



GOVERNMENT RESPONSE TO CONSULTATION ON PERSONAL ACCOUNTS DOESN'T GO FAR ENOUGH, ACCORDING TO FIDELITY

- **Ministers accused of ducking the cost issue**
- **Too little to protect existing schemes**

London: 14 June 2007 - Fidelity International, the leading investment management and services group, believes the government has ducked a complicated but critical decision about the charges for Personal Accounts by deferring the decision on charging structure to the new delivery authority.

Simon Fraser, President, UK and Europe Institutional Business at Fidelity International, commented: "The Government has a duty to see all elements of this decision through and simply handing over an integral part of the future Personal Accounts is not good enough. Getting the financials behind Personal Accounts wrong could compromise their value when introduced in 2012 – there is considerable work still to be done.

"Furthermore, the threat of levelling down still looms ahead. We understand the Government's concerns about extending the exemption for employer sponsored pension schemes to contract-based provision. However, we believe overlooking them would be an error. A recent survey of large employers by Fidelity International found that, given a blank sheet of paper, 62% of employers would opt for a contract-based arrangement, underlining their importance in the future retirement landscape.

"There needs to be a solution found and we look forward to working with them to find a route to marry the needs of the EU Directive with the needs of UK pension savers in 2012.

"Fidelity also recommends further consideration is given to deferring auto-enrolment of existing employees to 2015 or later. A phased approach between 2012 and 2015 to auto-enrolment would go a long way to supporting employers, particularly those with current low take up, as they strive to manage the financial 'hit' from placing current employees into schemes. Some reassurance for employers that this will be reviewed ahead of the introduction of Personal Accounts would be welcome."



“The Government’s response today is a step in the right direction, and while there is considerable work to be done and significant elements which require further careful thought we look forward to working together with the industry to ensure the successful roll out of Personal Accounts in 2012.”

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