

WORKPLACE PENSIONS

You could soon have a pension without asking for one!

Millions of workers are being automatically enrolled into a workplace pension by their employer. A workplace pension is a way of saving for your retirement that's arranged by your employer.

A percentage of your pay is put into the pension scheme automatically every payday.

In most cases, your employer and the Government also contribute money into the pension scheme for you. The money is used to pay you an income for the rest of your life when you start getting the pension.

You can opt out if you want to, but that means losing out on employer and government contributions – and if you stay in, you'll have your own pension that you get when you retire.

'AUTO-ENROLMENT'

New legal duties, from October 2012, now requires employers to automatically enrol their eligible employees into a qualifying pension scheme. The reform will be 'staged' over a six-year period, depending on the size of the employer.

The new law means that every employer must automatically enrol workers into a workplace pension scheme who:

- Are not already in one
- Are aged between 22 and State Pension age
- Earn more than £9,440 a year
- Work in the UK

This is called 'automatic enrolment'. You may not see any changes if you're already in a workplace pension scheme. Your workplace pension scheme will usually carry on as normal.

But if your employer doesn't make a contribution to your pension now, they will have to by law when they 'automatically enrol' every worker.

If you are an employer, you need to make sure that your business is prepared as workplace pension reform becomes applicable to you.

When it comes to making contributions, there are two main things to consider, namely:

- The level of contributions you wish to make
- The definition of pay you wish to use

Both you and your employees will be required to pay money into the pension, subject to certain minimums, as shown in this table.

	EMPLOYER	EMPLOYEE
Oct 2012 to Sept 2017	1%	1%
Oct 2017 to Sept 2018	2%	3%
Oct 2018 onwards	3%	5%

These are only minimum amounts and you can choose to pay more than this.

You can even pay some or all of your employee's contribution, if you wish to do so.

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PROFESSIONAL FINANCIAL ADVICE YOU CAN TRUST

Auto-enrolment affects all employers in the UK. With auto-enrolment underway, employers must now automatically enrol eligible employees into a qualifying pension scheme. Whether you are an employee or employer, we can help guide you through your pension options. To find out more, please contact us.