00	£ 66.90	£ 7.00	£ 9.40	£ 2.40	£ 18.80	£ 267.70	£ 182.00	£ 54.30	£ 13.20	£ 17.60	£ 4.40	£ 35.20	£ 269.90
	<i>Increase on current system</i>								£ -	-£ 12.60	£ 6.20	£ 8.20	£ 2.00	£ 16.40	£ 2.20
Dovetailing at the end of a career		£ 182.00	£ 64.60	£ 8.00	£ 10.80	£ 2.70	£ 21.50	£ 268.10	£ 182.00	£ 50.90	£ 15.10	£ 20.10	£ 5.00	£ 40.20	£ 270.50
	<i>Increase on current system</i>								£ -	-£ 13.70	£ 7.10	£ 9.30	£ 2.30	£ 18.70	£ 2.40
Two part-time jobs		£ 182.00	£ 68.30	£ 6.40	£ 8.50	£ 2.10	£ 17.00	£ 267.30	£ 182.00	£ 50.50	£ 15.30	£ 20.40	£ 5.10	£ 40.80	£ 270.50
	<i>Increase on current system</i>								£ -	-£ 17.80	£ 8.90	£ 11.90	£ 3.00	£ 23.80	£ 3.20
Median Earner		£ 182.00	£ 27.00	£ 28.50	£ 37.90	£ 9.50	£ 75.90	£ 275.10	£ 182.00	£ 14.70	£ 37.40	£ 49.80	£ 12.50	£ 99.70	£ 281.80
	<i>Increase on current system</i>								£ -	-£ 12.30	£ 8.90	£ 11.90	£ 3.00	£ 23.80	£ 6.70
High earner		£ 182.00	£ 0.60	£ 53.10	£ 55.90	£ 32.60	£ 141.60	£ 301.20	£ 182.00	£ 0.60	£ 75.20	£ 78.60	£ 46.80	£ 200.60	£ 348.40
	<i>Increase on current system</i>								£ -	£ -	£ 22.10	£ 22.70	£ 14.20	£ 59.00	£ 47.20

Table A3.5: Result for a single individual - no earnings trigger and band earnings

Weekly amounts in current (2016) earnings terms

Individual		Current system							No earnings trigger and band earnings						
		nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)	nSP	Benefit	Employer	Employee	Tax relief	Private Pension	Total Income (after tax)
Full-time throughout		£182.00	£59.70	£ 10.20	£ 13.60	£ 3.40	£ 27.20	£268.80	£182.00	£ 43.60	£ 19.10	£ 25.50	£ 6.40	£ 51.00	£271.70
	<i>Increase on current system</i>								£ -	-£ 16.10	£ 8.90	£ 11.90	£ 3.00	£ 23.80	£ 2.90
Slow start		£182.00	£65.30	£ 7.70	£ 10.30	£ 2.60	£ 20.60	£268.00	£182.00	£ 48.60	£ 16.40	£ 21.80	£ 5.50	£ 43.70	£270.90
	<i>Increase on current system</i>								£ -	-£ 16.70	£ 8.70	£ 11.50	£ 2.90	£ 23.10	£ 2.90
Caring break to part-time		£182.00	£74.80	£ 3.50	£ 4.70	£ 1.20	£ 9.40	£266.20	£182.00	£ 59.70	£ 10.20	£ 13.70	£ 3.40	£ 27.30	£268.90
	<i>Increase on current system</i>								£ -	-£ 15.10	£ 6.70	£ 9.00	£ 2.20	£ 17.90	£ 2.70
Caring break to full-time		£182.00	£66.90	£ 7.00	£ 9.40	£ 2.40	£ 18.80	£267.70	£182.00	£ 54.30	£ 13.20	£ 17.60	£ 4.40	£ 35.20	£269.90
	<i>Increase on current system</i>								£ -	-£ 12.60	£ 6.20	£ 8.20	£ 2.00	£ 16.40	£ 2.20
Dovetailing at the end of a career		£182.00	£64.60	£ 8.00	£ 10.80	£ 2.70	£ 21.50	£268.10	£182.00	£ 48.00	£ 16.70	£ 22.30	£ 5.60	£ 44.60	£271.00
	<i>Increase on current system</i>								£ -	-£ 16.60	£ 8.70	£ 11.50	£ 2.90	£ 23.10	£ 2.90
Two part-time jobs		£182.00	£68.30	£ 6.40	£ 8.50	£ 2.10	£ 17.00	£267.30	£182.00	£ 43.60	£ 19.10	£ 25.50	£ 6.40	£ 51.00	£271.70
	<i>Increase on current system</i>								£ -	-£ 24.70	£ 12.70	£ 17.00	£ 4.30	£ 34.00	£ 4.40
Median Earner		£182.00	£27.00	£ 28.50	£ 37.90	£ 9.50	£ 75.90	£275.10	£182.00	£ 14.70	£ 37.40	£ 49.80	£ 12.50	£ 99.70	£281.80
	<i>Increase on current system</i>								£ -	-£ 12.30	£ 8.90	£ 11.90	£ 3.00	£ 23.80	£ 6.70
High earner		£182.00	£ 0.60	£ 53.10	£ 55.90	£ 32.60	£141.60	£301.20	£182.00	£ 0.60	£ 75.20	£ 78.60	£ 46.80	£200.60	£348.40
	<i>Increase on current system</i>								£ -	£ -	£ 22.10	£ 22.70	£ 14.20	£ 59.00	£ 47.20

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