



## The Day the World will Change Forever.

Pension reforms recently announced will change the pension world forever. From 2012, all employers will have to auto-enroll the vast majority of their employees into a pension scheme and pay a pension contribution in respect of them.

This is going to cost employers time and money. Many will try to pass these costs onto employees with lower pay rises and possibly job losses. But for the first time a lot of UK employees will be saving for their retirement.

Sounds fantastic doesn't it? But sometimes we're in danger of forgetting that 2.6m people are already doing a very good job at saving for their retirement within contract-based schemes.

And we can't afford for the new in-coming rules to disturb this saving pattern. Those employers who operate Group Personal Pensions (GPP) should be allowed to keep them for current and new employees. Otherwise, the consequences will be great for those employees.

We can't make the assumption that if someone is saving in a personal account they will be as well off as if they had saved within a GPP. Because they won't.

The two pension schemes are different. Figures showing pension income paid out after 25 years of saving at the 8% default level into a personal account is roughly the same as the income paid after 20 years saving 9% a year into a typical GPP.

This is because contributions to personal accounts will be based on band earnings, while GPP contributions are based on full salary, and employer contributions are usually higher than the default 3% personal account level.

This could give them a better income in retirement and hopefully a better quality of life in their final years. That's why it's vital to get this proposition right first time.

*January 2008*

THE FINANCIAL SERVICES AUTHORITY DOES NOT REGULATE SOME ASPECTS OF TRUST AND TAXATION ADVICE.  
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED UPON IT.  
The guidance and advice contained within this article are subject to UK regulatory regime and is therefore primarily targeted at customers based in the UK.

ARK Financial Planning Limited is authorised and regulated by the Financial Services Authority.  
ARK Financial Planning Limited - Independent Financial Advisers.  
18-20 Stamford Street, Stalybridge, Cheshire, SK15 1JZ.  
Tel: 0161 303 9977, Fax: 0161 303 8499, E-Mail: [answers@arkfp.co.uk](mailto:answers@arkfp.co.uk).  
Registered in England: No. 4975240.  
Registered Office: 14 Warrington Street, Ashton-under-Lyne, OL6 6AS.