

Auto-enrolment pension
contributions

Advice for employees



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Auto enrolment contributions to increase



Under the Pensions Act 2008, the minimum amounts paid by both employers and employees will be increasing again. This applies to all staff who have been automatically enrolled onto a pension scheme. Minimum contributions must be increased by **6 April 2019**, as detailed in the table below:

NB: The staff contribution rate may vary depending on the type of tax relief applied by your scheme. If you are unsure check your scheme documents.

Date effective	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
06/04/18 – 05/04/19	2%	3%	5%
06/04/19 - onwards	3%	5%	8%



Do I need to take any action myself?



In short, no. The minimum amount you will be required to pay into your auto enrolment pension will increase in April 2019 to 5%. This is a compulsory increase set by the Government, not by your employer.

It is however, your employer's responsibility to recalculate and confirm your new minimum contribution amount if it is changing, you do not need to take any action yourself.

If your pension scheme already requires contributions to increase in April, or you and your employer are already paying above the new minimum amounts, your employer does not need to take any further action.



What does this mean for me?



Even though extra money being taken from your wage packet never seems like a good thing in the short term, remember compulsory employer contributions are also going up.

In general, there's a big gap between the kind of lifestyle we hope to enjoy in retirement and the kind of lifestyle that we're on track to be able to afford. Here are a few points to consider:

- Your tax free allowance goes up in April each year too so this may offset some of the contribution increase
- You will continue to receive tax relief on your contribution and this doesn't affect your tax free allowance, or any other tax benefits
- It's simple, the more you contribute into your pension, the better it is (unless you have serious debt management issues).



Thank you for reading

For more information about auto enrolment pensions from the Pensions Advisory Service: <http://bit.ly/2reLBXy>

For further information on how to calculate auto enrolment pensions using different pay elements from the Pensions Regulator: <http://bit.ly/2D7wy3y>



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