Pensions Auto-enrolment

Key issues for casual workers, including students

What is Pensions Auto-enrolment about?

Auto-enrolment is intended to get more people saving into a pension scheme to provide for their retirement. At present around half of all employees in the UK are not members of any occupational pension scheme and are not making any provision for their retirement. With life expectancy continuing to increase, the Government is concerned that many people will not have enough income to support their retirement years. Further information is available from the [gov.uk](https://www.gov.uk) website. The UK is not the first country to introduce a scheme of this kind; similar arrangements operate in Norway and New Zealand to name just two examples.

It is being applied to employers at different times, depending on their size. The largest employers had to introduce Auto-Enrolment from 1st October 2012; it will apply to this University from 1st May 2013.

Who will it affect?

Potentially it affects any worker who meets all of the following criteria:

- Age - if you are 22 or over but no more than State Pension Age
- Earnings - if your earnings in any month reach £787.00 (in the tax year 2013/14)
- Working in the UK - if you ordinarily work in the UK
- And you are not a contributing member of one of the pension schemes supported by the University (USS, RBP, NHSPS).

A worker is basically anyone who is paid via our payroll. The duration of any contract of employment is immaterial - the assessment for auto-enrolment is carried out each month, on the earnings that you receive from the University, in that month. If you are not an active member of the USS, RBP or NHSPS in respect of the work that you are doing, you will be assessed for auto-enrolment as set out above. Similarly it makes no difference if there is no written contract.

Earnings include overtime, arrears, bonuses, sick pay, maternity pay, etc

I am a student, casual or contingent worker, or paid by a Fee form

The auto-enrolment regulations apply to you if you meet the criteria:

- Age - if you are 22 or over but no more than State Pension Age
- Earnings - if your earnings from the University in any month reach £787.00 (rate for tax year 2013/14)
- Working in the UK - if you ordinarily work in the UK
Any payment that you receive from the University in any one month, that reaches or exceeds the threshold of £787.00, will trigger auto-enrolment. This will apply even if you are already a member of a pension scheme via another employer, or have been auto-enrolled by another employer. If you are not an active member of the USS, RBP or NHSPS in respect of the work that you are doing, you will be assessed for auto-enrolment as set out above.

The assessment includes all earnings in the month, including arrears, and it does not matter over what period the work was carried out to which the earnings relate.

“Ordinarily working in the UK” includes overseas students who are working for the University during their course of study.

What will I be enrolled into and what will it cost?

If you meet the criteria, you will be auto-enrolled into NEST – the National Employment Savings Trust – which has been set up by the government specifically for auto-enrolment. The contributions required start of at a very low level but will be increased to their full level by 2018. Contributions are payable on earnings between £473 per month and £3454 per month.

<table>
<thead>
<tr>
<th>Dates</th>
<th>Employee Contribution</th>
<th>Employer Contribution</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>Up to 30/09/2017</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>1/10/17 – 30/09/18</td>
<td>3%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>1/10/18 onwards</td>
<td>5%</td>
<td>3%</td>
<td>8%</td>
</tr>
</tbody>
</table>

What if I don't want to be in a pension scheme?

You can opt out, but only after you have been enrolled. You will have an opt-out window of one month from the time that you are informed you have been enrolled. You will need to contact NEST either online or by phone to activate the opt-out process. Note that the University is prohibited by law from providing you with opt out forms. Similarly, there are strict rules prohibiting employers from any actions intended to induce workers to opt out.

If you do opt-out, you will not be re-assessed for auto-enrolment until March 2016, although you will retain the right to opt in to the NEST scheme if you wish.

RJCB

13/02/2013