

Facts and myths about automatic enrolment

> Key facts

Millions of people are not saving enough to have the income they are likely to want in retirement. The government has introduced a new law designed to help workers save more for their later life.

- It requires all employers to enrol their workers into a workplace pension scheme if they're not already in one, starting from October 2012.
- Workers will be able to opt out if they want to, but if they stay in they will receive contributions from their employer and some tax relief.
- Anyone who opts out, or stops making payments into their pension, will be automatically enrolled back in at regular intervals. They can opt out again if they want to.

> Who will be automatically enrolled into a workplace pension scheme?

Starting from October 2012, workers will be automatically enrolled into a workplace pension scheme by their employer if they:

- are not already in their employer's pension scheme;
- are aged 22 or over;
- are under State Pension age;
- earn more than £9,440 a year (this figure may change); and if they
- work, or usually work, in the UK.



When you contribute so will your employer and the government through tax relief.

> When will this happen?

The timing of when employers will automatically enrol their workers depends on their size. The Pensions Regulator will notify employers of the exact date. Very large employers are doing it first, starting from October 2012.

Facts and myths about workplace pension schemes

We know that pensions and saving can be confusing. People can feel bewildered about what they need to do to make sure they have enough income to fund their retirement. We've explored and explained some common myths about workplace pension schemes below.

Myth

“Starting from October 2012 every worker will be forced to save in a workplace pension scheme whether they want to or not.”

Reality

Workers can opt out if pension saving isn't right for them. If they opt out within a month of the day they officially became a member of the scheme, they will get back any contributions they have made during this time. Workers who have opted out can re-join at a later date if they wish. Because we believe saving for retirement is important, employers must automatically enrol eligible workers back into their scheme approximately every three years.

Myth

“Workers who are under 22 or over State Pension age can't join a workplace pension scheme.”

Reality

Workers who earn over £9,440 a year (this figure may change) and are between the ages of 16 and 22, or who are between State Pension age and 75, can choose to join their workplace pension scheme. They won't be automatically enrolled but if they choose to join, their employer must make a contribution and they will get some tax relief.

Myth

“Employers don’t have to automatically enrol workers into a workplace pension scheme if they don’t want to.”

Reality

All employers must comply with the new law. Automatic enrolment will be rolled out from October 2012, starting with the largest employers. Employers must not:

- discriminate in favour of job applicants who indicate they are prepared to opt out;
- encourage workers to opt out of a qualifying pension scheme; or
- treat a worker unfairly or put them at a disadvantage because of automatic enrolment.

The Pensions Regulator can help employers get to grips with their new duties and ensure they comply with the new laws. There is useful information on their website at:

 www.thepensionsregulator.gov.uk

Myth

“Only employers with five or more workers will have to automatically enrol their eligible workers into a workplace pension scheme.”

Reality

Starting from October 2012 all employers (with one worker or more) will have to comply with the new law and automatically enrol all eligible workers into a qualifying workplace pension scheme.

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You can find more information at:

 www.dwp.gov.uk/workplacepension

Information for employers and businesses can be found on The Pensions Regulator Website (TPR) at:

 www.thepensionsregulator.gov.uk

Individuals should visit:

 www.gov.uk/workplacepensions

This fact sheet is only a guide and does not cover every circumstance. The information contained in the document is correct as of April 2013. Some of the information may become inaccurate over time, for example because of changes to the law.



The sooner you start the more money you could have to enjoy your retirement.



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