



AUTO-ENROLMENT EMPLOYER GUIDE

4. Contributions & Phasing

What's available?

Employers can choose from three tiers of contribution for each distinct group of employees, or for the scheme as a whole. In each case the total contribution required, or more, can be paid entirely by the employer. If the employer chooses not to pay the total amount they must contribute at least the minimum set out in the tables below. Where the employer pays only the minimum, the employee would have to top up to make the minimum total contribution:

Tier 1 - Pensionable pay = basic pay (excludes overtime, bonuses and other variable or non-basic elements)			
Date	Employer minimum	Employee minimum	Total required
Before 5 April 2018	2%	1%	3%
6 April 2018 to 5 April 2019	3%	3%	6%
6 April 2019 onwards	4%	5%	9%

Tier 2 - Pensionable pay = 85%+ of total earnings			
Date	Employer minimum	Employee minimum	Total required
Before 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

For tiers one and two, pensionable pay must be at least equivalent to basic pay. Basic pay is defined as the gross earnings of the jobholder, disregarding the gross amount of any commission, bonuses, overtime, shift premium or other similar payments. Contributions are recalculated based on a monthly average over a year; this will incorporate variable pay

Tier 3 - Pensionable pay = total earnings (all pay providing that all earnings are pensionable)			
Date	Employer minimum	Employee minimum	Total required
Before 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	4%	7%

Tier 4 - Qualifying earnings (Earnings between £6,032 and £46,350 for 2018/19 tax year)			
Date	Employer minimum	Employee minimum	Total required
Before 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%



A few helpful points

- Phasing should make the increase in costs and admin easier to manage.
- New employees joining during transition will begin paying the minimum level for that phase.

Some auto-enrolment services are not regulated by the Financial Conduct Authority.