

What is auto-enrolment?

Automatic enrolment, is a piece of legislation introduced by the Government in 2008 to encourage people to save into a pension after it was found that millions of UK citizens will have little to no pension savings when they retire.

In order to reverse this trend and encourage workers to save more, it was made compulsory for all eligible workers to be opted into a workplace pension scheme. Subject to **eligibility criteria** all employers must offer a pension scheme to their workers without discouraging or influencing them to opt out.

Pensionable earnings – How is it calculated?

Qualifying Earnings

Qualifying earnings are the band of earnings on which auto enrolment minimum contributions are based as specified by the government. Pension contributions are only paid on earnings between the Lower and Upper Earnings Thresholds for auto enrolment.

Qualifying earnings includes the undernoted pay elements:

- Basic salary or wages
- Commission
- Bonuses
- Overtime
- Statutory Sick Pay
- Statutory Maternity Pay
- Ordinary or Additional Statutory Paternity Pay
- Statutory Adoption Pay

For the 2018/19 tax year the earnings thresholds are between £6,032 and £46,350 a year. This means the first £6,032 (for the year) of an employee's earnings does not count for the purposes of auto enrolment. In weekly terms this is £116 per week. (Monthly is £503.00)

So, for an employee earning below £6,032 a year no contributions would be paid, and where an employee earns over £46,350 a year, no contributions would be paid on any earnings above £46,350.

How can a worker opt straight into the scheme?

- Login into the member site (NOW pensions) and complete the required actions.
- Call NOW pensions 0 330 100 3334 to request an Opt In/Request to Join form.

How can a worker opt out of the scheme?

Following government legislation, every employee has one calendar month period after being auto enrolled into a pension scheme, where they can choose to opt out. An employee can also opt out outside this period, but may not be eligible for a short service refund*.

One of the following can be done to opt out

- Login to the employee account on the member portal and complete the required actions
- Call member support 0 330 100 3334 to request an opt out form to complete and send back to NOW pensions.

Please note, that legislation changed on 1 October 2015 and employees wanting to request a short service refund may no longer be eligible.

*short service refund

Employees who have joined a workplace pension scheme after the 1 October 2015 and have passed their opt out window of one calendar month will not be able to apply for a refund due to changes in legislation.

For employees who joined the scheme prior to 1st October 2015, they may be able to request a short service refund to the value of their own contributions (the law prevents this option to new joiners on/from 1st October 2015). It should be noted that a short service refund only relates to the employee contributions and will be subject to tax. Contributions made by the employer or under a salary sacrifice agreement cannot be refunded.

Randstad are not responsible for opting out workers – all questions/queries must be sent directly to NOW pensions. Randstad will act on instruction from NOW pensions only.

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