



# CORPORATE BRIEFING

September 2007

## Legislation – Age discrimination

**Employers have had to consider making changes to their employee benefit scheme(s) in light of age discrimination legislation.**

The Employment Equality (Age) Regulations 2006, which came into effect last October, outlawed the use of unjustifiable retirement ages below the age of 65 years.

56% of employers surveyed say they did not have to make any alterations to their scheme as a result of legislative changes, which is a significant drop from the 73% of respondents who last year said that they did not anticipate having to make any changes to their scheme as a result of the regulations which had yet to come into effect. It may be that they had not fully appreciated all that was to be required of them under the new laws.

Some 16% meanwhile have introduced flexible retirement, while 15% have changed their organisation's retirement age. The regulations set out a number of exemptions for age based rules for pension plans. This may account for the small percentage of employers that have changed factors such as entry criteria.

## The value of staff benefits

**How can employers measure employee satisfaction with the pension scheme they offer?**

Although most employers typically believe that their organisation's pension arrangements influence employee recruitment and retention they don't usually measure satisfaction in this area at all.

When they do, the most popular method is to monitor general feedback to HR. This is followed closely by employee surveys.

It is perhaps surprising that very few measure employee satisfaction levels through line manager feedback. This group is often the closest to the majority of employees, so is ideally placed to find out what staff are really thinking. Employees may also be more likely to share their views with their line manager, particularly if they have built up a good working relationship.

Finally, exit interviews can be used to canvas employees' views, however, by this stage it is usually too late to resolve any problems in order to retain these staff.

# Government proposals for 2012

## What effect do employers anticipate government proposals for pension's auto-enrolment and compulsory employer contributions of 3% will have on their scheme?

It appears that the government is failing to convince employers that its pension's reform, which proposes auto-enrolment into a national pension's savings scheme in 2012, is the solution to the pension's crisis. Most employers don't believe the proposed measures will solve the crisis and very few think these proposals are the answer to the pension's crisis. As employers have more time to digest the possible impact of compulsory pension contributions on their pension schemes, an increasing percentage believe that these will have an effect on their existing provision. Last year, 62% of employers surveyed thought that their schemes would remain unchanged; however, this figure has now fallen to 50%.

This shift may have occurred in response to the numerous research reports and industry comments about the impact of auto-enrolment and compulsion that have been released over the past year.

This still relatively high number of employers that think the government proposals will have no effect on their existing schemes, however, goes against the views of many pensions' experts, who believe that many employers will reduce their organisation's contribution levels in order to offset the cost of having a greater number of employees enrolled in their scheme.

## Web-site access

Our web-site now provides the facility for our Group Pension Scheme members to view the current value of their pension fund and, if appropriate, advise us of any change in their personal circumstances and/or priorities. This can be accessed through our web-site, [www.three-counties.co.uk](http://www.three-counties.co.uk) and then clicking on the 'group pension scheme' section.

## Surgeries for staff

No matter how large or small your workforce is, we are able to offer you a staff surgery. This will normally consist of setting aside half a day and offering members of your staff the opportunity to have 20-30 minute consultation with one of our advisers on any aspect of their personal financial situation.

These usually prove extremely beneficial and are greatly appreciated by employees.

## For further information please contact:-

Peter West (Chairman) [pww@three-counties.co.uk](mailto:pww@three-counties.co.uk)

John Baxter (Managing Director) [John.Baxter@three-counties.co.uk](mailto:John.Baxter@three-counties.co.uk)

Steve Cann (Director) [sec@three-counties.co.uk](mailto:sec@three-counties.co.uk)

Mark West (Associate Director) [mjw@three-counties.co.uk](mailto:mjw@three-counties.co.uk)

Peter Braisby (Client Services Manager) [pab@three-counties.co.uk](mailto:pab@three-counties.co.uk)

Les Cain (Office Manager) [Leslie.Cain@three-counties.co.uk](mailto:Leslie.Cain@three-counties.co.uk)

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