

Extending pension auto-enrolment is economic madness in..

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As investment advisers Hargreaves Lansdown have noted:

- * [Yesterday] the Auto-enrolment Extension Bill continued its way through Parliament with its third reading in the House of Lords.
- * Key provisions:
 - * To reduce the minimum age for auto-enrolment from 22 to 18.
 - * and enable savings from the first pound of earnings from £6,240 today.
- * These provisions were initially highlighted as part of the 2017 Auto-enrolment Review with the government saying it aimed to introduce the changes by the mid-2020s.

I have no link: the text comes from an emailed press release. Experience shows they are always reliable.

Why does this concern me? As I have long explained, pension saving is not the basis for a pension system unless those savings are very carefully directed into the creation of long term value that has the ability to create inter-generational transfers of value. The stock market, into which many of the funds of 18 year olds will be directed in the future, not only lacks that ability, it does not even aspire to have it. Instead, it is simply a short-term focussed den of speculative gambling that plays little actual role in real wealth creation, but which requires a steady flow of new inward funds to disguise the fact that fund management charges would otherwise deplete the value of the system as a whole. It is, in my opinion a Ponzi scheme, in other words.

This change in the law is a simple measure to keep feeding the stock market with the money it requires.

These pensions will prove to be valueless if invested in shares, as most are at present.

Worse, they will reinforce the idea that companies have the answer to climate change

when their current behaviour is the primary cause of it.

So what is this Bill about? As far as I can see it is about feeding the neoliberal beast with funds from yet more victims who will have little chance to fight back.

If this is where we are when it comes to thinking about pensions we are in deep trouble,