For Immediate Release

SCOTTISH WIDOWS RESPONDS TO THE GOVERNMENT'S WHITE PAPER ON PERSONAL ACCOUNTS

- The package of reforms is positive and is targeting those people that really need it

Ian Naismith, head of pensions market development at Scottish Widows comments:

Maintaining good provision

"We are encouraged by the protections offered to existing good pension provision in the Government's proposals for Personal Accounts. It is particularly important for the pensions industry to have the assurance that pension arrangements sold now, for which initial costs will not be fully recovered for several years, will be ring-fenced from early transfer into Personal Accounts. Without this measure it is likely that few, if any, companies would have been able to participate actively in the company pension market in the run-up to 2012.

Personal Accounts quality-mark

"We also welcome the proposal for a quality-mark for good pension schemes and the statutory duty on the Delivery Authority to minimise the impact of Personal Accounts on the rest of the market. These should help to reduce the effect of Personal Accounts on existing good provision, although they do not remove the danger of employers levelling down.

"In fact research by Deloitte, co-sponsored by Scottish Widows, found that less than one-quarter (23%) of employers are likely to retain their current pension contribution rates for new and existing employees after 2012.

Contribution limit

"We believe that setting a maximum contribution level is a positive step in ensuring that the right group is targeted with Personal Accounts – those with low incomes and people who have no pension provision at all. It is those currently not saving – or saving very little – who personal accounts should be targeted at – and it would appear with the White Paper that the Government has listened to the industry on this most important issue.

“While we support a competitive market for Personal Accounts, we will continue to work with the Government to ensure that the proposed structure is successful in increasing pensions coverage.”

ENDS

Notes for editors

The Deloitte study “Pensions Reform in the Workplace was sponsored by Scottish Widows, Aegon, Axa and Standard Life and was based on the views of 750 employers.

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Scottish Widows was founded in 1815 as Scotland’s first mutual life office. Becoming part of the Lloyds TSB Group in 2000, Scottish Widows has become one of the most recognised brands in the life, pensions and investment industry in the UK. The product range includes ordinary long term insurance, such as life assurance, pensions, annuities and permanent health insurance, and savings and investment products. Using a multi-sales network of Financial Advisers, Direct Sales, Direct Marketing, the Internet and via the branch network of Lloyds TSB, Scottish Widows currently employs about 4,000 people.

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