

Media Release

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For immediate release

Xafinity responds to PADA consultation document

Xafinity Paymaster looks ahead to a brave new world where the public will be sufficiently aware of their retirement options to choose a product via the web and urges PADA against an assumption that members will choose to convert their pension pot into an income at State Pension Age.

As a strong contender for the administration contract for personal accounts, Xafinity Paymaster's response to the PADA consultation on "Securing a retirement income" is released today and reveals their views that member awareness and cost effective administration practices are integral to the project's success.

Two main points were highlighted in Xafinity Paymaster's response. Firstly the need for greater member awareness and engagement and secondly, broadening the assumptions that members of personal accounts will move out of the scheme at State Pension Age.

For personal accounts to be successful, Xafinity Paymaster expressed the view that an in-depth communications exercise was essential to educate the public on the process of converting savings into retirement income and with better general awareness, members of the personal accounts scheme and other DC schemes, are more likely to feel comfortable using the internet and other low-cost channels to access and manage their personal finances.

Also in their response, Xafinity Paymaster stated that there should not be an assumption that older members will automatically want to convert their savings into a retirement income at State Pension Age. With the likelihood of more flexible working patterns, leaving the workforce at State Pension Age is not necessarily going to be the norm - with many people expected to work past this age and possibly using personal accounts as a place to build additional retirement savings.

In addition, Xafinity Paymaster recommended that at age 75 there should be a default approach for those members who still have not chosen a retirement income option. To achieve a low cost administration platform for personal accounts a different approach is needed and a default mechanism at age 75 which pays out a lump sum or puts members into a default annuity product means less administration and thus less cost managing members at that time.

Xafinity Paymaster Director, Clare Ward, commented:

“It will be much easier to achieve PADA’s objective of making the personal accounts scheme an e-business, if there is greater public awareness of retirement income options. This can best be achieved through current initiatives, such as Money Guidance, which are seeking to improve financial awareness.

With greater awareness, members will be more comfortable using low-cost e-channels, but we urge against an assumption that all members will decide to access their savings at State Pension Age as many people are likely to work longer.”

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Notes to Editors

Link to Xafinity Paymaster’s consultation response

Building personal accounts: securing a retirement income - Xafinity Paymaster's Response

<http://www.xafinity.com/Downloads/White-Papers.aspx>



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Xafinity Paymaster has an unparalleled 170 years’ experience in large-scale financial administration. Founded in 1836, Xafinity Paymaster has an unparalleled 170 years’ experience in large-scale financial administration. Over 2 million members throughout the world rely on Xafinity Paymaster to pay their pensions, with transaction values exceeding £10 billion every year.

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The group provides consulting, software, resourcing, training and business process outsourcing services that enable public and private sector organisations to deliver employee benefits more efficiently.

In 2008, we were voted Pensions Administration System Provider of the Year and won the Pensions Administration Software Award, as well as winning Best Pensions Software provider in 2007. We are the accredited software supplier to the UK Principal Civil Service Pension Scheme.

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