

---

## **U.K. To Raise Retirement Age, Implement National DC Plan**

---

By Editor Test     *Thu, Oct 21, 2010*

---

*In a move that resembles the Obama administration's "auto-IRA" program for workers in companies that don't offer retirement plans, the British are hoping to jump-start middle-class savings with their National Employment Savings Trust.*

---

The British government apparently intends to proceed with the foundation of the National Employment Savings Trust (NEST), as well as plans to increase the retirement age to 66 ahead of schedule, IPE.com reported.

The new proposals mean the state pension age will increase from to 66 from 65 between 2018 and 2020, six years earlier than at first proposed. NEST is a national defined contribution plan that resembles the U.S. Department of Labor's proposed "auto-IRA" for employees of U.S. firms that don't offer retirement plans. is intended to increase savings among lower-income workers not served by other plans, will begin in 2011. Auto-enrollment in NEST will begin in 2012.

In December 2006, The U.K. government first proposed NEST—then called Personal Accounts—as a simple, low-cost way to increase individual workers' savings for retirement. The expenses would be two percent of the value of each contribution to NEST, and an annual management charge equal to 0.3% of the total amount in the plan.

Starting in 2012, British workers participating in NEST will be automatically enrolled into a default investment fund. They will also have a choice of investments, including options such as social, environmental and ethical investments. The initial contribution limit is £3,600 (\$5,700).

Employers must automatically enroll their eligible workers into a qualifying pension scheme and make contributions to it. Workers will be able to opt-out of their employer's scheme if they choose not to participate.

NEST is portable. Anyone who joins it can continue to save in it even after they stop working or if they move to an employer that does not use NEST. The self-employed and sole proprietors are not subject to auto-enrolment can join NEST.

© 2010 RIJ Publishing LLC. All rights reserved.