

Automatic Enrolment Information Materials Research

Testing with employers, intermediaries and workers

April 2012

A research report carried out by The Futures company on behalf of the Department for Work and Pensions Communications and Customer Strategy Directorate

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This report was prepared by The Futures Company on behalf of the Department for Work and Pensions. The research took place between October and November 2011.

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Executive summary

The Department for Work and Pensions (DWP) has drafted various communications materials to help employers communicate automatic enrolment to their workers. These include templates for letters, to help them meet their legal information requirements.

The materials were developed in previous testing with workers.¹

The aim of this piece of research was to test these materials with employers and intermediaries.

The findings

- The information materials tested received a largely positive response across the broad range of audiences
- The letter templates and guidance worked well and were well received by different stakeholders
- There is real potential for employers (and intermediaries) to act as an effective worker information channel, and for workers to receive better information (than the minimum required by law) as a result. However, care is needed to realise this potential:
 - Employers need to know that help with communication will be available in order to prevent unnecessary anxiety and work;
 - The right set up and contextual understanding needs to be in place for the materials to be used; and
 - Employers need to be able to easily find the right templates for them, so navigation and user-centred design are key.
- There is a set of recommended principles arising from this research for developing information templates for employers. These can be found at the end of this report (pages 31 and 32).

¹ Automatic enrolment – information for workers qualitative research, prepared by The Futures Company on behalf of DWP Communications - July 2011

<http://www.dwp.gov.uk/docs/comms-res-auto-enrol-0711.pdf>

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Abbreviations

DWP:	The Department for Work and Pensions
FAQs:	Frequently Asked Questions
HR:	Human Resources
IFA:	Independent Financial Adviser
NEST:	The National Employment Savings Trust
TPR:	The Pensions Regulator

Glossary of terms

Eligible worker

A worker eligible for automatic enrolment.

Intermediaries

Professionals/organisations that employers might turn to for help with carrying out automatic enrolment, e.g. accountants, independent financial advisers, employee benefit companies, human resource agencies.

‘Qualifying’ workplace pension scheme

A workplace pension scheme that meets or exceeds the government’s new standards.

Postponing automatic enrolment

Also sometimes called ‘deferring automatic enrolment’ or ‘using a waiting period’. The law allows employers to postpone the automatic enrolment of workers for up to three months.

Staging date

The date when an employer first has to automatically enrol all their eligible workers into a qualifying workplace pension scheme.

Steady state

Once an employer has automatically enrolled all their existing eligible workers at the staging date, they are then into ‘steady state’. In ‘steady state’ they have to enrol all new workers who meet the eligibility criteria and all newly eligible workers (e.g. those who turn 22 years of age).

Background to the research

To help people save more for their retirement, a new law has been introduced. Starting from October 2012, all employers have to enrol their workers into a workplace pension scheme if they:

- are not already in a qualifying workplace pension scheme;
- are aged 22 or over;
- are under State Pension age;
- earn more than a minimum amount a year (£7,475² in 2011-12); and
- work or usually work in the UK.

Exactly when an employer has to do this depends on their size. Very large employers are doing it first, in late 2012 and early 2013. Smaller employers will follow after that, over several years.

When an employer first automatically enrolls their workers into a workplace pension, by law they have to give certain pieces of information in writing to all their workers (including those who are not being automatically enrolled). Thereafter, employers also have to write to all new workers and newly eligible workers. The information that has to be given depends on the eligibility status of the individual worker, whether the employer has decided to postpone automatic enrolment (as allowed in the legislation), and the type of pension scheme the employer has chosen.

To help employers comply with this legal requirement, the Department for Work and Pensions (DWP) has drafted several templates for letters, (letters for employers to give to their workers). Each template has guidance on how to complete it. Additional materials, such as FAQs and a payslip reminder, have also been developed for employers to use, to help workers further understand what is happening.

It is intended these letter templates and guidance, FAQs, payslip reminder and other materials will be available online.

All the materials were devised and refined in a previous stage of research, where they were tested with workers³.

² This figure may change each April.

³ Automatic enrolment – information for workers qualitative research, prepared by The Futures Company on behalf of DWP Communications - July 2011

<http://www.dwp.gov.uk/docs/comms-res-auto-enrol-0711.pdf>

Research objectives

Part 1: Employers and intermediaries

The aim of Part 1 was to find out:

- if the letter templates and guidance, FAQs and payslip reminder would meet the needs of employers and their intermediaries, and if they would use them; and
- if employers could see a benefit in providing extra information to their workers over and above that required by law, and if so, what they thought the benefits might be.

Part 2: Workers

Following part 1, mocked-up completed versions of the letters, the FAQs and the payslip reminder were re-tested with workers.

The aim of part 2 was to make sure that in making changes to help employers, we had not made the materials harder for workers to understand.

Sample

The materials were tested with three audiences to gain a holistic view of how well they are working:

- Employers
- Intermediaries
- Workers

A combination of discussion groups and depth interviews were used to test and refine the materials. A detailed breakdown of the sample is given below.

Employer sample:

Method	Description	Location
Group 1	Employers with 1-5 workers ('micro')	Leeds
Group 2	Employers with 6-50 workers ('small')	London
Group 3	Employers with 51-250 workers ('medium')	Leeds
Group 4	Employers with 6-50 workers ('small')	Leeds
Interview 1	} Employers with 251-1000 workers ('large')	Leeds, London & South West England
Interview 2		
Interview 3		
Interview 4	Employer with an open Defined Benefit scheme for some or all staff	

All discussion groups consisted of eight respondents and lasted two hours.

All depth interviews lasted 90 minutes.

Additional recruitment criteria were:

- A mixture of those who are and are not currently providing a workplace pension for their workers; and
- A variety of sectors including: property, hospitality, retail, leisure, construction and office-based/admin/financial/sales.

Intermediary sample:

Method	Description	Location
Interview 1	Accountant	Leeds
Interview 2	Accountant	London
Interview 3	IFA	Leeds
Interview 4	IFA	London
Interview 5	HR Agency	London
Interview 6	On-line/ phone-line HR/ Employer Law advice provider	London

All depth interviews lasted one hour.

Additional recruitment criteria were:

- All to have clients who employ fewer than 250 workers (but could also have clients with more workers than that);
- Some to have clients with fewer than 50 workers;
- Some to have clients with fewer than 5 workers;
- All to have clients who have asked/are likely to ask them for help with automatic enrolment. In some cases they might actually carry out automatic enrolment and/or the communication of it for their clients.

Worker sample:

Method	Description	Location
Interview 1	Daunted, aged 35 – 49, lower income	Leeds and London
Interview 2	Unprepared, aged 22 – 34, lower income	
Interview 3	Daunted, aged 50 – State Pension age, either income bracket	
Interview 4	Unprepared, aged 35 – 49 or 22 - 34, higher income	
Interview 5	Competing Priorities, aged 35 – 49 or 22 – 34, either income bracket	
Interview 6	Aged 16-21, either income bracket	
Interview 7	Earn less than £7,475 a year	

All depth interviews lasted one hour.

Additional recruitment criteria were:

Interviews 1-5:

- All to satisfy the criteria for automatic enrolment;
- A range of ages: 22-34 years, 35-49 years, 50 years-State Pension age;
- A range of attitudes to saving for later life (represented by DWP's audience segmentation groups – Daunted, Unprepared, Competing Priorities⁴);
- A range of earnings: Lower Income (£7,475 - £15,000) and Higher Income (£17,500 - £30,000);
- A range of employer sizes;
- A range of industry sectors (none to be public sector workers).

Interview 6:

- Aged between 16 and 21 years, and therefore will not be automatically enrolled due to their age.

Interview 7:

- Earning less than £7,475 a year and therefore will not be automatically enrolled.

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- **Daunted** - unlikely to be in a pension scheme or saving for their retirement, low confidence in dealing with financial matters, unlikely to make any long-term plans, afraid of pensions and the future;
- **Unprepared** - unlikely to be in a pension scheme or saving for their retirement, have average confidence in dealing with finances, high awareness of their lack of saving plans, and yet low concern this could be a problem (as they just don't think about it); and
- **Competing Priorities** - have taken some action to provide for themselves in retirement. However, they are anxious because they feel perhaps they should be doing more but can't because there are already too many demands on their income.

(For more on these segments visit: <http://research.dwp.gov.uk/asd/asd5/WP72.pdf> "Individuals' attitudes and behaviours around planning and saving for later life. A report of research carried out by Define Research and Insight Ltd and Continental Research on behalf of the Department for Work and Pensions – 2009")

An overview of the materials tested

Below is a list of the materials tested with employers and intermediaries. Workers were shown mocked-up, filled-in versions of the letters, the FAQs and the payslip reminder. DWP edited the materials to make iterative improvements between the rounds of research testing.

List of materials tested

Please note: this list is not exhaustive, but indicates the key documents.

Some of these can be seen in the Appendices (page 33)

- **Template for Letter 1:** For workers who will be automatically enrolled (eligible jobholders) and their employer is **not** postponing (Appendix A)
- Guidance for using template for Letter 1 (Appendix B)
- Mocked-up, filled-in version of Letter 1 (Appendix C)

- **Template for Letter 2:** For workers with a right to opt-in (non-eligible jobholders) and their employer is **not** postponing
- Guidance for using template for Letter 2
- Mocked-up, filled-in version of Letter 2

- **Template for Letter 3:** For workers with a right to join pension saving (entitled workers) and their employer is **not** postponing

- **Template for Letter 4:** For workers who are existing members of a qualifying scheme (active members)

- **Template for Letter 1P:** For workers who will be automatically enrolled (eligible jobholders) but their employer is postponing

- **Template for Letter 5:** For workers who are not active members of a workplace pension scheme (eligible jobholders, non-eligible jobholders and entitled workers) and their employer is postponing

- **Template for Letter 6:** For all workers (eligible jobholders, non-eligible jobholders, entitled workers and active members of a qualifying workplace pension scheme) and their employer is postponing (Appendix D)

- **FAQs⁵**

- **Payslip reminder**

⁵ This document can be found at:

<http://www.dwp.gov.uk/docs/workplace-pensions-faq.pdf>

<http://www.dwp.gov.uk/docs/workplace-pensions-faq-cymraeg.pdf>

Main findings

Employer context

Employers have different objectives when it comes to communicating automatic enrolment and there are varying levels of appetite for communicating with workers.

At one end of the spectrum, there are employers who want to do the bare minimum. Possible drivers of this attitude include:

- Having a more transactional relationship with their workers;
- Having a lower personal or organisational belief in the value of pensions;
- Willing to do the minimum to comply, or trying to evade responsibility.

At the other end of this spectrum, there are employers who want to do more than the minimum. Possible drivers of this attitude include:

- Having a more paternalistic relationship with their workers;
- Having a higher personal or organisational belief in the value of pensions;
- Want to do their best so that their workers and/or they (the employer) benefit.

In addition, some employers are more restricted than others in terms of what they are able to deliver to workers. At one end of the scale, are employers with higher capacity to communicate effectively and confidently around automatic enrolment.

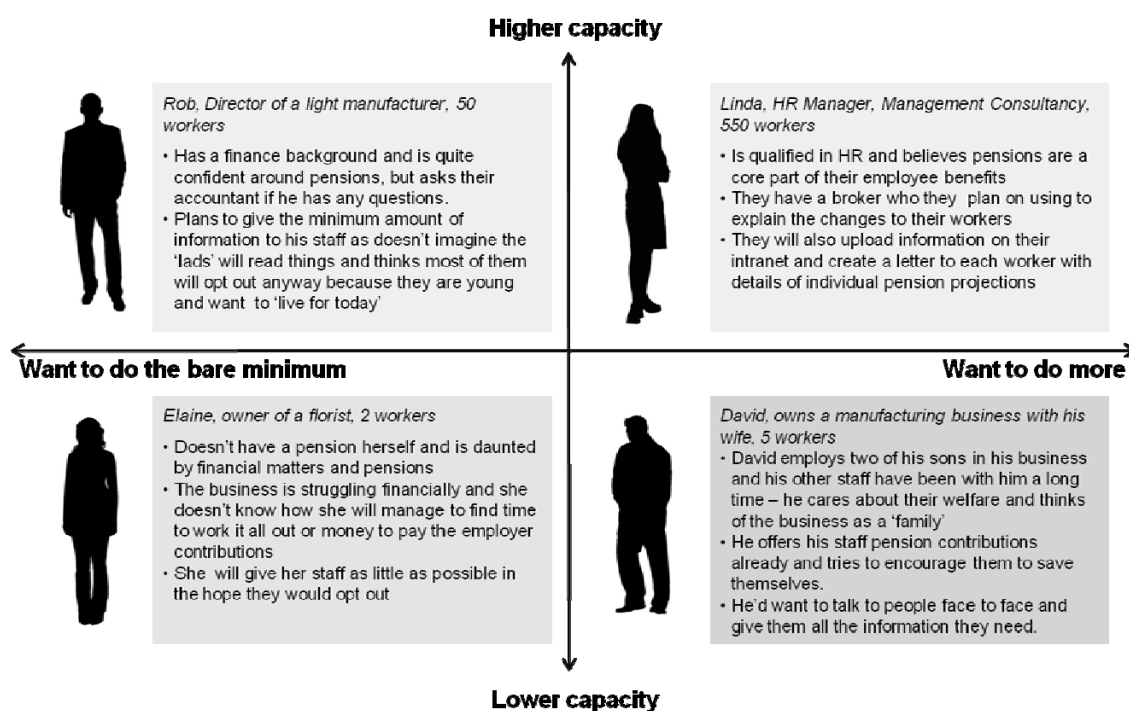
Possible drivers of this capacity include:

- Having more knowledge or experience of pensions administration;
- Having access to specialist help or support;
- Having a very small number of workers, or systems already in place to easily sort workers into the different categories for automatic enrolment.

At the other end of this scale are employers with lower capacity to fulfil their communication requirements. Possible drivers of this include:

- Having low individual confidence or awareness around pensions
- Not having access to specialist help or support;
- Sorting workers into the different categories for automatic enrolment will be difficult. This could be because they do not have systems in place, and they have a large number of workers.

These variables mean that the employer audience is diverse in attitudes and behaviours. Below is an exploration of the broad employer universe encompassing those with higher and lower capacity and from those who want to do the bare minimum through to those who want to do more. The case studies given in each quadrant are of employers who took part in the research (all names have been changed).



Information materials therefore need to work across this diverse target. It is not possible to create a letter or set of letters that satisfies all the different needs and circumstances of different employers. A template format therefore works very well as it has flexibility to stretch across all types of employer and all types of pension scheme.

It is most effective to offer materials that cater to the middle ground, allowing some employers to remove additional content and others to add more. This satisfies the full spectrum of communication preferences and also enables DWP to maximise understanding for workers by recommending additional supporting information.

Wanting to do the 'bare minimum' and having lower capacity to communicate does *not* mean employers want to give the least information possible. Importantly, employers see less information as a false economy if they think it will lead to more questions from workers:

'I would use more than just the purple⁶ to make sure they (workers) have all the info they need and it will mean less questions.' (Large employer, round 1, Leeds)

'I think you'd pretty much use what they've said – you're going to stick to their template so you don't need to seek legal advice. As a small business we're not going to pay for legal advice or pay an accountant – they're all going to charge us hundreds of pounds.' (Small employer, round 1, Leeds)

This group want to communicate with workers in a way that reduces their burden, both in terms of creating and distributing the materials *and* by reducing the after effect of questions from workers. They are also concerned to make sure their 'back is covered' from a compliance point of view. They see these to be important benefits of the recommended materials, even if this includes content that goes above and beyond the minimum required by law. Therefore it is important to remember that this group of employers are looking for 'minimum work' not 'minimum information'.

⁶ "purple" means text employers are required by law to communicate to their workers. In the materials tested, those sections were in purple.

Employer reactions to the materials

Overall, employers react positively to the information materials:

- They welcome the templates (regardless of their attitude towards automatic enrolment).
- Many expect materials like these to be available from the government, given that communication with workers around automatic enrolment is a legal requirement.
- All the employers said that they would use the templates. Knowing that they will be there comes as a relief and employers felt strongly that using the templates would be better than starting from scratch.
- The materials are seen to help reduce the work load and effort required of the employer.
- The fact the materials come from an official government source provides reassurance that they contain the correct information and will help employers to meet their obligations ('cover their backs').

Typical employer responses include:

'It's how it should be – the government can't assume for us to do it ourselves.' (Large employer, round 1, Leeds)

'When the government tell you about automatic enrolment they should tell you about the letters and that you can find them on the website.' (Large employer, round 1, Leeds)

'It provides a safety net to ensure you are compliant.' (Large employer, round 1, Leeds)

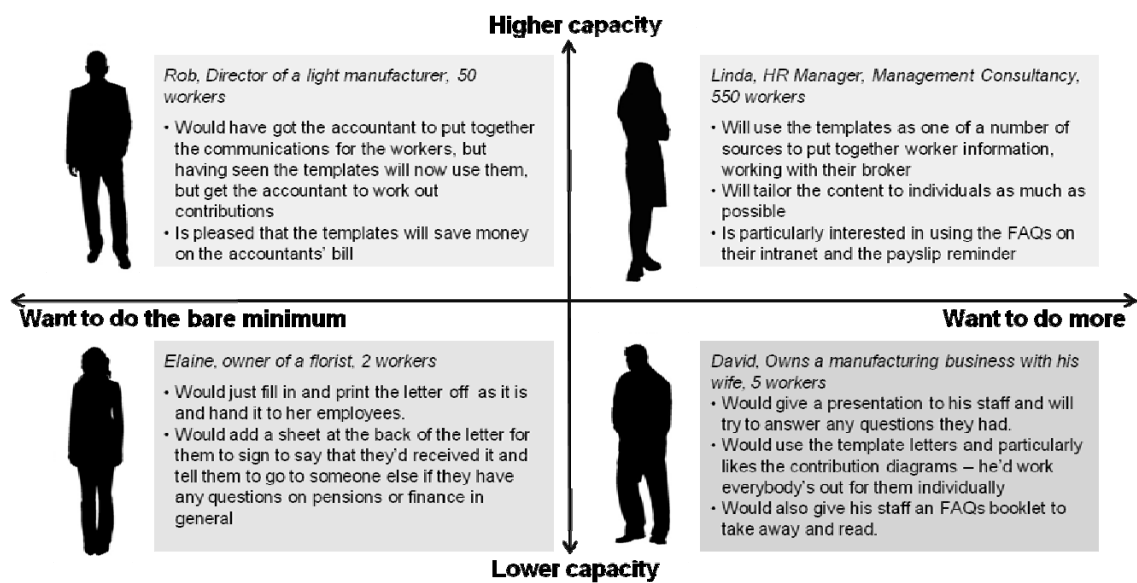
'Fantastic idea – run the templates out and give them out.' (Large employer, round 1, Leeds)

'I would definitely want to know the way you can and have to do things.' (Small employer, round 2, London)

The concept of the templates makes employers feel that they are being supported to meet their requirements. The materials therefore have both a functional and emotional role in the employer journey – they both practically help employers comply *and* help them to feel less anxious about the new requirements.

Not all employers will use the materials in the same way; for some it's a starting point they would borrow from and adapt, for others filling them in would be considered 'job done'. The template format flexes well across the spectrum of employer needs, allowing flexibility to customise and adapt content. The diagram below shows the different ways in which the different kinds of employers featured in the case studies above said they would use the materials:

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Key messages for employers

There are some key facts which help to set up the templates and help employers to see their value and application. The following messages should be given to employers as context to help set up the materials:

- They are for employers of all sizes so they are relevant to you.
- You have to communicate to everyone in writing, even if a worker is already in a qualifying pension, so it is important you look at the templates – they will help you.
- They are templates (not final letters) so you have flexibility and control – you can adapt them.
- You can be confident that you will meet requirements – they are government endorsed so if you use these you will comply and avoid getting things wrong.
- They are tried and tested – they will be understood by workers and reduce questions so there is a time-saving benefit to you if you use them.
- The text that is required by law is highlighted so you are covered legally if you include this.
- The other text (text not required by law) is worth including as it could save time and effort for employers (will mean fewer questions from workers).
- You will need to use different letters for different circumstances.
- You can find a clear explanation of the timings and key dates when you need to communicate.

These messages are necessary to overcome the potential risk of employers thinking the templates are not relevant to them, to communicate the benefits of using them and to minimise the risk of unintentional non-compliance with the law.

Introductory website pages

Website pages were drafted to help simulate how employers may find and select the letter templates that were relevant to them. The pages were refined through the rounds of the research and the final versions include the context information, signposting and help that employers/intermediaries found useful.

Employer materials - introductory web page

Communicating automatic enrolment to your workers

Starting from October 2012 (very large employers first), every employer has to enrol into a workplace pension, workers who:

- are not already in a qualifying workplace pension
- are aged 22 or over;
- are under State Pension age;
- earn more than a minimum amount a year (£7,475 in 2011-12); and
- ~~work~~ or ordinarily work in the UK.

When you carry out automatic enrolment, you are required by law to communicate certain details in writing to ~~all~~ your workers (except those aged ~~under~~ 16, or 75 or over). This includes:

- o workers who meet the eligibility criteria and will therefore be automatically enrolled (also known as 'eligible job-holders');
- o workers who will ~~not~~ be automatically enrolled (also known as 'non-eligible job-holders') because they either:
 - earn £7,475.00 or less a year (but earn more than £5,035.00 a year); or
 - are under 22; or
 - are State Pension age or older;
- o workers who will ~~not~~ be automatically enrolled and earn £5,035.00 or less a year (also known as 'entitled workers'); and
- o ~~workers~~ who are already in the workplace pension scheme (if you have one).

What you have to tell them and the deadlines for doing so are set out in government regulations.

Helping you fulfil your legal obligation

The government has developed letter templates and other communications materials to help employers of all sizes communicate automatic enrolment to their workers.

They are based on research with workers, employers and intermediaries (such as accountants and employee benefit consultants).

The Letter Templates

The letter templates include:

- all the information you are required by law to communicate; and
- ~~the~~ key topics workers told us they need to know more about.

They have been designed for use when you first have to automatically enrol your workers. However, guidance is given on how to adapt them for later use, when you employ new workers, or when an existing worker becomes eligible (for example, when they turn 22).

[The Letter templates](#)<link>

Other communications materials

Other communications materials you might find useful include.....

[Other materials](#)<link to a landing page for the other materials e.g. sample newsletter articles>

For example, the first introductory website page was felt to work well because;

- It tells employers they have to communicate to *everyone* (even those who won't be automatically enrolled);
- It says they are government endorsed (therefore those using them will be compliant);
- It clearly says that the materials can be adapted;
- It signposts to other materials they may find useful.

Responses from employers were therefore very positive;

'It all sounds very easy – too easy!' (Small employer, round 3, Leeds)

'It's holding your hand, I'm impressed!!' (Small employer, round 3, Leeds)

The information provided on the website pages is clearly important. A good introduction to the templates is an essential part of encouraging employer engagement and increasing chances of uptake.

Content and style

In general, the content and style of all the materials tested well with employers:

- Employers were pleasantly surprised with the letter templates.
- They felt there was good use of space and layout e.g. use of bullet points and clear headings.
- The visual diagram of contributions in particular was well received as it was felt to be simple and clear for workers to understand.
- The content was felt to be appropriate and comprehensive.
- The order of content seems to work well, and includes what employers feel will be key questions from workers, including ‘what is automatic enrolment’, ‘why is this happening?’, ‘what it means for you’.
- The content is well thought through and contains the information employers think workers will need.
- There are helpful suggestions beyond the legal requirements.
- The language (layman's terms) and tone (neutral and factual) are felt to be appropriate to the broad range of employers and workers.
- The guidance given is seen to be helpful.

Typical responses to the content and style include:

‘Clear language – doesn’t give impression of government speak!’ (Large employer, round 1, Leeds)

‘What’s good is there are headings so people reading it can just go to the bit they want to read – it splits it up which is good!’ (Large employer, round 1, Leeds)

‘The colour coding is good. You can clearly see the bits that you have to do. But even the bits in black are good – it’s really well described. The purple alone is too succinct.’ (Medium employer, round 2) ⁷

‘Diagrams are clear – it would encourage people to put money in – pictures tell a thousand words.’ (Large employer, round 1, Leeds)

It will be important therefore to preserve the positive qualities of the content and style observed by employers as the materials go through further edits.

⁷ “purple” means text employers are required by law to communicate to their workers. In the materials tested, those sections were in purple.

“black” means text employers are not required by law to communicate, but is included because it helps workers’ understanding. In the materials tested, those sections were in black.

Navigation and usability

A number of changes were made throughout the research to improve navigation and usability:

- The number of templates for those not being automatically enrolled was reduced;
- The templates for steady state⁸ were removed and replaced by a note in the guidance (suggesting how to adapt the templates for new workers/newly eligible workers), rather than having different templates for employers to use after their staging date;
- The layout of the links to the letter templates, the FAQs and payslip materials was improved, with the FAQs and payslip reminder signposted as 'additional materials you may find helpful';
- Rationale and more explanation about postponing automatic enrolment were included to help employers make a decision on which templates were applicable to them.

These changes improved the employer experience by enabling them to find the letter template they needed in fewer steps and with fewer decisions. It will be important to continue to focus on ensuring that navigation is clear and that the materials are easy to find and use as further development takes place.

⁸ See Glossary, page 7

Employer reactions to letter templates for the postponement of automatic enrolment

The law allows employers to postpone automatic enrolment of an individual worker for up to three months (also known as ‘deferring automatic enrolment’ or using a ‘waiting period’). This means that at staging they don’t automatically enrol some or all of their workers, but instead they do it up to three months later. It also means in steady state they can postpone the automatic enrolment of new workers and/or newly eligible workers for up to three months. During that time those workers have the right to join the pension scheme. Employers must communicate this to them in writing. If a worker confirms in writing they would like to join, the employer has to enrol them.

Several versions of a letter template for postponing automatic enrolment were presented to employers. One of the options employers can use if they’re postponing automatic enrolment is one where they send the same letter to all their workers, whether they are being automatically enrolled or not. This means the letter is not tailored to the recipient’s circumstances. The versions of this letter template that were tested were:

- (i) A long version (5 pages, 10 sides) containing a set of letters to cover different circumstances. The worker was instructed to select the correct letter for them.
- (ii) A shorter version (2 pages, 4 sides) containing a set of paragraphs to cover different circumstances and some information for those not being automatically enrolled. The worker was instructed to select the correct paragraphs for them.
- (iii) A very short version (2 pages, 3 sides) containing a set of paragraphs to cover different circumstances, and no information for those not being automatically enrolled. The worker was instructed to select the correct paragraphs for them.

Some employers felt version (i) was too long and worried that their workers will be put off by the amount of information. But others liked it for its thoroughness and clear navigation and felt that providing clear sections for different circumstances would reduce worker questions.

‘It’s good – they can forget everything else and just go to the bit they need.’

‘You’re covered in all areas by giving it all.’

‘I think it gives a bit too much information – it tells them about things that aren’t relevant to them – like if they earn a bit more.’

‘They need one page specific to them or they may not read it.’

Some employers preferred version (ii) for its more concise content but there was concern over ease of navigation:

‘I would choose this, it’s more concise... it explains things a lot quicker for people.’

'It's brilliant – it explains things quickly to people.'

'It has less information but it is harder to find the information.'

'You have to look for information harder to find what information applies to you.'

There were concerns from some that less information (version (iii)) would mean more work in the long run and most employers welcome having some additional information to give to their workers.

'Without the additional information it's too short! It will just create questions questions questions!'

'Including the grey boxes of information prevents people asking you questions.'

'If it's too short I'll get phone calls!'

It is therefore recommended that version (ii) is the best option. Those who are less keen on presenting more than the critical information can easily omit the additional content, if they wish to. However, because it didn't add to the page count, most were happy to include it.

However, the navigation for workers needs to be improved, to enable workers to find the right paragraphs for them more easily.

Once these improvements have been made, version (ii) will provide employers with an optimal template which they can adapt as necessary to meet their individual needs, by removing or adding content if desired. (Please note: a draft version of this letter template can be seen at Appendix D - page 55 of this report)

Employers with Defined Benefit schemes

The materials were tested with one scheme manager of multiple Defined Benefit (DB) schemes and one Defined Contribution (DC) scheme. They confirmed findings from previous informal research carried out by DWP, that although the materials focus on DC schemes, employers with this type of scheme feel able to adapt them.

It is likely that employers who manage a DB scheme will have higher confidence in producing their own communications to workers. Although the letter templates are written for those with DC schemes, our respondent said that he would still find elements useful in optimising his communications (e.g. adding some of the FAQs to his intranet). They are therefore a helpful starting point for those with DB schemes.

'It's good to have something to look at, but a lot of it I would read and think that's not relevant to us. I'd have to make it scheme specific. The FAQs would be a useful check for us that we cover everything.' (DB employer)

'That introduction to DC and DB [in the FAQs] is right for most people – most people do have DC schemes. But for our audience the opposite is true – DB schemes are more common.' (DB employer)

For clarity, the guidance now states that the templates have been written with DC schemes in mind (as this is more common), but issues for those with DB schemes have been flagged. It has also been made clear to DC employers that they can ignore the instructions to DB employers, to prevent them getting distracted by detail that does not apply to them.

Intermediaries' reactions to the materials

Intermediaries will influence the take-up of the materials. They currently support employer communications in a variety of ways, including running payroll bureau, providing FAQs documents or intranet content and running face-to-face presentations. They are already talking to or planning to talk to employers (of all sizes) about automatic enrolment.

Not unexpectedly, there was some confusion amongst intermediaries who work with small employers. For example, there is misunderstanding that NEST is the same as automatic enrolment. This can result in them thinking that the materials are not relevant to their clients if they are not using the NEST scheme.

However, once misconceptions are clarified, intermediaries are able to see the benefits of using the templates:

'The materials are very helpful, very thorough, very clear and informative.'

(Independent Financial Adviser)

'The payslip reminder is good – we do payroll for some of our clients and we would tell them to include it to prevent questions.' (Chartered Accountant, London)

Intermediaries appreciate having the templates as a starting point. Some would add content and tailor them more to their individual clients:

'I would be interested in letter templates from DWP as it is coming from a credible source and it's always good to look around at sources of information - plagiarism can be a good thing.' (HR Consultant)

'This saves us doing it. I would virtually copy it for my clients. I might just do an extra covering letter.' (Independent Financial Adviser)

Worker responses to the revised letters

The letters and FAQs continue to work well with workers:

- They are easy to understand and follow.
- The language is jargon free.
- The contribution diagram is a really important aid to comprehension and engagement. It helps workers understand what it means for them and that there is a benefit to being in a workplace pension scheme (government and employer contribute as well). It also makes the letter less intimidating to read by breaking up the text.
- The FAQs deal with the most common questions people have.

Typical worker responses include:

'I think it's a good letter. If you were at work and your employer gave it to you, you would read it.' (Worker, Leeds, 24yrs)

'It [the FAQs] is useful. The plainer English the better. I'm not thick but I'm not clever either. When they start putting big words in you get lost. But this seems pretty clear.' (Worker, Leeds, 50yrs)

'The example is more helpful than the percentages. It gives you a rough idea, it's not too bad.' (Worker, Leeds, 50yrs)

Therefore, it is essential to communicate to employers and intermediaries that the materials are tried and tested, and really help workers.

Workers not being automatically enrolled

As in the previous testing of the letters with workers not being automatically enrolled, this group were found to want broader information than the minimum required by the regulations. People's circumstances change and many want to know what impact that will have on their entitlement to a pension:

'I would want to know what happens when I turn 22? How much will I have to contribute? And what if I move jobs?' (Worker, London, under 22)

In addition there is a need to explain the reason why those not being automatically enrolled are being excluded because of their age/ income:

'It could be more polite in the way it says you will not be enrolled. I mean why aren't I being enrolled?!' (Worker, London, under 22)

Giving a broad idea of automatic enrolment and signposting these workers to FAQs or further information online is therefore important.

Managing different stakeholder needs

Creating an ideal set of materials involves balancing the different needs of the three audiences:

- Employers;
- Intermediaries;
- Workers.

The materials need to work across the needs of all audiences, with intermediaries acting as a conduit to employers, and employers to workers. This means that when designing materials, it is better to think about whether the materials are 'fit for purpose' across all three audiences and all the types within each audience. Trying to get them 'perfect' for only one of the audiences, or one type within an audience, risks not meeting the needs of the others.

Below is a checklist of things to consider when developing content for materials aimed at employers, intermediaries and workers, learned from the research and development of the materials throughout:

- The templates need to work across the needs of all three audiences, and the different types within each audience, without putting anyone off.
 - Will workers be able to engage with the content and understand how automatic enrolment works and what it means for them?
 - Will employers be able to adapt it for their type of set-up?
 - Will intermediaries be able to adapt it for their clients?
- Separation of general information from information for specific circumstances helps make the content more manageable and easier to navigate.
- Removing certain information may increase resource cost in employers' eyes (rather than reduce).
- It may be more suitable to include some content in the employer guidance rather than in the letter template.
- Employers need to know that they can remove suggested additional content if they want to.
- Employers need some background context around the materials (and signposting to more detail if needed) in order to engage and navigate.

Key principles for developing employer templates

The letter templates and guidance are working well and are well received by different stakeholders. There is real potential for employers (and intermediaries) to act as an effective worker information channel, and for workers to receive better information (than the minimum required by law) as a result.

In summary, there are a set of recommended principles arising from this research for developing information templates for employers. These are:

1. Aim for the middle ground:

- The materials should be designed as templates, rather than ready-made letters, that can be flexed across different types of employers;
- Remember that some employers will want to include more information and others will want to remove some text. Make it clear they can do either, or use the templates as they are (whichever is right for their organisation).

2. Clearly set up the purpose and context of the templates:

Tell employers:

- You have to communicate to everyone (even those not automatically enrolled);
- There are things you are legally required to tell workers;
- The templates are from the government and are intended to help you communicate to your workers;
- There are different templates for different circumstances.

3. Offer control and flexibility:

Tell employers:

- You can adapt the templates to suit your needs or style;
- You can remove some of the information if you prefer (but including it may reduce questions from workers);
- You can communicate in writing or by email (as long as to a named individual).

4. Employers want ‘less work’ not merely ‘less information’, so include suggested content beyond the minimum required:

Tell employers:

- The materials have been tested to include the answers to common questions from workers;
- Including extra information (over and above what is required by law) may avoid work in the long run.

5. Make navigation of the templates easy:

- Clearly signpost employers to the templates that are relevant to them (and make it clear which ones not are relevant, ideally hiding these);
- Reduce the number of decisions they have to make in finding the correct template;
- Provide information around the rationale for the materials (why options exist and pros and cons) to help with any decisions they have to make.

Appendices

Please note: these documents are work-in-progress. They are included only to show the kind of materials that were tested during the research. They are not approved for use.

Appendix A - Template for Letter 1: For workers who will be automatically enrolled (eligible jobholders) and their employer is **not** postponing. (Page 34)

Appendix B - Guidance for using template for Letter 1 (Page 39)

Appendix C - Mocked-up, filled-in version of Letter 1 (Page 47)

Appendix D –Template for Letter 6: For all workers (eligible jobholders, non-eligible jobholders, entitled workers and active members of a qualifying workplace pension scheme) and their employer **is** postponing (Page 55)

Appendix A - DRAFT of Template for Letter 1 – for workers who are being automatically enrolled

[Please note: The elements that are required by law are shown in purple]

[Insert Date]

[Insert employer's name]'s pension scheme - A change in the law that affects you

Dear *[see Guidance]*

To help people save more for their retirement, the government now requires employers to enrol their workers into a workplace pension scheme. This applies to those who aren't already in one and who:

- earn over £7,475 a year (£622.92 a month)*[change “£622.92 a month” if your workers are not paid monthly, see Guidance]*;
- are aged 22 or over; and
- are under State Pension age.

We therefore are enrolling/enrolled *[select as appropriate]* you into our pension scheme on *[insert automatic enrolment date – see Guidance]* (your automatic enrolment date). The scheme is provided by *[insert name of pension provider]*.

- You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire *[See Guidance]*
- *[Insert employer's name]* and you will both pay into it every month
- The government will also contribute through tax relief
- Your pension belongs to you, even if you leave us in the future

Why is this happening?

The government's aim is for more people have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2012-13 is £107.45 a week for a single person. This is intended to be a foundation - you may want more.

Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

What does this mean for you?

The payments into your pension will be:

[Insert explanation of employer and worker payments into the pension. For example,

- Your contribution – *[Insert percentage]* of *[insert what it is a percentage of, for example “all your earnings”, “qualifying earnings”, “pensionable pay”]* This will be taken directly from your pay.

- Our contribution – an amount equal to [insert percentage] of [insert what it is a percentage of, for example “all your earnings”, “qualifying earnings”, “pensionable pay”]
- Tax relief – an amount equal to [Insert percentage] of [insert what it is a percentage of, for example “all your earnings”, “qualifying earnings”, “pensionable pay”]

[If using “qualifying earnings” or “pensionable pay” or a similar phrase, it is suggested you explain what it means.]

[See Guidance (page 3) and filled-in version (page 10 of guidance)]

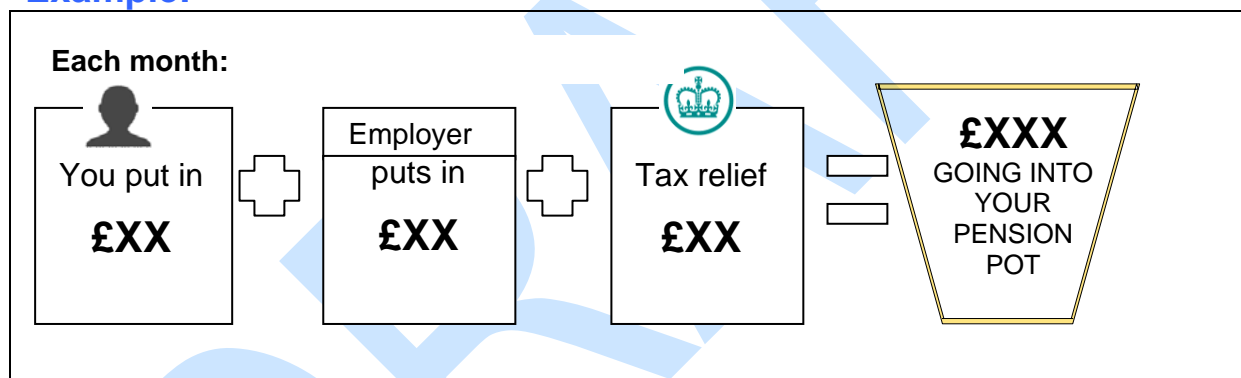
This means, **for example**, if you earn **£XX,XXX** [insert income] a year:

[Adapt this to suit the worker’s pay period if it is not monthly]

- You will pay in **£XX** [insert amount] a month. This will be taken directly from your monthly pay.
- We will pay in **£XX** [insert amount] a month.
- The government, in the form of tax relief on your payment, will pay in **£XX** [insert amount] a month.

Therefore, although you put in **£XX** [insert amount], the total contribution to your pension pot will be **£XXX** [insert amount] a month.

Example:



Remember, if you earn more or less than £XX,XXX a year, the actual contributions for you will be higher or lower.]

How much will you get from this pension when you retire?

[This is something people want to know up front. Below is a suggested form of words. If these are not suitable for your pension scheme, see Guidance.]

[Insert pension provider’s name/We] can provide you with an estimate of the income you might get once you reach pension age.

You can also see how a pension builds, using an online pension calculator, at www.xxxxx.xxx.xx *[See Guidance]*

The pension scheme

You will receive a statement each year from [insert ‘us’ or name of pension provider] showing how much money has gone into your pension pot and how it’s doing.

[Remove or adapt if not appropriate]

If you want to, you can make choices about how your pension pot is invested, but you don't have to. *[Remove if this does not apply to your scheme]*

More information on the scheme can be found *[Insert detail]*.

What you need to do now

If you want to opt out of the pension scheme, follow the instructions below.

If you want to stay in the pension scheme you don't have to do anything. Your personal details will be/have been *[select as appropriate]* passed to the pension provider *[delete if you won't be passing workers' personal details to a pension provider or other third party]* *[See Guidance]*, and your pension will start building/began building from *[insert date]*, when the first payments will be/were made. *[See 'filled-in example' to help you complete this]* You will be able to/can see this on your payslip. *[Delete if your workers won't be able to see their contribution on their payslips]*

Yours sincerely

[Insert name of signatory]

How to opt out

To opt out, *[insert details of how to get an opt-out form]* to get an opt-out form. Once you have completed it, send it to *[insert instructions]*.

If your completed opt-out form is received between *[insert start date of opt-out period]* and ***[insert end date]***, you will be removed from the pension scheme. *[If you don't know the exact timing of the opt-out period at the time of sending this letter – See Guidance]* Any payments you have already made will be refunded, and you will not have become an active member of the scheme on this occasion.

If you want to stop making payments after *[insert end date of opt-out period/or if you don't know the date insert 'the end of the one month opt-out period']* you can do so. The payments you have made already may/will not *[Select as appropriate]* be refunded. *[Add further information – See Guidance]*

If I opt out or stop making payments, can I re-join a workplace pension scheme at a later date?

Yes, you can re-join a workplace pension scheme. To do so *[insert instructions]*. You can do this only once in any 12 month period. *[Amend if you will allow workers to leave and re-join more than once in a 12 month period]*

A regular reminder

Anyone who opts out or stops making payments will be automatically enrolled back into a pension scheme at a later date (usually every three years). This is because your circumstances may have changed and it may be the right time for you to start saving. We will contact you when this happens, and you can opt out if it's still not right for you.

Questions you may have

Will the amounts paid into my pension change?

Yes, the amounts will automatically increase or decrease accordingly if your earnings go up or down. *[Change this if it is not correct for your pension scheme].*

Overtime and bonus payments are/are not *[Select as appropriate]* included for the purposes of calculating the contributions. *[Delete if you never pay overtime or bonus payments][See Guidance]*

*[If you are **not** increasing the contributions over the next few years, to match the increasing minimum levels set by government (also known as 'phasing'), because your pension scheme already meets or exceeds the final minimums - delete the next paragraph]*

[If your pension scheme does not already meet or exceed the final minimums and therefore you are increasing the contributions over the next few years to match the increasing minimum levels set by government, (also known as 'phasing') include the next paragraph and see Guidance]

Also, we are going to increase the amounts being paid into your pension over the next few years. This is to meet the government's minimum standards. *[Insert detail – See guidance].*

What if I want to pay more into my pension pot?

*[Change the wording in this answer if your pension scheme does **not** allow extra money to be paid in].*

You can increase the amount you put in if you want *[Insert details of any limits]*. The amount contributed by the government in the form of tax relief would also increase. The employer contribution would also increase up to a maximum of XXXXX / would remain the same. *[Select as appropriate]*

What is tax relief?

[See Guidance]

The government takes tax off your income. You can see this on your payslip. Tax relief means some of your money that would have gone to the government as tax now goes into your pension instead.

In our pension scheme, the tax relief goes into your pension through a 'net pay arrangement'./

In our pension scheme, the tax relief goes into your pension through a 'relief at source' arrangement. [Delete as appropriate].

*This means...[If your scheme uses a '**relief under net pay** arrangement', add the following two sentences:]*

"This means you don't need to do anything to get the tax relief paid into your pension. It will happen automatically."

*[If your scheme uses a '**relief at source**' arrangement, add the following five sentences:]*

“This means if you’re a basic rate tax payer, you don’t need to do anything to get the tax relief paid into your pension. It will happen automatically.

“If you’re a higher rate tax payer, to get full tax relief you need to claim back some of your tax from the government. This is because tax relief is added to your pension at the basic rate of 20 per cent. To get all the tax relief that is due to you, you need to claim back the difference between 20 per cent and 40 per cent, either on your annual tax return, or by contacting HM Revenue & Customs.”

More information on tax relief can be found here:

www.direct.gov.uk/workplacepension/XXXX *[web address to be inserted once live]*

What will I see on my payslip now I’ve started paying into this pension scheme?

[Include or delete the following sentences as appropriate. See Guidance]

On your payslip, the figure you will see is your contribution and the tax relief added together.

On your payslip, you will see your contribution. You won’t see the tax relief – it is added to your pension separately.

You will also see our contribution on your payslip.

Where can I get further information?

If you have any questions about the pension scheme, contact:

[Insert contact details of pension provider, including name, address, telephone number and electronic contact details]

If you have any questions about your enrolment or contribution levels, contact *[insert contact details]*

[Adapt this paragraph if needed, for example if the information is online and not enclosed. Also, see Guidance.] The enclosed information/booklet answers some more frequently asked questions, including:

- How much will I get from my workplace pension when I retire?
- Will it be enough?
- Are pensions safe?
- What if I move jobs?

For information on pensions and saving for later life visit:

www.direct.gov.uk/workplacepension

A commitment from us

If you earn over £5,035 a year (the amount set by the government for this):

- we must by law continue to maintain your membership, and ensure the scheme continues to meet certain government standards; and
- if we close the scheme, or change it so it no longer meets the government standards, we must immediately put you into another one that meets those government standards.

Appendix B - DRAFT of Guidance for using the template for Letter 1

Guidance for using the template for Letter 1

Letter 1 – For workers who are being automatically enrolled

You can use this template as it is, or adapt it. You might, for example, need to change some elements to make it accurate for your organisation or your pension scheme.

All the templates have been tested with workers and contain the key information needed by them to understand what is happening and why.

The elements that are required by law are shown in purple.

The template contains instructions in square brackets. For example, [insert date] or [Select as appropriate]. At these points you need to tailor the templates with the correct information for your circumstances. If you are using a pension provider, you may need information from them to complete this template.

Please note:

- All the templates have been written with a **Defined Contribution** pension scheme in mind, as this is the most common type of pension scheme. This means:
 - if your scheme is a Defined Contribution one, you can ignore all references to Defined Benefit/Hybrid schemes in this guidance.
 - if your scheme is a Defined Benefit or Hybrid one, you will need to make changes to the template. This guidance suggests where you might want to make changes.

If you're not sure which type of pension scheme you have, ask your pension provider.

- As you could be sending these letters before or after the automatic enrolment date, all the templates give you the option of selecting future or past tense. For example, "We therefore **are enrolling/enrolled [select as appropriate]** you into our pension scheme on [insert automatic enrolment date] (your automatic enrolment date)." Whenever this option is given, select the one that is appropriate.
- The "automatic enrolment date" is either your "staging date" or, if you're using this template after staging, the date a new worker starts working for you, or the date an existing worker becomes eligible eg. turns 22, or earns more than the minimum.

- This template is written with “staging” in mind, but suggestions on how to adapt it for after staging are given in this guidance.
- They have been written on the basis that the person receiving the letter is paid monthly and has an agreed annual salary. If your workers are paid differently (e.g. four-weekly) you will need to adapt the template (guidance on this is given below). Information on the automatic enrolment earnings trigger can also be found here (page 15): <http://www.thepensionsregulator.gov.uk/docs/pensions-reform-assessing-workforce-v3.pdf>
- The earnings figures mentioned in the templates (£7,475 – the trigger for automatic enrolment, and £5,035 – the trigger for employers having to contribute to the worker’s pension) may change each April.

Guidance for Page 1

It is suggested you remove the header from the completed version that goes out to your workers. It is merely intended to help you know which template you are looking at.

Letter 1 – for workers who are being automatically enrolled

“Dear.....”

Address the worker by name, if possible. However, if you cannot do this, use a generic term such as ‘Dear Colleague’. (But please note: the letter has to be ‘given’ to the worker. For example, if you are sending a hard copy, the worker’s name should appear on the envelope, or if you are using email, their name should be in the email).

- **earn over £7,475 a year (£622.92 a month)**

If your workers are not paid monthly, amend “£622.92 a month”. Alternatives include:

£143.75 a week

£287.50 a fortnight

£575 four-weekly

£1,878.75 a quarter

When enrolling someone who is newly eligible

You should adapt this letter to include an explanation as to why they are being automatically enrolled at this time. For example:

“As you were 22 on Wednesday 3 April, and you met the other criteria listed above, we enrolled you into our pension scheme on Wednesday 3 April (your automatic enrolment date)....”

“As you earned over £622.92 last month (April) and you met the other criteria listed above, we enrolled you into our pension scheme on Monday 1 April (your automatic enrolment date)....”

- “You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire.”

Change the words after ‘you will have’ if you feel the ones suggested do not accurately describe your pension scheme.

For example, “you will have a pension which will be paid to you when you retire.” might be more suitable for a Defined Benefit pension scheme.

“What does this mean for you?”

One of the first things workers want to know is how much will be going into their pension. **You must provide information on how much they and you (their employer) will be paying in. You can provide this information as an amount of money, or a percentage of earnings.** To help understanding, it is recommended you provide **actual** figures for the individual, expressed in £s and pence. If this is not possible, it is suggested you outline the percentages and then give an example. It is also recommended you show the tax relief as well, if you can, but you don’t have to.

The Letter Template contains a form of words and diagram to help you to do this. Please adapt these to suit your scheme, as needed - for example, if your scheme is a Defined Benefit one (for example, Final Salary) or a Hybrid one. Or if your workers are not paid monthly, but are paid weekly, or every four weeks, or some other way.

We suggest you use a round figure, such as £10,000 a year, and if possible choose a salary that is relevant for your workers.

Adapt the suggested words if you are giving **actual** figures and not just an example.

If you are just giving the percentages and cannot give an example in £s and pence, consider referring your workers to your pension provider's contribution calculator, if they have one.

Guidance for Page 2

“How much will you get from this pension when you retire?”

This is something people want to know up front.

If the wording suggested in the template is not appropriate for your pension scheme, for example your scheme is a Defined Benefit one, then replace it with the appropriate information. For example, you could explain what members get when they retire and how it is calculated, and then direct your workers to further information on this.

“You can also see how a pension pot builds, using an online pension calculator, at www.xxxxxx.xxx.xx”

This sentence only applies to Defined Contribution schemes. If yours is a Defined Benefit one (eg Final Salary) or Hybrid one then delete this sentence and replace with appropriate information.

If you have a Defined Contribution scheme, the web address to insert at the end of this sentence is that of your pension provider’s pension calculator, if they have one and it is relevant to your scheme.

If they don’t have one, delete this sentence.

Guidance for Page 3

“If you want to stay in the pension scheme you don’t have to do anything. Your personal details will be/have been [*select as appropriate*] passed to the pension provider [*delete if you won’t be passing workers’ personal details to a pension provider or other third party*],”

The sentence about ‘personal details being passed to the pension provider’ is included to cover data protection requirements. If you will be passing personal details to the pension provider, it is recommended you do not remove this sentence.

“How to opt out”

If you don’t know the exact dates of the opt-out period at the time of giving out this letter, you must instead explain how they are worked out (see suggested wording below). It is also suggested you give an indication of when it will be, if you can do so. For example, state the month in which it will end. e.g. “If your completed opt-out form is received before the end of the **one month “opt-out period”** you will be removed from the pension scheme. The exact start and end dates of the “opt-out period” are not yet known, but the end date will be **sometime** in March.”

Once you do know the exact dates, you should immediately let your workers know what they are.

Here is some **suggested wording** for the letter if you don’t yet know the dates of the opt-out period:

“If your completed opt-out form is received before the end of the **one month “opt-out period”** you will be removed from the pension scheme. The exact start and end dates of the “opt-out period” are not yet known, but the end date will be **sometime** in [insert month]. [*Delete the words after the comma if you don’t want to or can’t give an indication of when it will be*] (*The start date of the one month ‘opt-out period’ is the day the administration process for your becoming a member is complete.* We will let you know the dates in advance.) *Any payments you have already made will be refunded, and you will not have become an active member of the scheme on this occasion.*”

“If you wish to stop making payments after [insert end date of opt-out period/or if you don’t know the date insert ‘end of the one month opt-out period’] you can do so but the payments you have made already may/will not [select as appropriate] be refunded.”

[If ‘will not be refunded’ is correct for your scheme, add the sentences below.]

Our contributions would also stop/will continue [select as appropriate]. The tax relief will stop. The payments already made into your pension would remain there and you would get this when you retire.

[If ‘may be refunded’ is accurate for your scheme, add further information on refunding as appropriate.]

Guidance for Page 4

“Will the amount paid into my pension change?”

If your pension scheme does not already meet or exceed the final minimums and therefore you are increasing the contributions over the next few years, to match the increasing minimum levels set by government (also known as ‘phasing’), you must explain how the values of the contributions are going to change. You can provide this information as an amount of money, or a percentage of earnings.

To help your workers understand, we suggest you outline the percentages and then give an example in £s and pence. Below is a suggested form of words and some diagrams to help you do this. (You can adapt these to suit your circumstances):

“The government has set a minimum that has to be contributed in total (this is your contribution, your employer’s contribution and the tax relief added together) - this will increase as follows over the next few years. *[Explain the increasing percentages. See Mocked-up Filled-in version for an example]*

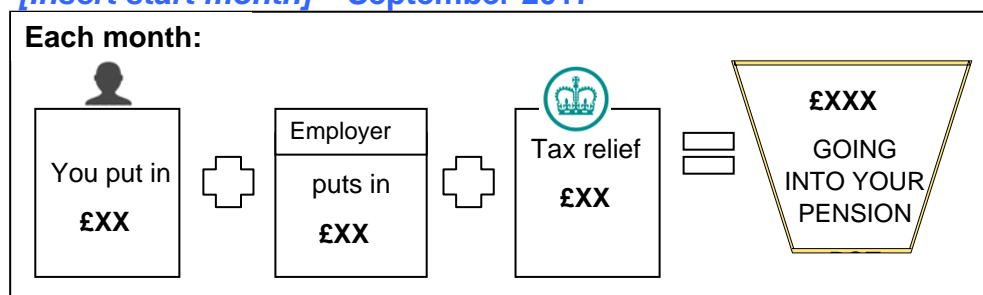
“Within that total, the government has also set a minimum percentage that has to be contributed by your employer. This will also increase as follows over the next few years. *[Explain the increasing percentages. See Mocked-up Filled-in version for an example]*

“To give you an indication of how these increases might affect you here is an example based on someone who earns £XX,XXX a year and has **qualifying earnings of £XX,XXX a year** (£XXXX a month).

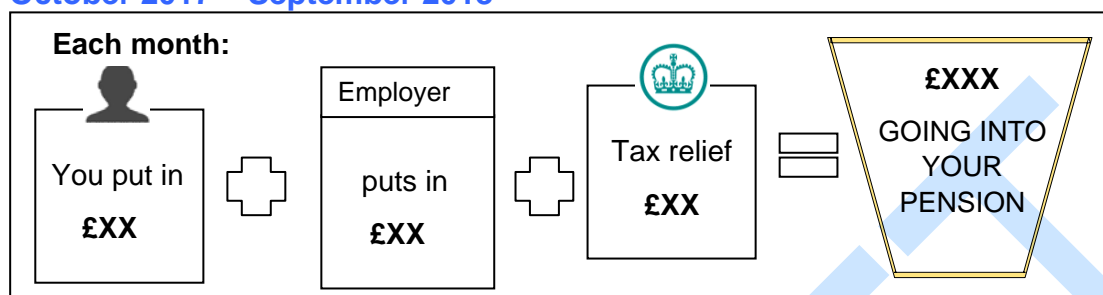
“Qualifying earnings means what you earn between a minimum (currently £5,035 a year) and a maximum (currently £33,540 a year).

- **If you earn more or less than £XX,XXX a year** the actual contributions for you will be higher or lower

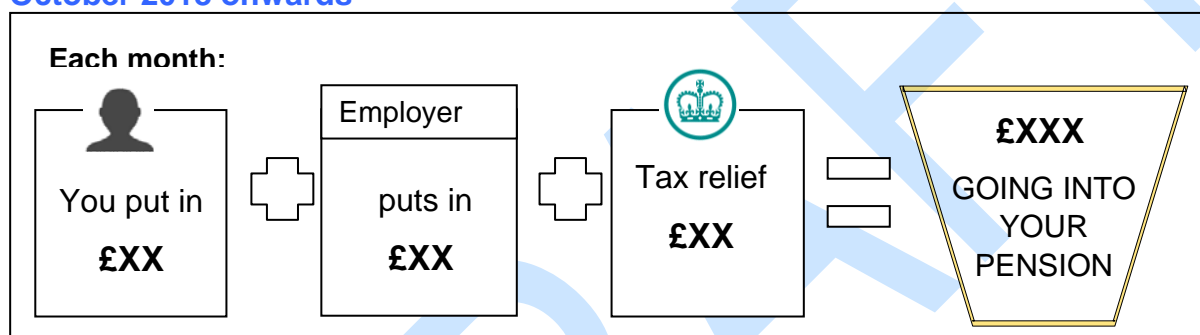
[Insert start month] – September 2017



October 2017 – September 2018



October 2018 onwards



“Overtime and bonus payments are/are not [Select as appropriate] included for the purposes of calculating the contributions.”

Please note: if your pension scheme is a Defined Contribution one and the contribution levels follow the government minimums exactly, then you have to include workers’ overtime and bonus payments when calculating contributions.

Guidance for Page 4 (continued)

“What if I want to pay more into my pension pot?”

We recommend you also include details on what the worker has to do/who they need to contact to increase the amount they are paying into their pension.

“What is tax relief?”

Tax relief is mentioned on page one of this letter template. Research found workers want to know what it is, and the definition in the template tested well.

“What is tax relief?” (continued)

You also have to explain how the ‘tax relief’ is given (‘net pay’ or ‘relief at source’).

[See letter template for wording of this]

If you don’t know which tax relief arrangement your scheme uses, speak to your pension provider.

“What will I see on my payslip now I’ve started paying into this pension scheme?”

To reduce confusion, it is recommended you explain what they will *actually* see on their payslip.

The first sentence is for ‘net pay’ tax relief. The second sentence is for ‘relief at source’. Please select the correct one for your scheme.

Delete the sentence about the employer contribution if your workers won’t be able to see your contribution on the payslip.

If your workers won’t be able to see either their payments or your payments on their payslips, it is recommended you let them know this and direct them to where this information can be found.

If there will be a significant period of time between sending this letter and the first pension payments, you might want to remind your workers at the time they get their first payslip (after having been automatically enrolled). A suggested form of words can be found here:

www.thepensionsregulator.gov.uk/employers/xxxxx/xxxxx <TPR to insert relevant page on TPR website>

Guidance for Page 5

“Where can I get further information?”

Research carried out by the government found people had key questions they wanted answering.

A Frequently Asked Questions pdf booklet was therefore developed to pre-empt many of these questions. It can be found here:

English

<http://www.dwp.gov.uk/docs/workplace-pensions-faq.pdf>

Welsh

<http://www.dwp.gov.uk/docs/workplace-pensions-faq-cymraeg.pdf>

You can use this exactly as it is – for example, print off copies to give to your workers, include it in emails, or put it on your intranet, if you have one. Or you can adapt it and develop your own version, if you prefer.

If you are not enclosing the FAQs, it is recommended you refer your workers to wherever this kind of information can be found.

Please note: within the FAQs, people are referred to the following sources of help: (If your workers come to you with queries, you might find it helpful to refer them to these websites and phone numbers, as appropriate).

For more detailed facts and information on automatic enrolment and basic information on pensions:

Directgov

Website: www.direct.gov.uk/workplacepension

Alternatively, if your worker does not have access to the internet, they can call the Workplace Pension Information Line:

English speakers: 0845 600 1268

Welsh speakers: 0845 600 8178

Textphone: 0845 850 0363

(All open Monday to Friday – 8am to 6pm, excluding bank holidays)

For detailed questions about pensions:

The Pensions Advisory Service

This is an independent voluntary organisation, funded by government, which provides free advice on pensions:

Website: www.pensionsadvisoryservice.org.uk

Helpline: 0845 601 2923 (open Monday to Friday - 9am to 5pm, excluding bank holidays)

For advice on general money matters, for example, managing debts:

The Money Advice Service

This is an independent organisation, set up by government and funded by a levy on the financial services industry. It provides free and unbiased financial advice.

Website: www.moneyadviceservice.org.uk

Advice line: 0300 500 5000

(open Monday to Friday - 8am to 6pm, excluding bank holidays)

For help tracking down a previous pension:

The Pension Tracing Service

They help people find the current contact details for their old pension scheme.

Website: www.direct.gov.uk/pensiontracing

Tel: 0845 6002 537 (open Monday to Friday, 8am to 6pm, excluding bank holidays)

Appendix C – DRAFT of Mocked-up, filled-in version of Letter 1

Mocked-up filled-in version of Letter 1

All details in this mocked-up filled-in version are fictional.

The percentages and amounts of money in this letter are just an illustration. Do not use these figures when developing your own letter. The figures you give your workers must reflect **your** pension scheme.

Please note in this example, the employer:

- is using a Defined Contribution scheme;
- is not postponing automatic enrolment;
- is sending the letter before the automatic enrolment date;
- has a pension provider;
- has a Human Resources (HR) department
- is paying the government's minimum levels of contribution
- will increase the amount they pay in to workers' pensions if the worker increases their contribution (in this case the worker can increase their contribution up to a maximum of 20 per cent of their qualifying earnings, and the employer will increase theirs up to a maximum of 8 per cent of their qualifying earnings);
- will be giving out the pension provider's scheme information to their workers a few days after they receive this letter
- knows exactly when the opt-out period will start (as they have arranged this with their pension provider)
- uses a 'relief at source' tax relief arrangement
- shows the employer contribution on their workers' payslips
- has printed out copies of the FAQs pdf and is enclosing a copy with each of the letters they are sending out.

Appendix C (continued)

29 October 2012

Smythan & Sons' pension scheme - A change in the law that affects you

Dear Helen

To help people save more for their retirement, the government now requires employers to enrol their workers into a workplace pension scheme. This applies to those who aren't already in one and who:

- earn over £7,475 a year (£622.92 a month);
- are aged 22 or over; and
- are under State Pension age.

We are therefore enrolling you into our pension scheme on Monday 5 November (your automatic enrolment date). The scheme is provided by 'Madeup Pension Provider'.

- You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire
- Smythan & Sons and you will both pay into it every month
- The government will also contribute through tax relief
- Your pension belongs to you, even if you leave us in the future

Why is this happening?

The government's aim is for more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2012-13 is £107.45 a week for a single person.

The State Pension is intended to be a foundation - you may want more.

Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

What does this mean for you?

Going into your pension pot will be:

- Your contribution - You will pay in **0.8 per cent** of your qualifying earnings. This will be taken directly from your pay.
- Our contribution - We will pay in an amount equal to **1 per cent** of your qualifying earnings

- Tax Relief - The government, in the form of tax relief, will pay an amount equal to **0.2 per cent** of your qualifying earnings

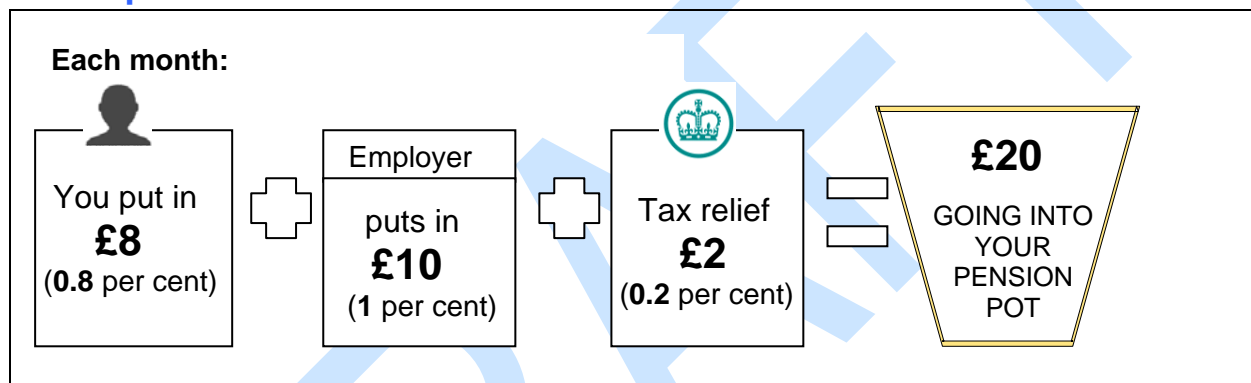
Qualifying earnings means what you earn between a minimum (currently £5,035 a year) and a maximum (currently £33,540 a year).

This means, **for example**, if you earn **£17,035 a year** your qualifying earnings are £12,000 a year (£1000 a month), and:

- You will pay in **£8** a month. This will be taken directly from your monthly pay.
- We will pay in **£10** a month.
- The government, in the form of tax relief on your payment, will pay in **£2** a month.

Therefore, although you put in £8, the total contribution to your pension pot will be £20 a month.

Example:



Remember, if you earn more or less than £17,035 a year, the actual contributions for you will be higher or lower.

How much will you get from this pension when you retire?

'Madeup Pension Provider' can provide you with an estimate of the income you might get once you reach pension age.

You can also see how a pension builds, using an online pension calculator, at www.madeupxxxpensionprovider.co.uk/pensioncalculator

The pension scheme

You will receive a statement each year from 'Madeup Pension Provider' showing how much money has gone into your pension pot and how it's doing.

If you want to, you can make choices about how your pension pot is invested, but you don't have to.

More information on the scheme can be found in the booklet from 'Madeup Pension Provider' which you will receive shortly.

What you need to do now

If you want to opt out of the pension scheme, follow the instructions below.

If you want to stay in the pension scheme you don't have to do anything. Your personal details will be passed to the pension provider, and your pension will start building from the end of November, when the first payments will be made. You will see this on your payslip.

Yours sincerely

J Jones, HR and Payroll Manager

How to opt out

To opt out, in November contact 'Madeup Pension Provider' to get an opt-out form: Tel: 0800 XXX XXX. Once you have completed it, send it to me: Mr J. Jones, HR Manager, Room 23, The Building, QQ1 XRU.

If your completed opt-out form is received between Tuesday 13 November and **Wednesday 12 December**, you will be removed from the pension scheme. Any payments you have already made will be refunded, and you will not have become an active member of the scheme on this occasion.

If you want to stop making payments after Wednesday 12 December you can do so. The payments you have made already will not be refunded. Our contributions and the tax relief would also stop. The payments already made into your pension would remain there and you would get this when you retire.

If I opt out or stop making payments, can I re-join a pension scheme at a later date?

Yes, you can re-join the scheme. To do so, contact Human Resources. You can do this only once in any twelve month period.

A regular reminder

Anyone who opts out or stops making payments will be automatically enrolled back in to the pension scheme at a later date (usually every three years). This is because your circumstances may have changed and it may be the right time for you to start saving. We will contact you when this happens and you can opt out if it's still not right for you.

Questions you may have

Will the amounts paid into my pension change?

Yes, the amounts will automatically increase or decrease accordingly if your earnings go up or down.

Also, we are going to increase the amounts being paid into your pension over the next few years. This is to meet the government's minimum standards.

The government has set a minimum that has to be contributed in total (this is your contribution, your employer's contribution and the tax relief added together) - this will increase as follows over the next few years:

Timing	Minimum total percentage (of qualifying earnings) that has to go into your pension
Nov 2012 – Sept 2017	2 per cent
Oct 2017 to Sept 2018	5 per cent
Oct 2018 onwards	8 per cent

Within that total, the government has also set a minimum percentage that has to be contributed by your employer. This will also increase as follows over the next few years.

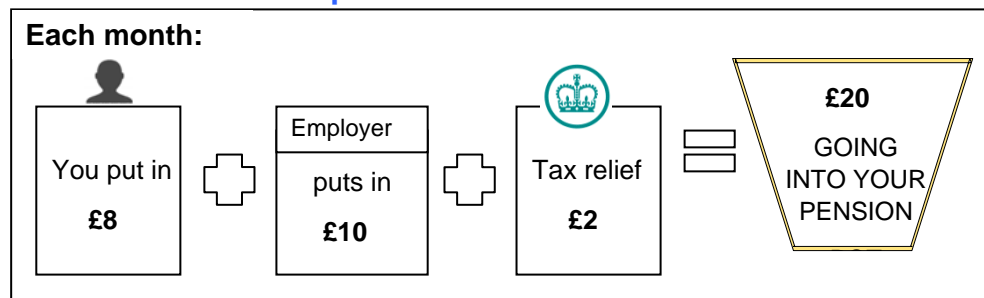
Timing	The minimum percentage (of qualifying earnings) that has to be contributed by your employer
Nov 2012 – Sept 2017	1 per cent
Oct 2017 to Sept 2018	2 per cent
Oct 2018 onwards	3 per cent

To give you an indication of how these increases might affect you here is an example based on someone who earns £17,035 a year and has **qualifying earnings of £12,000 a year** (£1000 a month).

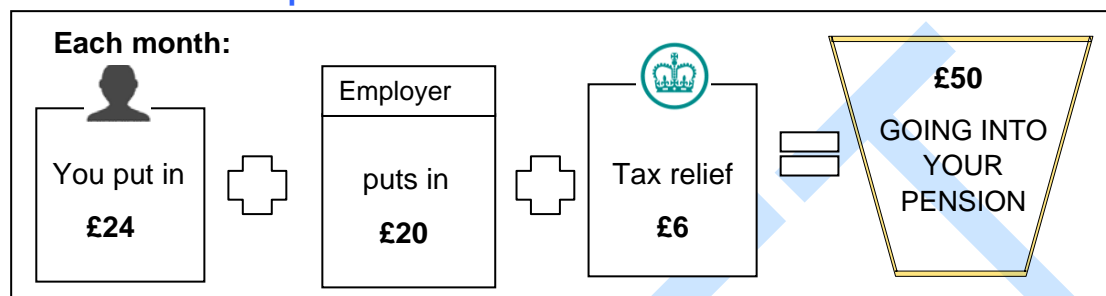
Qualifying earnings means what you earn between a minimum (currently £5035 a year) and a maximum (currently £33,540 a year).

- **If you earn more or less than £17,035 a year** the actual contributions for you will be higher or lower

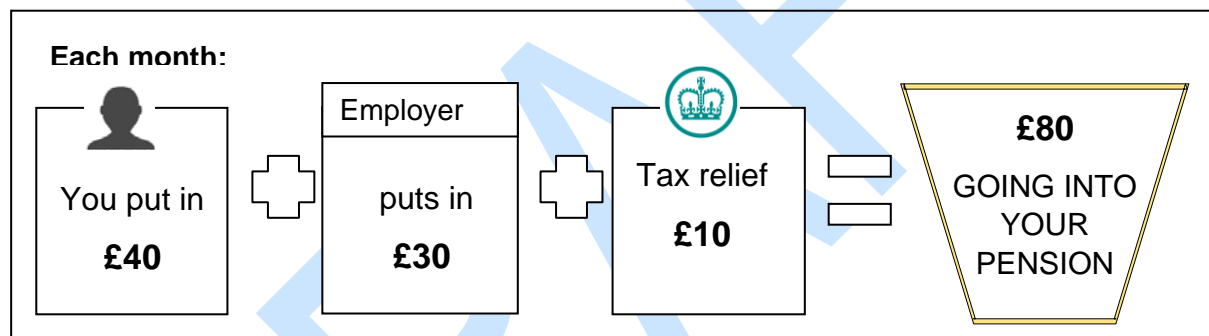
November 2012 – September 2017



October 2017 – September 2018



October 2018 onwards



Overtime and bonus payments are included for the purposes of calculating the contributions.

Questions you may have (continued)

What if I want to pay more into my pension pot?

You can increase the amount you put in if you want, up to a maximum of 20 per cent of your qualifying earnings. The amount contributed by the government in the form of tax relief would also increase.

Our contribution would also increase, up to a maximum of the equivalent of 8 per cent of your qualifying earnings.

Contact HR if you want to increase your monthly payments: Tel: 01XXX XXXXX
email: hrqueries@XXXX.XXX.XX

What is tax relief?

The government takes tax off your income. You can see this on your payslip. Tax relief means some of your money that would have gone to the government as tax now goes into your pension pot instead.

In our pension scheme, the tax relief goes into your pension through a 'relief at source' arrangement.

This means if you're a basic rate tax payer, you don't need to do anything to get the tax relief paid into your pension. It will happen automatically.

If you're a higher rate tax payer, to get full tax relief you need to claim back some of your tax from the government. This is because tax relief is added to your pension at the basic rate of 20 per cent. To get all the tax relief that is due to you, you need to claim back the difference between 20 per cent and 40 per cent, either on your annual tax return, or by contacting HM Revenue & Customs.

More information on tax relief can be found here:

www.direct.gov.uk/workplacepension/xxxxxx *[web address to be inserted once live]*

What will I see on my payslip now I've started paying into this pension scheme?

On your payslip, the figure you will see is your contribution. You won't see the tax relief – it is added to your pension separately.

You can also see our contribution on your payslip.

Where can I get further information?

If you have any questions about the pension scheme contact 'Madeup Pension Provider':

Customer Services, 123 The Street, The City, GG2 HH7

Website: www.madeupx.xxx.xxx Email: customerservices@xxxx.com

Tel: 0800 XXX XXXX

If you have any questions about your enrolment or contribution levels contact HR on
Tel: 01XXX XXXXX email: hrqueries@XXXX.XXX.XX

The enclosed booklet answers some more frequently asked questions, including:

- How much will I get from this pension when I retire?
- Will it be enough?
- Are pensions safe?
- What if I move jobs?

For information on pensions and saving for later life visit:

www.direct.gov.uk/workplacepension

A commitment from us

If you earn over £5,035 a year (the amount set by the government for this):

- we must by law continue to maintain your membership, and ensure the scheme continues to meet certain government standards; and
- if we close the scheme, or change it so it no longer meets the government standards, we must immediately put you into another one that meets those government standards.

DRAFT

Appendix D - DRAFT of Template for Letter 6 – for all workers (and their employer is postponing)

[Please note: The elements that are required by law are shown in purple]

[Insert Date]

[Insert employer's name]'s pension scheme - A change in the law that affects you

Dear [See Guidance]

To help people save more for their retirement, the government requires employers to enrol their workers into a workplace pension scheme. This applies to those workers who aren't already in one, and who

- earn over £7,475 a year (£622.92 a month)*[change "£622.92 a month" throughout this letter if your workers are not paid monthly, see Guidance];*
- are aged 22 or over; and
- are under State Pension age.

We are enrolling these workers into our workplace pension scheme on *[insert postponed automatic enrolment date, also known as the 'deferral date']*

Why is this happening?

The government's aim is to get more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2012-13 is £107.45 a week for a single person.

Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

How it will affect you on [insert postponed automatic enrolment date, also known as the 'deferral date']

If you are already in our pension scheme:

You will not be automatically enrolled as you are already in the pension.

I am pleased to *confirm the scheme is a qualifying pension scheme, which means it meets or exceeds the government's new standards.*

If you earn over £5,035 a year (the amount set by the government for this):

- *we must by law continue to maintain your membership, and ensure the scheme continues to meet certain government standards; and*
- *if we close the scheme, or change it so it no longer meets the government standards, we must immediately put you into another one that meets those government standards.*

Further information on the pension scheme can be found on the last page of this letter.

If you are NOT already in our workplace pension scheme, what happens depends on how old you are and how much you are earning on [insert postponed automatic enrolment date also known as the ‘deferral date’]:

If on that date you are aged 22 or over, under State Pension age, work or usually work in the UK, and earn more than £7,475 a year (£622.92 a month):

We will enrol you into our pension scheme on [insert automatic enrolment date]. You don’t have to do anything – it will happen automatically.

- you can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire [see guidance];
- [Insert employer’s name] and you will pay into it every month;
- The government will also contribute through tax relief;
- Your pension belongs to you, even if you leave us in the future.

We will write to you nearer the time with further information on the pension scheme.

If on that date you are aged under 22 years, or over State Pension age, or earn more than £5,035 (£419.58 a month) but not more than £7,475 a year (£622.92 a month): [change “£419.59 a month” and “£622.92 a month” if your workers are not paid monthly, see Guidance]

[Also amend this if you would treat workers who earn less than £5035 a year exactly the same as those who earn over £5035. See Guidance]

We will not be automatically enrolling you into the pension scheme. This is because you do not meet the criteria set by the government (see first paragraph of this letter). **However, you have the right to join the scheme if you want to.** Both you and [insert name of employer] will pay into it.

[Remove this next paragraph if you would treat these workers exactly the same as those who earn between £5035 and £7475 a year. i.e. if they ask to join, you would put them in the same pension scheme and contribute to their pension in exactly the same way]

If on that date you earn £5,035 or less a year (£419.58 or less a month): [change “£419.58 a month” throughout this letter if your workers are not paid monthly, see Guidance]

We will not be automatically enrolling you into our workplace pension scheme. This is because you do not meet the criteria set by the government (see first paragraph of this letter). **However, if you ask us to do so, we will enrol you into a pension scheme.**

[Select the next sentence(s) depending on whether you would contribute or not]

We would contribute to this pension./ We would not contribute as you do not earn over £5,035 a year. (This is the earnings level set by the government. Employers only have to contribute to worker’s pensions if they earn over this amount).

What to do if you want to join a pension scheme now

If you want to join a pension scheme now, contact [insert relevant name] in writing by sending a letter, which has to be signed by you. Or if sending it electronically, it has to contain the phrase “I confirm I personally submitted this notice to join a workplace pension scheme”. *[Insert instructions on where to send the letter/email, or how to find and submit an e-form, as appropriate]*

You will then be sent further information and confirmation you are being enrolled.

Where to go for further information

You may have questions about workplace pensions and saving for your retirement. **More information on pensions and saving for later life can be found on:**
www.direct.gov.uk/workplacepension

Yours sincerely

[Insert name of signatory]

For those who meet the criteria listed on page 1:

Explanation as to why you can join the workplace pension scheme before [insert postponed automatic enrolment date, also known as the ‘deferral date’] if you want.

We have, as allowed by law, postponed the automatic enrolment of our workers into our pension scheme until [insert postponed automatic enrolment date, also known as the ‘deferral date’]. This is [insert time period: for example, three months] after the date we were first required by law to carry out automatic enrolment. During this period, you have the right to join a workplace pension scheme if you want. If you want to do this, follow the instructions on page 2 of this letter]

The rest of this page and the top of the next page contain some additional information for you if you are NOT being automatically enrolled due to age or earnings

Overleaf there is some information for you if are already in our workplace pension scheme.

Q: I am younger than 22: if I don’t join the pension scheme now, what happens when I reach 22?

A: If you are earning more than the minimum (currently £7,475 a year, £622.92 a month) when you reach 22, you will be automatically enrolled into our workplace pension scheme. We will write to you again, nearer to your 22nd birthday, to give you all the information you need.

You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire. [Insert name of employer] and you will pay into it every month.

Q: I don't earn more than £7,475 a year (£622.92 a month), if I earn more in the future, what will happen?

A: If you earn more than the minimum (currently £622.92 a month), you will be automatically enrolled into our workplace pension scheme, so long as you are aged 22 or over, are under State Pension age, and work or usually work in the UK.

If this happens, we will write to you again to give you all the information you need. You can opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire. [Insert name of employer] and you will pay into it every month.

The money in your pension will belong to you, even if you leave us in the future.

If you are aged under 22 or over State Pension age when you earn more than £622.92 a month then you will not be automatically enrolled, but you will have the right to join our workplace pension scheme if you want.

A: If you start to earn more than £419.58 a month but not more than £622.92 a month, you will not be automatically enrolled but you will have the right to join our workplace pension scheme if you want.

[Insert name of employer] and you will pay into it every month.

The money in your pension will belong to you, even if you leave us in the future.

Information for those already in the workplace pension

A reminder about the pension scheme

- [Insert name of employer] and you are paying into a pension which you get when you reach the scheme's pension age.
- Currently, the age at which members of the scheme get their pension is [insert age].
- Your payslips show the payments you are making and the payments being made by us, as your employer. *[Remove the reference to the employer contribution on the payslip if it's not shown there.]*
- The government is also contributing to your pension through tax relief. (Tax relief means that some of your money that would have gone to the government as tax, goes into your pension instead.)

*[Change these words if your scheme does **not** allow extra money to be paid in]*

You can increase the amount you put in if you want *[Insert details of any limits]*. The amount contributed by the government in the form of tax relief would also increase. The employer contribution would also increase up to maximum of XXXXX / would remain the same. *[Select as appropriate]*

To increase the amount you put in *[insert details on what the worker has to do/who they need to contact to increase the amount they are paying into their pension]*.

Information for those already in the workplace pension (continued)

Our pension scheme is provided by *[insert pension provider]*. Once a year, you get a statement showing how much money has gone into your pension and how well it is doing. / Once a year you get a statement indicating how much your pension has built up so far and how much you might get when you reach retirement age. *[Select and adapt as appropriate]*

Further information

Further information on our pension scheme can be found *[insert details of wherever workers can get more information, for example, your intranet, the pension provider's website/booklets]*

If you have any questions about the scheme, please contact *[insert relevant contact details of the pension provider]*:

If you have any other queries, please contact *[insert contact details of appropriate person in your organisation]*