

Auto Enrolment Changes from April 2018

Under automatic enrolment, minimum pension contributions are required to increase over time. This is called Contribution Phasing and will happen on set dates; this is a key feature of automatic enrolment and is something that you should be prepared for from April 2018.

The information in this bulletin will help you to make the necessary preparations, to be ready for the changes.

What Is Contribution Phasing?

By law, the minimum contribution amounts for automatic enrolment pension schemes are required to increase at set times and will take effect in two phases. The first increase will be enforced from 6th April 2018 and will take the total minimum contribution from 2% up to 5% (of which the employer must contribute at least 2% whilst the employee makes up the difference). The second increase will come into effect from 6th April 2019 and will take the total minimum contribution from 5% up to 8% (of which the employer must contribute at least 3% whilst the employee makes up the difference).

What do you have to pay:

Date Effective	Employer Minimum	Staff Contribution	Total Minimum Contribution
Until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

The employer can choose to pay more than the minimum if they wish or they can choose a combination of rates, as long as the minimum contribution is met.

For Example – From 6 April 2018

Employer pays 3% and the employee pays 2%

Employer pays 4% and the employee pays 1%

What happens if I don't comply with the increase in pension contributions?

All automatic enrolment pension schemes, if they have contributions rates which would fall below the minimum levels at 6 April 2018, must apply the higher rates in order to remain a qualifying scheme.

If a pension scheme does not increase its minimum contribution levels in line with the legal requirements, it will no longer be a qualifying scheme for existing members and cannot be used for automatic enrolment purposes.

What should I do now?

It is your responsibility to ensure that the pension scheme you use to meet your duties is a qualifying scheme, and that pension contributions are deducted correctly, however pension scheme trustees and providers, and payroll providers, have a key role in making the process work smoothly.

Please be aware that there are different rules for some pension schemes so please check your scheme rules and speak to your pension scheme provider.

We expect that your scheme will help support you with communications to members, either by providing [template letters](#) or handling the direct communications for you. We can produce letters for you to send to your employees. Please let us know if this is something you would like us to do for you.

Help and Guidance

Further guidance can be found at <http://www.thepensionsregulator.gov.uk>

Please contact the payroll department if you require any further information or advice. We are available on 01353 662595 or by e-mailing payroll@whitingandpartners.co.uk with the subject line "AE Minimum Contribution Increase".