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## Britain adjusts to universal auto-enrollment

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By Editor Test     *Wed, Sep 26, 2012*

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Large parts of the UK pensions industry are not ready or for auto-enrollment, just weeks ahead of its launch, according to a panel of pension experts brought together by plan provider AllianceBernstein.

The huge administrative and IT challenge of so many new savers joining pension schemes could find trustees and small employers unprepared for it, they said in an article reported in IPE.com.

"As auto-enrollment is introduced, there will be 320,000 new savers every month, and over half a million events such as opt-outs every month by 2017. Are providers ready to deal with that scale of work?" said panel member Andy Cheseldine, principal at Lane, Clark & Peacock.

The size of the challenge is reflected in the cost. Cheseldine said he expected final costs to be much higher than the original estimate of £100 (€125) per employer projected by the Department for Work and Pensions. One retailer reportedly has already set aside £2m to pay for implementing auto-enrollment.

"Many organizations are still in a head-in-sand mode," said Dean Wetton, a pension consultant. "Auto-enrollment is lost somewhere between payroll, HR and the pensions department. Many still see it as a pensions issue, when there are many implications for other parts of the business."

Others agree. "Employers are still largely focused on defined benefits schemes and not always up to speed on auto-enrollment," said Steve Delo, CEO at PAN Group, a trusteeship and governance services provider. "Yet anyone who gets auto-enrollment seriously wrong will face public scrutiny, so stress testing and delivery are crucial."

The panel suggested that larger employers were generally well prepared and organized - the problems lie with smaller employers.

"It is proving difficult to get other employers engaged. Auto-enrollment is just not on their radar yet, so the key is raising wider awareness," said Stephen Nichols, chief executive of the Pensions Trust occupational pension scheme.