

Chapter 3: The target group

Background

- 3.1 The White Paper *Security in retirement: towards a new pensions system* set out the objective of designing personal accounts to focus on the target group¹. This chapter describes how the Government is designing the scheme to ensure that this group has the widest possible access to personal accounts, whilst keeping the scheme simple and minimising the burden on employers. It covers:
- policy on the earnings band over which contributions will be payable;
 - people with multiple jobs;
 - the upper age limit for automatic enrolment; and
 - access to personal accounts for the self-employed.

Earnings bands

Background

- 3.2 *Security in retirement* proposed personal account contributions would be made on annual earnings above a level of around £5,000. This was based on:
- setting an appropriate level of earnings above which it will be worthwhile for most people to save²;
 - making a link to the earnings level at which individuals and employers start to contribute to State Pensions;

¹ People between age 22 and State Pension age, who earn over approximately £5,000 per annum, and who either do not have access to a work-based pension scheme with an employer contribution of at least 3 per cent, or do not participate in one if offered.

² See DWP's publication *Financial incentives to save for retirement*, November 2006, <http://www.dwp.gov.uk/pensionsreform/pdfs/financialincentives.pdf> for an analysis of this point.

- linking the start of contributions to the threshold for automatic enrolment, thereby avoiding the 'cliff edge' effect when contributions start, so that no-one automatically pays contributions on earnings below a level at which it may not be worthwhile to save; and
- balancing the rights of those on moderate to low incomes to an employer contribution against the possibility that some people on lower incomes may already receive adequate support through state entitlement.

3.3 *Security in retirement* also proposed that the calculation of contributions to personal accounts should be capped at earnings around £33,500 on the basis that:

- personal accounts are designed to meet the needs of the target group, particularly the majority on moderate to low incomes;
- this provides a mechanism for ring-fencing employer contributions; and
- it helps differentiate personal accounts from existing provision, especially individual pensions for higher earners.

Definition of earnings

3.4 The Government proposes that for the purposes of personal accounts, earnings will be defined in line with the definition used for National Insurance purposes. This definition is set out in the Social Security Contributions and Benefits Act, 1992 and describes 'earnings' as any remuneration or profit derived from an employment³. This definition is also used as a general interpretation in The Pensions Act 2004 and links to the 1992 Act definition of earnings.

Earnings bands

3.5 The Government has decided that when personal accounts are introduced from 2012, the limits for the personal accounts earnings band (PAEB) will be aligned with the Primary Threshold and Upper Earnings Limit for National Insurance contributions (£5,035 and £33,540 in 2006/07).

3.6 The Government has considered how the PAEB should be updated from 2012. The following options have been considered:

- updating by earnings; and
- updating by prices.

³ Social Security Contributions and Benefits Act 1992, section 3 (1) (a).

Uprating the earnings band

- 3.7 The Government has decided that the PAEB should be uprated in line with earnings from the value it is projected to reach in 2012.
- 3.8 *Security in retirement: towards a new pensions system* set out contribution levels for personal accounts that were based on median earners with a reasonably full working life achieving a 45 per cent replacement rate from state and personal account pension saving. Uprating the PAEB in line with average earnings will ensure that contribution values do not fall in relation to earnings and therefore, that the replacement ratio is maintained.
- 3.9 Uprating the PAEB at a lower rate such as prices would result in more very low earners entering the personal accounts target group every year. This would result in people with even lower earnings, who may be less able to afford to contribute, becoming automatically enrolled and having higher contribution rates on lower earnings for many years (see Table 3.1).

Table 3.1: Impact on the PAEB lower threshold of uprating by earning and prices, at constant 2006/07 earnings

Year	Earnings uprated (£)	Price uprated (£)
2012	4,452	4,452
2015	4,452	4,182
2020	4,452	3,769
2030	4,452	3,061
2040	4,452	2,486

Source: DWP modelling

Notes: Assumes that the lower limit of the PAEB (£5,035) is uprated in line with prices until 2012. Prices assumed to grow by 2.87 per cent a year; earnings assumed to grow by 4.93 per cent a year.

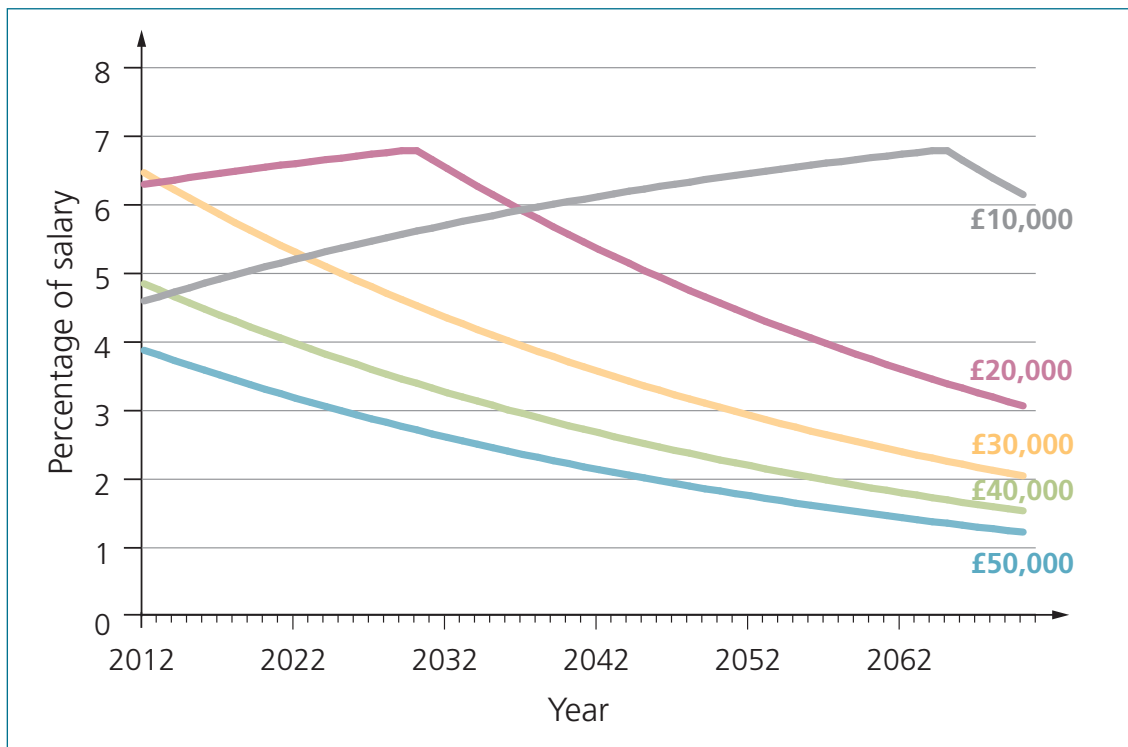
Option 1: Uprating by prices

Impact on individuals

3.10 Uprating the PAEB by a price index, such as the Retail Price Index or the Consumer Price Index, would impact on individuals in a number of ways. It would:

- reduce the value of contributions in relation to earnings, leading to lower replacement rates;
- increase the proportion of salary being saved in personal accounts for those with salaries below the upper end of the PAEB (see Figure 3.1);
- reduce replacement rates for higher earners over time (see Figure 3.2, which shows that uprating by prices increases the replacement rates for those who already have high expected replacement rates from state entitlement); and
- progressively increase the number of people with lower incomes who are automatically enrolled (see Figure 3.3).

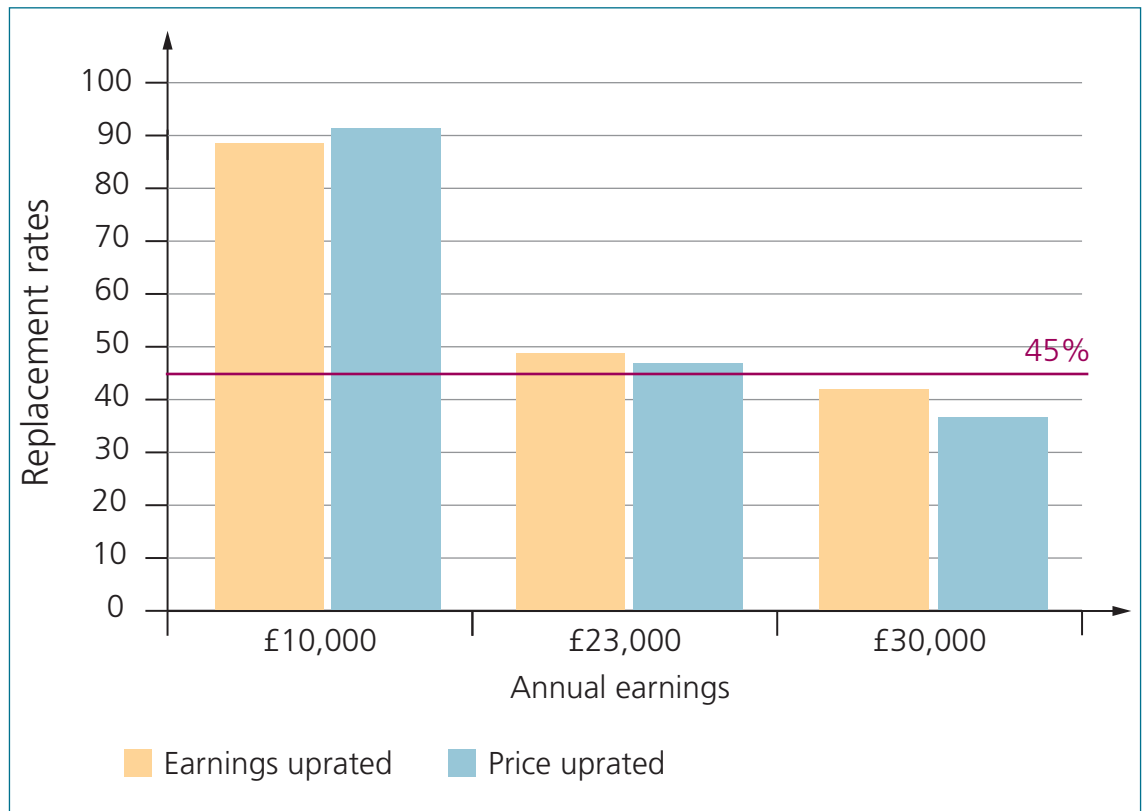
Figure 3.1: Time profile of contributions as a proportion of income: PAEB uprated by prices



Source: DWP modelling

Note: Based on assumed earnings growth of 4.93 per cent and inflation of 2.87 per cent. PAEB are based on the 2006/07 Primary Threshold of £5,035 and the 2006/07 Upper Earnings Limit of £33,540 using 8 per cent contribution rates on earnings bands.

Figure 3.2: Replacement rates for different earnings levels by whether the PAEB is updated in line with earnings or prices for an individual who starts saving in 2012 and retires in 2055



Source: DWP modelling

Note: Impact on an individual who starts saving in 2012 and retires in 2055. Replacement rates include State Pension entitlements. Median Earnings in 2006/07 are £23,000.

Impact on employers

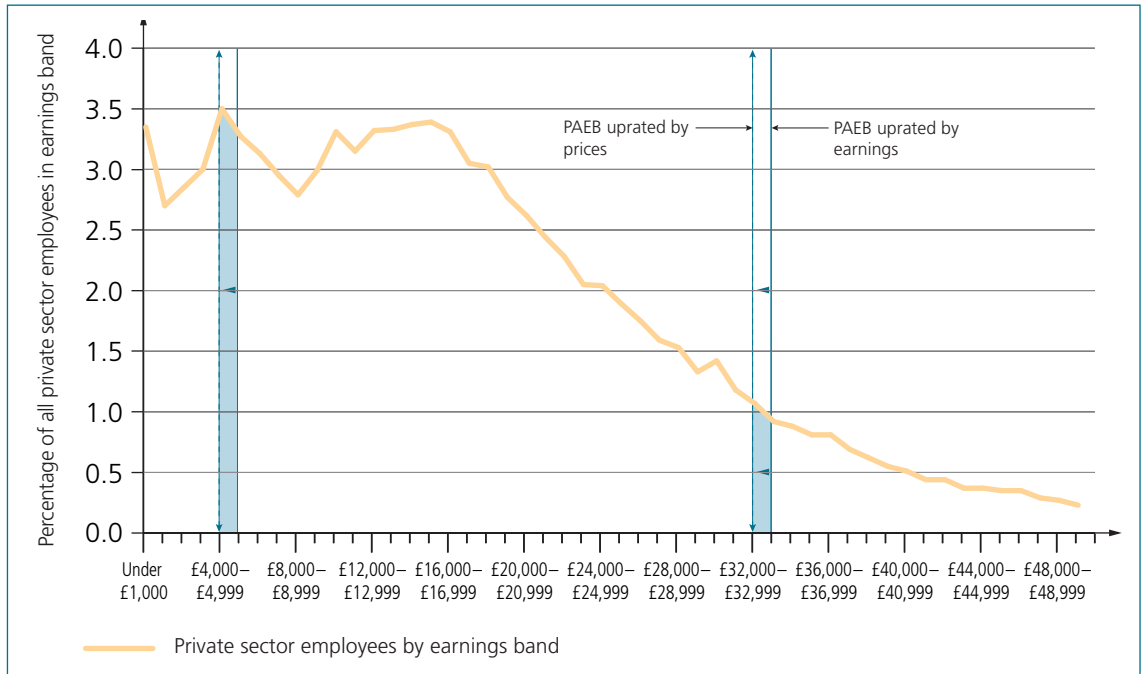
Contributions

- 3.11 Uprating by prices would cause the lower limit of the PAEB, at which contributions commence, to drift down as prices generally rise more slowly than earnings. This would increase the proportion of salary on which employer contributions are paid for people earning below the upper limit of the PAEB.
- 3.12 This would be partially off-set for those employers with employees that earn above the upper limit of the PAEB, because the upper limit would also drift down. However, the impact of the change at the lower limit is likely to outweigh the impact of the change at the upper limit, because most of the target group for personal accounts will be on moderate to low incomes below that upper limit.

Administration

- 3.13 The analysis of employer administrative costs suggests that the additional cost of uprating the PAEB is negligible, and the difference in the administrative cost to employers of uprating by prices or earnings would be marginal.
- 3.14 Employers that use automated payrolls have facilities for uprating National Insurance contribution (NIC) bands, tax thresholds, etc every year. Straightforward changes to software systems would be able to incorporate the new PAEB and enable it to be uprated by simply inputting the new limits.
- 3.15 For employers that use a manual payroll system the Government has assumed that they will be supplied with tables similar to those supplied for tax and NICs every year. The tables would have to be in addition to the tax and NICs tables, as personal account contributions will be made at different rates. Every year the employer would have to familiarise themselves with a new set of amounts in the tables, regardless of how the PAEB is uprated.

Figure 3.3: The impact of uprating the PAEB by prices



Source: Earnings distribution of private sector employees from Annual Survey of Hours and Earnings 2005

Notes: PAEB is based on the 2006/07 Primary Threshold of £5,035 and the 2006/07 Upper Earnings Limit of £33,540. The shift in the PAEB is shown for illustrative purposes only and does not represent an actual shift. Uprating by average earnings.

Option 2: Uprating by earnings

Impact on individuals

- 3.16 Basing personal account contributions as a percentage of income with the PAEB uprated by average earnings will ensure that the personal account contributions remain constant.

Impact on employers

- 3.17 Uprating in line with earnings keeps employer contribution costs constant over time as a share of labour costs, because the costs will grow at the same rate as changes in earnings.
- 3.18 As set out in paragraphs 3.13 to 3.15, the administration cost of uprating in line with earnings is negligible and the difference in administration cost to employers of uprating in line with earnings or prices would be marginal.

Proposal on uprating the PAEB

- 3.19 Having looked at the advantages and disadvantages of these two approaches, the Government proposes that the PAEB on which contributions will be calculated will initially be aligned with the Primary Threshold and Upper Earnings Limit for National Insurance contributions – currently £5,035 and £33,540. After the first year of operation, the PAEB will be linked to annual earnings growth regardless of how the tax and NICs thresholds are uprated. This will maintain the value of contributions to personal accounts in relation to earnings. If the PAEB did not keep pace with earnings growth then the contributions based upon it would fall in relation to earnings every year. This would ultimately lead to corresponding falls in people's pensions at retirement.
- 3.20 This will also ensure that personal accounts continue to reach the target group of moderate to low earners. If the lower limit of the PAEB reduced each year in comparison to earnings, more very low earners would be brought into personal accounts. The level of State Pensions for very low earners means that this may not be appropriate.

Personal accounts for individuals with multiple jobs

Objective

- 3.21 The Government has carried out work to establish a policy on personal accounts contributions for individuals with multiple jobs that creates consistency and simplicity for employers and individuals.
- 3.22 The Government proposes that people with multiple jobs should be treated in a similar way as they are for National Insurance, namely each job is treated individually. The following options were considered:
- treat each salary individually; and
 - calculate employer and employee contributions on aggregated earnings.

Option 1: Treat each salary individually

- 3.23 Individuals with multiple jobs could receive lower overall employer contributions than those with a single equivalent income (see Table 3.2). However, this option would be simple to administer and employees would qualify for employer contributions on qualifying earnings in each job. In addition, most people are unlikely to remain in multiple jobs throughout their entire working life.

Table 3.2: Calculation of contributions

	Salary (£)	Portion of salary within earnings band (£)	Personal account contributions (8% of earnings band salary) (£)
Individual A	12,000	6,956	556
Individual B	6,000 6,000	956 956	152 (77 from each employment)

Source: DWP modelling

Note: Calculations based on a PAEB lower limit of £5,035 and rounded to the nearest pound.

Option 2: Calculate employer and employee contributions on aggregated earnings

- 3.24 Aggregating earnings would allow personal account contributions to be calculated on total income. This would stop people with more than one job receiving less in contributions than someone with one job but receiving the same annual income.
- 3.25 There are significant practical difficulties in aggregating employer contributions: Identifying people in this situation would be very difficult and would involve extensive and ongoing management of an individual's earnings records, particularly when one or more salary is below the lower threshold.
- 3.26 As this option would involve recalculating employer contributions on a proportion of earnings below the lower limit of the PAEB, it would bring significant additional complexity and cost for employers. Employers themselves may not be in a position to know when it was appropriate or how much additional contribution was due. Aggregation and apportionment may also introduce a perverse incentive where employers may be less keen to employ people with other jobs, particularly those with lower salaries. The proposal would impose a disproportionate administrative burden on the personal accounts scheme as a whole.

Impact on affected groups

Impact on employers

- 3.27 The Government has considered what the operational impact might be and concluded that anything other than treating each employment independently would cause undue burdens on employers.
- 3.28 In addition, there may be a question about whether each individual employer should supply information or whether it would fall to one employer. This might have the effect of deterring employers from employing people with earnings around the lower limit of the PAEB or those who may already have a second job.
- 3.29 To make this approach effective, it would be necessary to impose statutory requirements on every employer so they reported earnings details for personal accounts purposes and there would need to be legislation to deal with non-compliant employers.

Impact on individuals

- 3.30 The White Paper proposes that personal account contributions are payable when earnings from single jobs fall within the PAEB. These amounts have been chosen because DWP research suggests those on very low incomes get higher replacement rates through state entitlement.

Numbers affected

- 3.31 Analysis suggests that around 350,000 individuals are likely to be affected, as they have multiple jobs, earn a total annual income of over £5,000 and are not currently contributing to a private pension. This is a relatively small number of people; however, those who are likely to be affected tend to be in vulnerable groups. Of these:
- around 40,000 people aged 22–64 earn less than £5,000 a year in each job. The data indicates that about 80 per cent of these people are women;
 - around 275,000 people aged 22–64 earn less than £5,000 in at least one job and more than £5,000 a year in another. Women make up about 60 per cent of this total⁴; and
 - around 40,000 people aged 22–64 have multiple jobs that all pay over £5,000 a year. Although sample sizes make further analysis difficult, about 60 per cent of people with this pattern of multiple jobs are women.
- 3.32 As over three-quarters of the jobs that pay below £5,000 are part-time, the Government considered whether treating each salary individually represented unfair treatment of people who work part-time. Women hold over 80 per cent of these part-time jobs.
- 3.33 People may not always be on low earnings and may well move into higher paid employment in later life. Others might choose part-time work that fits with their personal commitments and return to full-time work later. Some might be a secondary earner in a household. The Government aims to maintain the widest possible access to personal accounts but needs to strike a balance between this and excessive burden upon employers.

Proposal on multiple job holders

- 3.34 The Government proposes that for simplicity and to ensure the effective working of the personal accounts scheme as a whole, people with more than one job will have their earnings from each job treated separately.

⁴ Family Resources Survey, 2004/05.

Upper age limit for automatic enrolment

Objective

- 3.35 *Security in retirement: towards a new pensions system* set out the lower age for automatic enrolment at 22. This aligns it with the age at which the adult rate of the National Minimum Wage is payable. The White Paper also set out that no one over State Pension age would be automatically enrolled. The Government has done further work to consider whether State Pension age is the appropriate cut-off point for automatic enrolment.

Introduction

- 3.36 Around 1.1 million employees aged between 55 and State Pension age are not currently participating in a private pension. Those who are currently approaching State Pension age have fewer years to build up a new pension.
- 3.37 The final value of a pension will depend on a variety of factors, such as investment performance. However, personal accounts will enhance the value of an individual's contribution through lower charges, the employer contribution and tax relief. This means that, even after taking into account tax liability and any benefit offsets, most older people can expect a good payback from their saving. In addition to this employees over State Pension age would benefit from an employer contribution if they opted into a personal account.
- 3.38 In practice, other factors come into play and the Government would expect to see a range of outcomes across all income groups.
- 3.39 The Government has decided it will set the upper age limit for automatic enrolment at the State Pension age but will consult on whether to include a transitional step for people nearing that age in 2012 when personal accounts are implemented. The following options were considered:
- introduce a cut-off age for automatic enrolment set below the State Pension age from 2012;
 - automatically enrol everyone up to State Pension age starting from 2012; and
 - set the upper age limit for automatic enrolment as State Pension age but use a lower cut-off age for a transitional period starting from 2012 when personal accounts are introduced.

Option 1: Use a cut-off age for automatic enrolment below State Pension age from 2012

- 3.40 Personal accounts is a policy for the long term, and a cut-off for automatic enrolment set below State Pension age would potentially shorten the savings period for scheme members.
- 3.41 The Government's recent publication *Financial incentives to save for retirement*⁵ suggests that the majority of older workers would get a good payback from saving in a personal account or exempt employer scheme as the employer contribution and tax relief effectively double the employee contribution.
- 3.42 The Government will consult on whether there should be a one-off cohort of employees approaching State Pension age who would not be automatically enrolled or whether this would deprive a group of individuals of an opportunity to save.

Option 2: Automatically enrol employees up to State Pension age from 2012

- 3.43 Automatically enrolling people up to State Pension age prevents additional burdens on employers having to apply different opt-out processes for people of different ages.

Option 3: Set the upper age limit for automatic enrolment as State Pension age but consider a lower cut-off age for a transitional period starting from 2012 when personal accounts is introduced

- 3.44 Analysis suggests that the majority of people aged 55 to State Pension age can expect to gain from automatic enrolment into personal accounts.
- 3.45 But people very close to the State Pension age would accumulate small pension funds in personal accounts. A transitional arrangement in the very early phases of personal account implementation would prevent this happening for people very close to retirement age who have had less opportunity to build up rights to State Second Pension. However, the cost of necessary procedures to achieve this is likely to be disproportionately expensive.

⁵ November 2006, www.dwp.gov.uk/pensionsreform/pdfs/financialincentives.pdf

Impact on individuals

3.46 The employer contribution and tax relief ensure that the value of an individual's contribution is enhanced at the point of contribution. This means that, while investment returns, annuity rates and other influences are uncertain, based on a reasonable set of assumptions⁶, and taking into account tax liability and any benefit offsets, most older people can expect a good payback from their saving, as well as benefiting from smoothing income over their lifetime. Some of the main factors affecting payback are:

Factors that tend to reduce the impact of lower net payback⁷

- Over 85 per cent of people aged 50 to State Pension age have either private pension rights or over £6,000 of savings.⁸ This will tend to improve payback in most cases, because the higher household income or savings tends to reduce potential benefit offsets.
- Over 70 per cent of people aged 60–69 are in a couple. Again, this tends to improve payback by reducing benefit offsets, whilst tax is calculated on an individual basis⁹.
- Those with no other pension may be able to trivially commute their personal accounts pension.¹⁰

Factors that tend to increase the impact of lower net payback

- Some will have less contributory pension entitlement. The Government expects 12 per cent of pensioners to be on Guarantee Credit only in 2020 and 6 per cent by 2050, though some of these would have been retired in 2012 before personal accounts started. (Older pensioners are more likely to be on Guarantee Credit than younger ones.) People on Guarantee Credit only do not receive the savings reward and so might not benefit from extra income, although they may benefit from trivial commutation¹¹.

⁶ Full explanations of the assumptions used in *Financial incentives to save for retirement*, DWP, November 2006.

⁷ Net of any benefit offsets or tax liability.

⁸ English Longitudinal Study of Ageing 2002/03.

⁹ Office for National Statistics Mid-2003 population estimates.

¹⁰ People can choose to receive their pension savings as a lump sum, provided it is less than 1 per cent of the current lifetime limit (£15,000 in 2006/07).

¹¹ DWP Projection of Pension Credit entitlement 2006.

- 18 per cent of those over 60 are on Housing Benefit, and some of them may face high marginal deduction rates which would mean a low payback. High marginal deduction rates do not mean a reduction in pension income but mean that benefit entitlement is reduced as private income rises¹².
- 3.47 Contributions will be phased in over a three year period. This will reduce the amount that people can save in this period.
- 3.48 DWP analysis of potential pension outcomes for people aged 60 and over in 2012, suggests that, depending on investment returns, they might amount to roughly twice the value of the contributions employees make, due to matching contributions from the employer and tax relief. For example, a male median earner aged 60 in 2012 working until State Pension age will make around £2,800 in contributions and could earn a pension pot of just under £6,200 in earnings terms. This represents a good payback that people could enjoy as a lump sum on retirement if they have no other pension.
- 3.49 The following tables show the benefits of pension saving for those individuals approaching retirement. They make certain assumptions about the individual and about investment returns and other factors – details can be found in Box 3.

¹² DWP estimate based upon time series of Local Authority Housing Benefit administrative data and ONS Great Britain population estimates.

Table 3.3: Benefits of pension saving for those individuals approaching retirement

Men aged 60 to 64 in 2012				
	Earnings in 2006/07 (£)	Total contributions made (£)	Total pension pot (£)	Replacement rate if not saved (%)
Male aged 60 in 2012	6,000	152	335	121
	23,000	2,804	6,187	38
	35,000	3,732	8,235	29
Male aged 61 in 2012	6,000	114	250	120
	23,000	2,103	4,619	38
	35,000	2,799	6,148	29
Male aged 62 in 2012	6,000	76	166	120
	23,000	1,402	3,066	38
	35,000	1,866	4,081	29
Male aged 63 in 2012	6,000	38	£83	120
	23,000	701	1,528	38
	35,000	933	2,034	30
Male aged 64 in 2012	6,000	13	28	120
	23,000	234	508	38
	35,000	311	676	30

Source: DWP Modelling

Women aged 56 to 60 in 2012					
	Earnings in 2006/07 (£)	Retirement	Total contributions made (£)	Total pension pot (£)	Replacement rate if not saved (%)
Female aged 56 in 2012	6,000	In 2021, aged 65	304	683	121
	23,000		5,608	12,610	37
	35,000		7,465	16,786	27
Female aged 57 in 2012	6,000	In 2018, aged 63	190	421	165
	23,000		3,505	7,770	46
	35,000		4,665	10,342	34
Female aged 58 in 2012	6,000	In 2016, aged 62	114	250	164
	23,000		2,103	4,619	47
	35,000		2,799	6,148	35

continued

Table 3.3: Benefits of pension saving for those individuals approaching retirement (continued)

Women aged 56 to 60 in 2012 (continued)					
	Earnings in 2006/07 (£)	Retirement	Total contributions made (£)	Total pension pot (£)	Replacement rate if not saved (%)
Female aged 59 in 2012	6,000 23,000 35,000	In 2015, aged 62	76 1,402 1,866	166 3,066 4,081	163.6 47.1 35.1
Female aged 60 in 2012	6,000 23,000 35,000	In 2013, aged 61	13 234 311	28 508 676	162.6 47.2 35.3

Source: DWP modelling. This figure is for illustrative purposes only. It should not be used as the basis for individual decisions as specific circumstances or variation from the underlying assumptions will lead to different results.

Box 3

Financial incentives to save for retirement shows that the large majority of employees are likely to find saving in personal accounts worthwhile. A 'worthwhile' payback is difficult to define, as individuals will make their own judgement about whether they should save based on their personal circumstances as well as on expected payback.

The value of investments can go down as well as up but, based on reasonable assumptions about investment performance, most people can expect the net payback from their contributions to at least match the rate of inflation. This will make it likely if equities continue to grow at current rates that in real terms they get at least as much back as they put in, and they are also likely to benefit from smoothing their income across a lifetime, avoiding an unwelcome fall in living standards on retirement. There does not seem to be any easily-identified group of employees who would lose out from saving in personal accounts or a similar scheme. Of the large number of factors which influence expected payback, few will be known at the point of enrolment. Some may be more predictable, such as home ownership or family formation, and of course those nearer retirement will be able to predict their retirement circumstances more accurately. Some will be known only to the individual, such as his or her plans for retirement. Others may be unknown or may change during retirement, such as changing entitlement to income-related benefits through illness or disability, or bequests are received. The information provided by the personal accounts scheme will need to set out these factors for individuals to consider.

Proposal on setting an upper age limit for automatic enrolment

- 3.50 The Government recommends the long term upper age limit for automatic enrolment is the State Pension age. The Government also proposes further consultation on whether there should be a transitional cohort of employees approaching State Pension age at the time personal accounts are introduced who would not be automatically enrolled into personal accounts or whether this might deprive a group of individuals of the opportunity to save.

Opting in for the self-employed

Objective

- 3.51 Personal accounts are designed as an efficient savings vehicle that will enable individuals in the target group who are currently not saving for retirement to start to do so. This objective raises the question of whether to enable self-employed individuals to enrol in personal accounts so that they benefit from increased saving subject to low charges.
- 3.52 The Government has previously concluded that there is no sensible proxy for automatic enrolment for self-employed people. The May White Paper stated that self-employed people could join personal accounts on a **voluntary, opt-in basis**.
- 3.53 Self-employed people do not benefit from employer contributions or State Second Pension accruals. Therefore, people with a period of self-employment would receive a lower overall income from basic State Pension, State Second Pension and personal accounts than if they had been a life-long employee.
- 3.54 For employed individuals, the minimum overall contribution to personal accounts will be 8 per cent of gross salary and will comprise a minimum 3 per cent employer contribution, an employee contribution of around 4 per cent, and a state contribution of around 1 per cent in the form of tax relief. This would, on average, enable a median earner with good state entitlement, who started saving in a personal account at age 30 to achieve an overall income replacement rate of around 45 per cent. This means that self-employed people, who do not have the benefit of an employer contribution or State Second Pension, would need to save more to achieve the same outcome as employees. For example, for a self-employed individual to achieve an equivalent replacement rate, a median earner with a single ten-year period of self-employment between the ages of 35 and 45 would need to either:

- contribute **14 per cent** of income in the personal accounts band during the years of self-employment (gross of tax relief); or
 - increase their personal contributions by 2 per cent every year whilst employed (making an overall contribution from employee, employer and tax relief of 10 per cent) and contributing 8 per cent while in self-employment.
- 3.55 Those who were self-employed for longer would need to make even higher contributions, save for longer, or accept a lower retirement income.
- 3.56 The Government has explored the feasibility of setting a 'guideline' contribution but this has proven to be undesirable due to diversity of circumstances among the self-employed.
- 3.57 The Government has therefore decided to allow self-employed individuals to choose their level of contribution to personal accounts, (subject to a minimum payment level and any contribution cap).
- 3.58 In developing the communications strategy for personal accounts, the self-employed will have specific requirements that will need to be considered.

Impact on individuals

- 3.59 There are around 3 million self-employed workers in the UK, around 2 million of whom are not saving in a non-State Pension. Private pension saving amongst the self-employed has declined from 46 per cent in 1999/2000 to 35 per cent by 2004/05.
- 3.60 The self-employed will be able to opt in to personal accounts and choose their level of contribution (subject to a minimum payment level and any contribution caps).
- 3.61 The information provided to support personal accounts will need to highlight issues that self-employed people may wish to consider in making savings decisions.

Proposal for opting in for the self-employed

- 3.62 The Government has considered whether the scheme should set a minimum contribution level for the self-employed to enable them to achieve a minimum income replacement rate in retirement. However, the Government concluded that this was not practical and that, given the changeable cash flow that some of the self-employed experience, individuals would be best placed to decide how much they wished to save in a personal account. Therefore, self-employed people will be able to save in personal accounts at a level of their choosing, subject to any minimum payment level and contribution cap.

