

Helping you tell your employees about contribution increases

Minimum contributions under auto-enrolment are went again on 6 April 2019. It's important that you take action so that the correct contributions are deducted at the right time. You'll then be sure your pension scheme remains a qualifying scheme for members.

To help you communicate the contribution increases, we've created templates that you can use to send to your employees. It's just a template, so if you choose to use it, you'll need to add in the details that are specific to your employees – like your company details and contact point.

Although there are no additional duties under auto-enrolment for you to tell your employees about the increase to contributions, you might want to do so. This'll help minimise queries and reduce the risk of some employees deciding to leave their pension scheme.

There are a few template versions to choose from – check the decision tree on the next page.



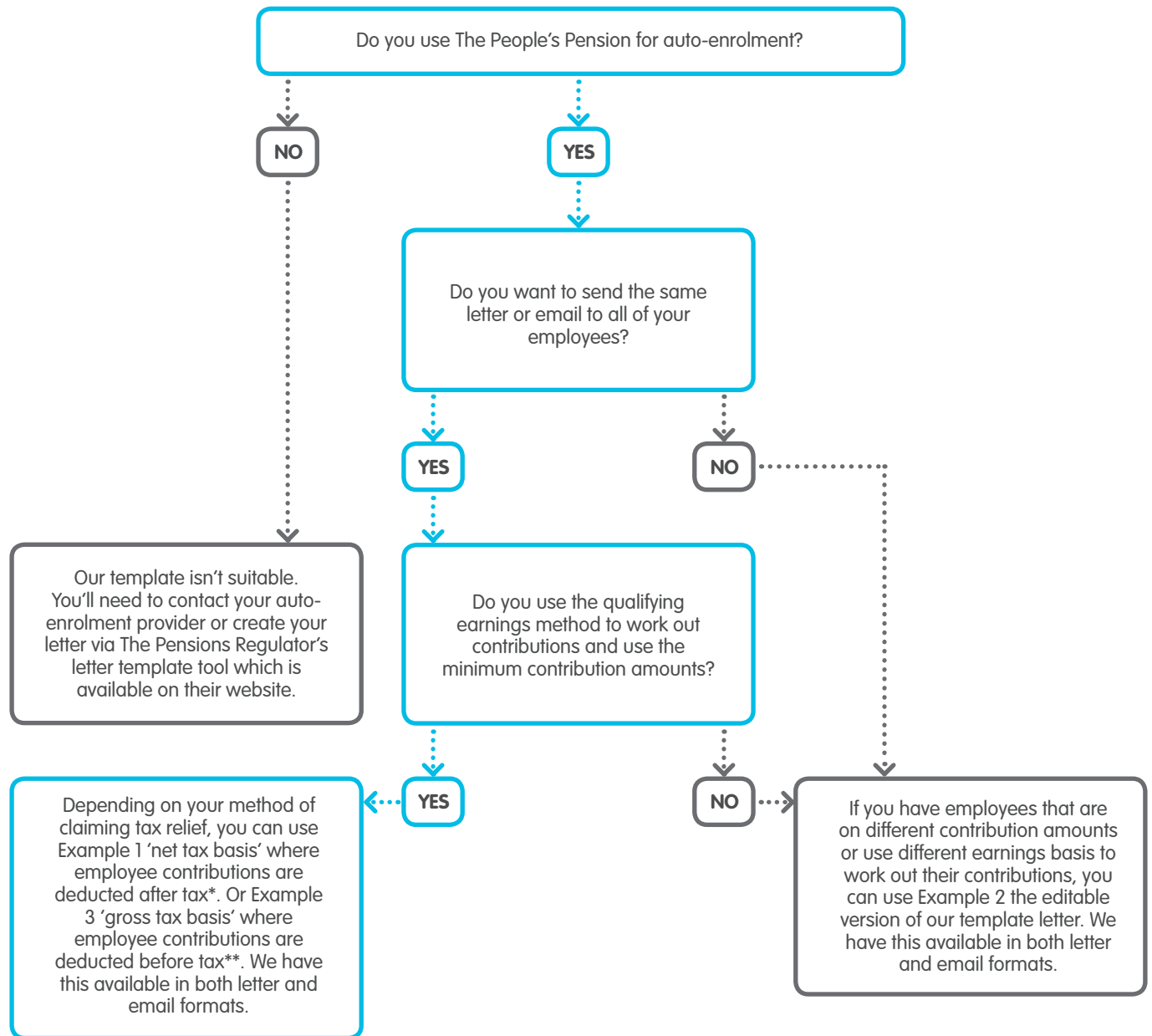
For more information please contact:

 support@bandce.co.uk

 01293 586666

 www.thepeoplespension.co.uk

You can use the decision tree below to help you decide if you'd like to use our template



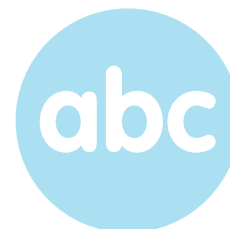
*This is HMRC's relief at source basis.

**This is HMRC's net pay arrangement.



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Ref: 122787. It acts as a distributor of, and an administrator for, pensions (including The People's
Pension Scheme), accident and death insurance and a range of financial welfare products.

EXAMPLE 1: Generic Net tax basis template letter that can be used by employers who are using qualifying earnings at the minimum contribution rate



6 April 2019

«Title» «Surname»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«UK Postcode»

ABC Limited
The Park, Dudbury, DB1 4XY
01486 877161
hr@abc.co.uk
www.abc.co.uk

Dear []

Good news – the amount we’re paying into your workplace pension has gone going up

To help you save for later life, we’ve set up a workplace pension scheme for you with The People’s Pension (it’s a legal requirement). It’s your pension pot and your money, it’ll belong to you even if you decide to change employer.

We’re helping you save more for later life

By law, the amount we pay into your pension pot is going up – you’ll notice a change in contribution amounts in your payslip after 6 April 2019. This also means the amount you pay into your pension pot may have changed.

The good news for you is that there’ll be more money in your pension pot as a result. And because the government wants us all to save more for later life, that extra money in your pot will be topped up by the government through tax relief – think of it as ‘free’ money.

However, it’s important you know that if you decide to stop paying in to your pension pot, we will stop paying in too and you will also lose the extra ‘free’ money from the government.

How to get the extra ‘free’ money

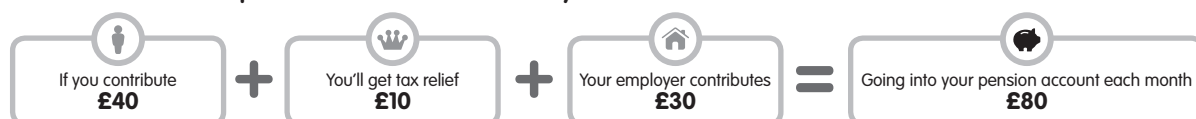
Here’s an example of how your pension pot changed from 6 April 2019 if you were previously paying £24 per month*1:

Contributions before 6 April 2019: £26 extra ‘free’ money



So for the £24 you paid in, we and the government added **£26 extra ‘free’ money** to your pension pot each month.

Contributions from 6 April 2019: £40 extra ‘free’ money



So for the £40 you pay in, we and the government add **£40 extra ‘free’ money** to your pension pot each month.

*1 The example shows what happens when contributions are made after tax, and tax relief at the basic 20% rate is claimed for members by The People’s Pension. Higher rate and additional rate taxpayers may need to claim further tax relief through their tax returns. The calculation will differ where contributions are made before tax has been taken and tax relief is received automatically.

When will this happen?

The first increase to the total minimum contributions started on 6 April 2018. The law requires both employers and employees to gradually increase the amounts paid into your pension pot. It's been introduced in stages to help you better prepare for the future. Here's how the levels of contributions look:

	Employer minimum contribution	Employee contribution	Tax relief on employee contribution ^{*2}	Total minimum contribution required by law
Before 5 April 2018	1%	0.8%	0.2%	2%
6 April 2018 - 5 April 2019	2%	2.4%	0.6%	5%
6 April 2019 onwards	3%	4%	1%	8%

*2 Tax relief from the government at the basic 20% rate may be claimed for you by The People's Pension, because your contributions are made after tax has been taken from you. For more information on tax relief visit www.thepeoplespension.co.uk/pension-tax-relief.

So, what happens next?

You don't need to do anything. From 6 April 2019 we'll automatically adjust the amounts we – and you – pay in to your pension pot. Your contributions will come out of your pay, as normal.

Remember... the money you put in to your pension pot will be topped up – think of it as extra 'free' money. A great way to add to your retirement savings!

Can I pay even more into my pension pot?

Yes. You can do this at any time – just let us know.

Keep track of your money

You can keep track of your money and view and change your personal information using your Online Account. To set up or log in to your Online Account with The People's Pension, visit

www.thepeoplespension.co.uk/onlineaccount.

Where can I find out more?

Government tools:

- Find out more about workplace pensions at www.gov.uk/workplacepensions
- Work out your contribution levels with the Money Advice Service calculator:
www.moneyadviceservice.org.uk/en/tools/workplace-pension-contribution-calculator

The People's Pension tools:

- Find out more about workplace pensions at www.thepeoplespension.co.uk/employees
- Read more about the increase to your contributions at www.thepeoplespension.co.uk/pension-increases

If you have any questions, please contact us on [add in your contact points for queries].

Yours sincerely

Name

Name

Job title

EXAMPLE 2: Template letter that can be edited for employers who are not using the minimum contribution rate or use different elements of pay.



6 April 2019

«Title» «Surname»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«UK Postcode»

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www.abc.co.uk

Dear []

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We’re helping you save more for later life

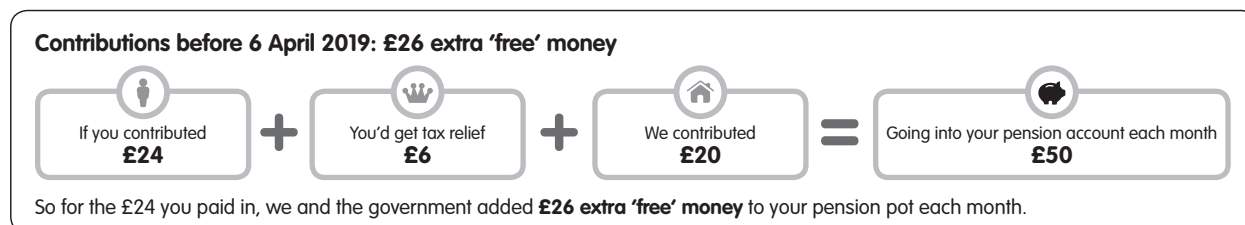
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However, it’s important you know that if you decide to stop paying in to your pension pot, we will stop paying in too and you will also lose the extra ‘free’ money from the government.

How to get the extra ‘free’ money

Here’s an example of how your pension pot changed from 6 April 2019 if you were previously paying £24 per month*1:



*1 The example shows what happens when contributions are made after tax, and tax relief at the basic 20% rate is claimed for members by The People’s Pension. Higher rate and additional rate taxpayers may need to claim further tax relief through their tax returns. The calculation will differ where contributions are made before tax has been taken and tax relief is received automatically.

When will this happen?

The first increase to the total minimum contributions started on 6 April 2018. The law requires both employers and employees to gradually increase the amounts paid into your pension pot. It's been introduced in stages to help you better prepare for the future. Here's how the levels of contributions look:

	Employer contribution	Employee contribution	Tax relief on employee contribution ^{*2}	Total contribution
Before 5 April 2018	Enter your %	Enter your %	Enter your %	Enter your %
6 April 2018 - 5 April 2019	Enter your %	Enter your %	Enter your %	Enter your %
6 April 2019 onwards	Enter your %	Enter your %	Enter your %	Enter your %

^{*2} Tax relief from the government at the basic 20% rate may be claimed for you by The People's Pension, because your contributions are made after tax has been taken from you. For more information on tax relief visit www.thepeoplespension.co.uk/pension-tax-relief.

So, what happens next?

You don't need to do anything. From 6 April 2019 we'll automatically adjust the amounts we – and you – pay in to your pension pot. Your contributions will come out of your pay, as normal.

Remember... the money you put in to your pension pot will be topped up – think of it as extra 'free' money. A great way to add to your retirement savings!

Can I pay even more into my pension pot?

Yes. You can do this at any time – just let us know.

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Where can I find out more?

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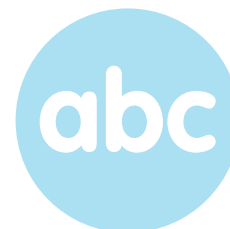
Yours sincerely

Name

Name

Job title

EXAMPLE 3: Editable Gross tax template letter that can be edited as required.



6 April 2019

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«Address_line_1»
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«Address_line_3»
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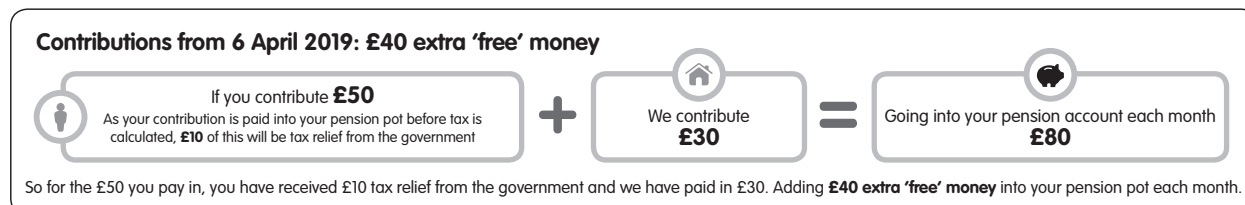
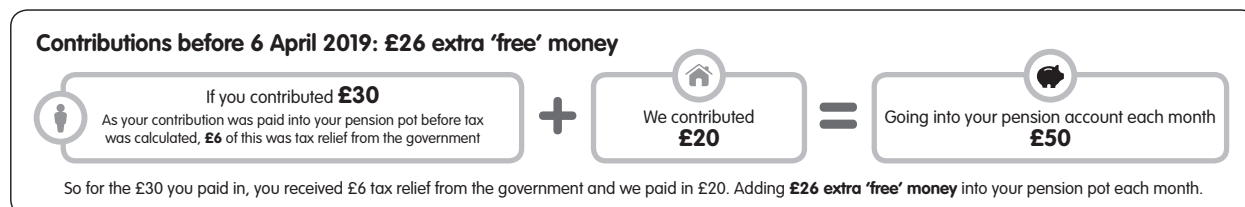
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However, it’s important you know that if you decide to stop paying in to your pension pot, we will stop paying in too and you will also lose the extra ‘free’ money from the government.

How to get the extra ‘free’ money

Here’s an example of how your pension pot changed from 6 April 2019 if you were previously paying £30 per month^{*1}:



^{*1} The example shows what happens when contributions are made before tax. We deduct your contributions from your wages before any tax is calculated. This means you benefit immediately from full tax relief on your contributions. The example above assumes basic rate tax relief – if you are a higher (or additional) rate taxpayer this will be more. If your earnings are below the starting rate for income tax, you don’t benefit from tax relief. For more information on tax relief visit www.thepeoplespension.co.uk/pension-tax-relief.

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Name

Name

Title