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SIMPLICITY, SECURITY AND CHOICE

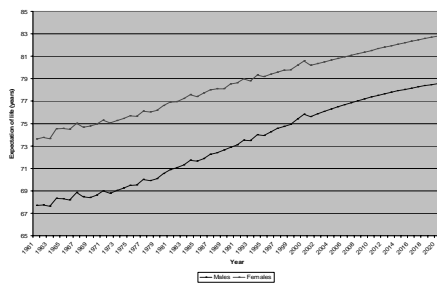
Working and saving for retirement

Rt Hon Andrew Smith MP
Secretary of State for Work and Pensions

DWP Department for Work and Pensions

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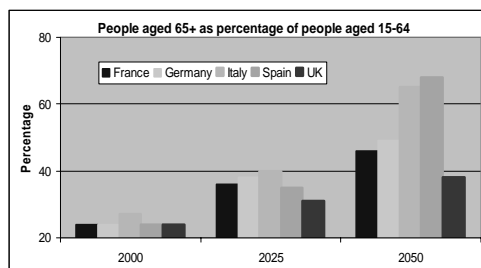
Increasing life expectancy



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The demographic challenge



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Pension provision in the UK

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- Less ageing to do
- Affordable state pension provision
- Widespread private pension saving
- Pensioner incomes up twice as fast as average earnings over past 20 years

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The challenge we face

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- Longer lives – need to work longer and/or save more
- Stock market proved it can go down as well as up
- Individuals need to do more - 3m significantly under-saving
- Rising costs for occupational pensions - some employers cutting back

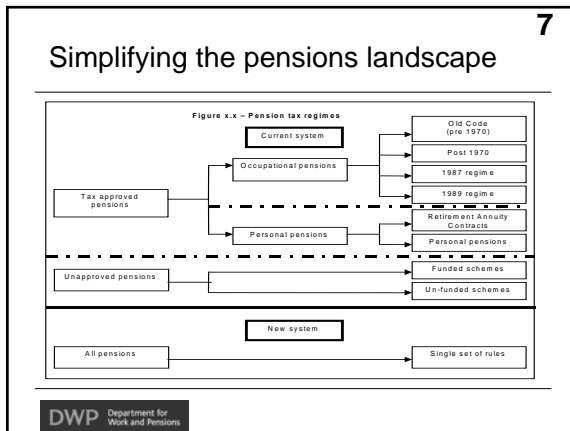
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Pensions Green Paper consultation

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- Identified areas where action is needed
- Biggest consultation ever
- 800 responses received

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- ### Radically simplify the rules
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- Take a more flexible approach to regulation
 - New, proactive regulator
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- ### Encouraging employer provision
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- Make it easier to set up and run schemes
 - Freedom for schemes to tailor their own investment strategy
 - Simplify requirements for contracted-out schemes
 - Better protection for members – important balances to strike
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Enabling choice

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- People will save more if they have tailored information from a trusted source
- Employers have a role to play

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Pensions Commission

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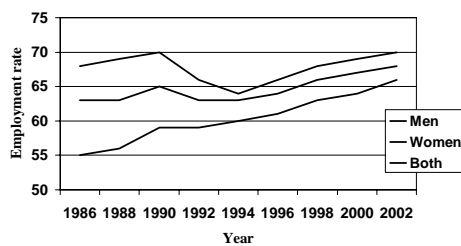
- Determined to make voluntary system work better
- Pensions Commission to monitor progress
- Independently advise and report to the Secretary of State

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More people working longer

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Employment rates for those aged 50 to state pension age



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New choices for older workers

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- By December 2006 legislation outlawing age discrimination
- Ensure a more flexible approach to retirement
- No cliff edge
- No increase in the State pension age

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Conclusion

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- Tough choices to get the balance right
- Build on existing strengths in system
- Provide protection
- Simplify system for business and individuals
- Enable choice of how to save and how long to work

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