Employee

Changes to Workplace Pensions

The government has made changes to workplace pensions which will affect you

This guide explains what will happen

Workers pension trust

Why is the government introducing auto-enrolment?

People are living longer and many are not saving enough to be financially comfortable when they retire. This means they will have to rely on the State pension, which is not enough for most people to live on.

Auto-enrolment is an easy way to start saving towards your retirement now.

Every employer will be required to enrol their workers in a pension scheme if they are not already in one.

This leaflet gives clear and simple information about what the changes are and how they will affect you.

What will it mean for you?

Auto-enrolment means that you can save for your retirement with a workplace pension that every employer must provide. Both you and your employer make contributions to the pension.

When paying into a pension scheme, you may receive tax relief on contributions. This means that money that would have gone to the government as tax goes into your pension instead. Workers Pension Trust operates a net pay arrangement for tax relief. This means that pension contributions are deducted from pay before tax is calculated.

If you are eligible for tax relief, your employer deducts your contributions from your pay before they deduct tax, giving immediate tax relief. (The tax you'd normally pay is invested in your pension instead.)

If your earnings are below the starting rate for income tax (£11,000 2016/17) you do not benefit from the tax relief that a taxpayer would receive. However, this doesn't affect the amount that is paid into your pension and you will continue to benefit from the money that your employer pays in.

The table below shows the minimum contributions:

Duration	Staging Date* to 05 April 2018	6 April 2018 to 05 April 2019	06 April 2019 onwards
Employer Contribution	1%	2%	3%
Employee Contribution	1%	3%	5%
Total Contribution	2%	5%	8%

*Staging date is the date by which an employer must comply with the new requirements

Pension contributions are normally deducted on qualifying earnings i.e. all earnings between £486 and £3,583 per month (2016/17).

Is everyone being automatically enrolled?

If you are not already in your employer's pension scheme, you will be automatically enrolled as long as:

- ✓ You are at least 22 years old
- ✓ You are under State pension age
- ✓ You earn more than £10,000 a year
- ✓ You usually work in the UK

If you earn less than the minimum amount or if you are younger or older than the minimum and maximum age, you can still join a scheme. You will need to let your employer know that you want to.

Your employer will let you know when contributions are due to begin.

Do you have a choice?

Yes you do.

Auto-enrolment is designed to make it easier for everyone to save for their retirement.

Once you have been automatically enrolled you can decide to:

- ✓ Stay in and build a pension pot to save for your retirement

  The best thing about auto-enrolment is that you will be able to save for your retirement and benefit from employer contributions.

- ✓ 'Opt out' if you'd prefer not to save for now

  You don't have to be part of your workplace pension if you don't want to be. If you opt out you will not be required to make contributions and neither will your employer. Think carefully before opting out as you will be giving up your employer contribution and tax relief, which may affect how much money you have when you retire.

What is Workers Pension Trust?

Workers Pension Trust is a workplace pension scheme, available to all employees.

The Scheme Administrator has successfully delivered pensions since 1982.

What are the benefits of your Workers Pension Trust pension?

- ✓ It's a simple way to save for your retirement
- ✓ You will receive tax relief on your contributions
- ✓ 25% of your fund can be paid as a tax free lump sum, on retirement
- ✓ If you change employer, you can take your pension with you

What about the things you've heard about pensions?

You won't receive a State pension if you have your own pension
You will receive a State pension as normal. Your Workers Pension Trust pension is in addition to your State pension.

Pensions aren't safe
Money invested in Workers Pension Trust is held in trust, which means that it is safe if your employer goes out of business.

You will lose your savings if you change jobs or die before you retire
With Workers Pension Trust you can take your pension with you to your next employer. You can choose who to leave your savings to should you die before you retire.

Our local team is here to help
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