

# Auto-enrolment: all you need to know

You are eligible for auto-enrolment if you are aged between 22 and 66 and earning at least £10,000 a year

Auto-enrolment is a government initiative designed to help people build up their retirement savings through a workplace pension. If you're eligible, your employer will make regular payments into your pension pot. Depending on your plan rules, monthly contributions may also be taken from your salary automatically. These will be deducted before you receive your pay each month.

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# The benefits of auto-enrolment

## Easy access to a pension

A big advantage of auto-enrolment, as its name suggests, is that you join your pension scheme automatically and your money will automatically be invested in a default investment strategy. So, you don't have to do anything yourself to join the plan.

It also makes saving easier as money is paid into your pension from your employer and the government.

You need to remember, currently you can't usually access the money in your pension until you are 55, at the earliest.

This is due to change to age 57 in 2028.

Once you've joined, it's a good idea to review your contribution levels, investment options and target retirement age to ensure they meet your retirement plans. You may choose to opt out of the plan, although this may mean you lose valuable benefits from your employer, so you should contact your employer before deciding to do this.



If you decide to opt out, you can opt in anytime in the future



Auto-enrolment ensures employers automatically enrol eligible workers into a qualifying workplace scheme

## Explaining contributions

When you're auto-enrolled, your employer is required to pay contributions into your pension pot. There is a minimum level they must meet, but some employers choose to add more.

Depending on your plan rules, you may also have to contribute some money from your salary each month, or you may have the option to do so. This will either be taken from your salary before it is taxed, or 20% tax relief will be claimed for you.\*

If you're unsure what level of contributions you or your employer pays, you can ask your HR department.

\*If you pay tax at above 20% you may be able to reclaim additional tax.



## 4 common questions about auto-enrolment

### 1. HOW DO I KNOW IF I'VE BEEN AUTO-ENROLED?

If you're between 22 and the State Pension age, and earn at least £10,000 a year working in the UK, it's likely that you will have been auto-enrolled into your workplace pension. The easiest way to check is to take a look at your payslip. If you see pension contributions on there, you are a member of your company's workplace pension.

### 2. DO I HAVE TO BE AUTO-ENROLED?

Yes, you do, but you are free to opt out at any point. If you opt out within a calendar month from the date of being auto-enrolled or receiving your 'opt-out notice', you will receive a full refund of any contributions you have made and you will be treated as never joining the plan.

If after the month following your enrolment, you decide to stop contributing, you can stop contributions (this is known as 'ceasing active membership'). You won't lose any money you've contributed if you leave a pension, as it stays invested for you until you're ready to access it. Currently, withdrawals from a pension product are not normally possible until you reach age 55 (57 from 2028).

If you decide to opt out or cease active membership, you will automatically be re-enrolled into your pension plan again if you are eligible, typically every three years.

You should think carefully before you decide to opt out. You would be giving up valuable pension contributions from your employer, along with tax relief and any other benefits your plan may offer, such as life insurance. You may also have to make other arrangements to save for your retirement.

Pensions and retirement planning can be complex. If you are unsure about whether a pension investment, retirement service or course of action is suitable for you, please speak to an authorised financial adviser.

### 3. WHAT HAPPENS IF I EARN LESS THAN £10,000?

You won't be auto-enrolled if you earn less than £10,000. But if you earn more than £6,240, you have the right to join your workplace pension and receive contributions from your employer. Please contact your employer if this is the case.

### 4. WHAT HAPPENS IF I'M 21 OR YOUNGER?

While people aged under 22 aren't eligible for auto-enrolment, if you're 16 or older you still have the right to join your workplace pension and may also receive contributions from your employer. Please contact your employer if this is the case.

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