



AUTO-ENROLMENT (AE) FOR EMPLOYEES

Since October 2012, employers have been required to enrol eligible workers into a suitable workplace pension scheme and make contributions on their behalf.

Your employer will have to automatically-enrol you into a workplace pension if:

- You aren't already in one
- You're aged between 22 and State Pension Age
- You earn more than £10,000 per year
- You work in the UK

Once you're enrolled both you and your employer will make a contribution each month, and the Government will normally contribute in the form of tax relief. This factsheet gives you some key information about auto-enrolment and how it affects you.

What's a workplace pension?

A workplace pension is simply a way of saving for your retirement that is arranged through your employer. They are sometimes called 'occupational', 'works', 'company' or 'work-based' pensions. Usually a percentage of your pay is automatically put into the pension scheme each payday. Most workplace pensions are defined contribution (DC) schemes which means that you keep adding to your pot each payday and then use that pot to fund your retirement.

Why was AE introduced?

Auto-enrolment is the Government's way of helping people save enough for their retirement. It has long been recognised that most people are not saving enough for retirement and, as a result may not be able to afford to live comfortably in their retirement. Life expectancy is also increasing and there is therefore an increased strain on the State benefits system, so private pension provision is becoming increasingly important.

How will AE work for me?

In the past, many employees have missed out on valuable pension benefits, because their employer didn't offer them a pension, or they didn't apply to join their company's scheme. Auto-enrolment changes all of this. It makes it compulsory for employers to automatically enrol their eligible workers into a pension scheme. The employer must also pay money into the scheme.

What will be contributed?

Minimum contributions are usually based on what's known as 'qualifying earnings'. Qualifying earnings are a section of a worker's pay and for the 2019/20 tax year this is everything over £6,136 and up to £50,000. The amount contributed is to a total of 8% of which at least 3% must be paid by your employer.

What if I want to opt-out?

Information on opting out is available in the policy documentation that you'll receive from the provider; you can usually opt out either online or by telephone.

The Financial Conduct Authority does not regulate some forms of auto-enrolment

CAN I GET A REFUND?

You'll only have the option of taking a refund if you've been a member for less than thirty days. The amount that you receive refunded will have been subject to tax, to cover the fact that there was tax relief on the contributions. You'll lose any employer contributions.

If you have any questions please get in touch by:

Tel: 01454 632 495

E-mail: info@aspirafp.co.uk

Or get in touch with your pension provider