



Automatic Enrolment contribution increase – have you told your staff?

On 6 April 2019, the amount that will need to be paid into a workplace pension will increase to an overall minimum of 8%, with employers contributing at least 3% of this. This is an increase from the existing current total minimum contribution of 5%.

If you haven't already communicated these changes to staff, we recommend this be done shortly. It is important to let staff know about these increases, not only so they may understand the benefit but to also reduce the subsequent payroll queries when their pay is less than they expected. Please do contact us if you have any queries on drafting this communication.

44 also recommends that you check with your payroll software provider and pension provider to ensure plans are in place ahead of the changes on 6 April 2019. If you wish to discuss the required changes in administration, please do get in touch.

Automatic Enrolment Evaluation Report 2018

The Department of Work and Pensions' automatic enrolment evaluation report 2018 follows the 2017 analytical report, which included the 2017 evaluation of automatic enrolment. Findings from this latest report will be used to inform the evaluation of the workplace pension reforms and ongoing development of automatic enrolment policy.

Summary of findings

Since the start of automatic enrolment in 2012, more than 9.9 million workers have been automatically enrolled, and over 1.4 million employers have met their duties, with 591,000 workers having been automatically re-enrolled and 73,643 employers having met their re-enrolment

duties. The number of compliance notices issued by The Pensions Regulator (TPR) has risen from nearly 34,000 in 2016/17 to nearly 61,000 in 2017/18. The annual total amount saved by eligible employees across both sectors stands at £90.3 billion in 2017, which is an increase of £4.3 billion from 2016. Annual total amounts increased in both public and private sectors from 2016. The public sector increased by around £0.3 billion and the private sector by £4.0 billion.

Rates of opt-out and cessation (stopping saving into a pension after the opt-out period) have at the end June 2018 remained consistent with levels before the first planned contribution increase in April 2018. Males and females have the same levels of opt-out, but males have slightly higher levels of cessation. Generally, older age groups have higher opt-out rates, but those aged 22 to 29 and 60 to State Pension age have the highest cessation rates – although these rates are at relatively low levels. Higher earners tend to have higher opt-out rates than lower earners, while (with the exception of the highest earners who have the highest cessation rates) there is not much variation in cessation rates by earnings level.

Findings from the DWP's communications tracking research (June 2018 wave) found that the majority of individuals interviewed viewed automatic enrolment as a good thing for them personally (82 per cent); agreed saving into a workplace pension was normal for them (80 per cent); and knew where to go if they wanted to find more about workplace pensions (83 per cent).

The next evaluation report will set out further evidence from the first contribution increase and findings from the second increase in April 2019. Following the completion of the second increase, automatic enrolment will move from implementation of the reforms to steady state.

If you have any queries please contact your usual 44 Consultant or email admin@44benefits.co.uk

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