

Helping you tell your employees about contribution increases

You might already be aware that minimum contributions under automatic enrolment will be going up. It's important that you're ready for this increase 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 automatic 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 two versions. One if you're using the current minimum contributions based on qualifying earnings and another version if you're using any other contribution amount or a different contributions basis. If you are paying above the minimum contributions already please amend the template letter to fit your company's personal circumstances. For more information please visit <http://www.thepensionsregulator.gov.uk/en/employers/phasing-calculating-contributions-using-different-elements-of-pay.aspx>. So you should make sure that you use the right version.

We have created an example of each letter to show you how they'll look. Our examples use 2017/2018 state pension figures.

If you'd like to use our template, please check the decision tree on the next page first.



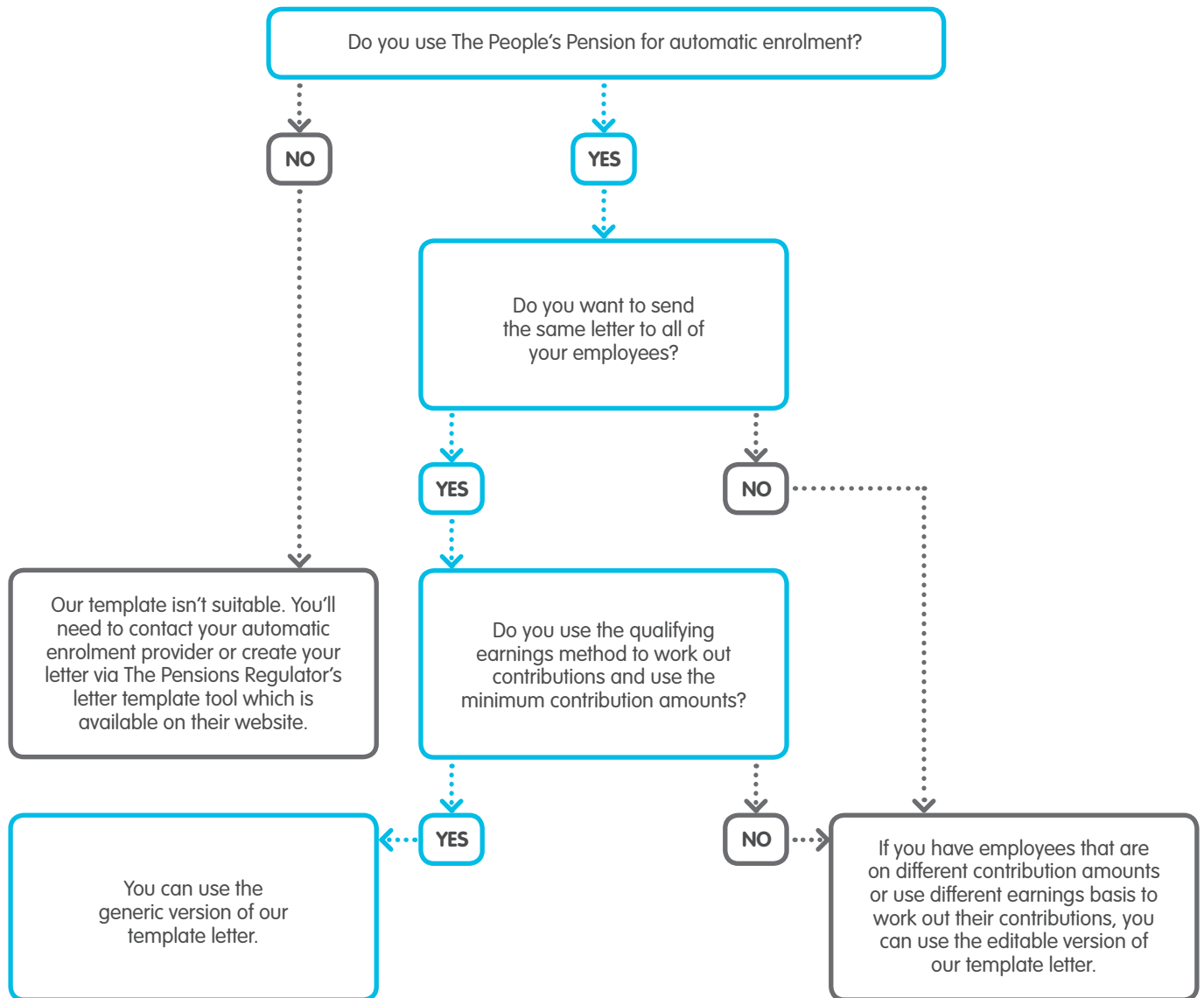
For more information please contact:

 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



EXAMPLE 1: Generic Template Letter that can be used by employers who are using qualifying earnings at the minimum contribution rate



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

25 September 2017

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

Dear [],

Good news – the total amount saved towards your retirement is increasing

To help you save more for your retirement, we set up a workplace pension scheme for you (this is a legal requirement) through The People’s Pension. This is your own pension pot for when you retire. It’ll belong to you even if you leave your job with us in the future. Each payday both you and we pay money into your ‘pension pot’ – these payments are called contributions.

Your pension pot with The People’s Pension is completely separate from the state pension, but it’s a good way to top it up. Currently at £8,296.60 a year or £159.55 a week^{*1} the state pension won’t be enough for most people to enjoy a comfortable retirement. Could you manage on this? The good news is that an important change is coming that will affect the amount that’s paid into your pension pot with The People’s Pension.

When you’re automatically enrolled into a pension scheme (like The People’s Pension), by law there are set minimum contribution levels. From 6 April 2018, the total minimum contribution is going up. This means the minimum amount we pay into your pension pot will be increasing.

Helping you save more for your retirement

The amount you pay in may need to change too. Your contributions make up the difference between what we as your employer pay in and the total minimum contribution.

The good news for you is that we’ll have to pay more into your pension too. And the government will provide tax relief – so you’ll find your pension savings growing faster than ever.

Here’s an example of how contributions could change if you were currently paying £8 per month:^{*2}

Contributions now: £12 extra ‘free’ money

So for the £8 you pay in, we and the government add **£12 extra ‘free’ money** to your pension pot each month.

Contributions from 6 April 2018: £26 extra ‘free’ money

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

! If you stop your contributions or reduce them below the statutory minimum, you may lose the extra money from us.

^{*1} Based on someone reaching State Pension age on or after 6 April 2016 with a full National Insurance record.
^{*2} The example shows what happens when contributions are made after tax, and tax relief 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 law requires both employer and employee contributions to gradually increase from 6 April 2018. This is being 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^{*3}	Total minimum contribution
Until 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%

^{*3} 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. Or, tax relief from the government may be received automatically, because your contributions are made to The People's Pension before tax has been taken from you.

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!

Do I have to do anything?

You won't need to do anything, we'll automatically adjust the amounts we contribute and those we deduct from your pay from 6 April 2018.

Can I choose to pay more into my pension pot now?

Yes! If you'd like to increase the amount you regularly put into your pension pot, just let us know and we can help you organise this. You can use your Online Account with The People's Pension to keep an eye on how your pension savings are doing, and to view your personal information and much more.

To set up or log in to your Online Account, visit www.thepeoplespension.co.uk/onlineaccount.

Where can I find out more?

You can get more information about automatic enrolment at: www.gov.uk/workplacepensions.

If you want to work out what the changes could mean for you you can visit the Money Advice Service website at: <https://www.moneyadviceservice.org.uk/en/tools/workplace-pension-contribution-calculator>.

You can get more information about The People's Pension at: www.thepeoplespension.co.uk/employees. And you'll find plenty of help and support in their knowledgebase at www.thepeoplespension.co.uk/help.

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

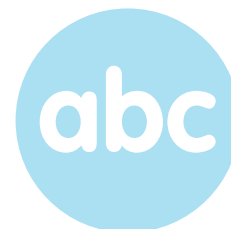
Yours sincerely

Name

Name

Title

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



25 September 2017

«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 total amount saved towards your retirement is increasing

To help you save more for your retirement, we set up a workplace pension scheme for you (this is a legal requirement) through The People's Pension. This is your own pension pot for when you retire. It'll belong to you even if you leave your job with us in the future. Each payday both you and we pay money into your 'pension pot' – these payments are called contributions.

Your pension pot with The People's Pension is completely separate from the state pension, but it's a good way to top it up. Currently at £8,296.60 a year or £159.55 a week^{*1} the state pension won't be enough for most people to enjoy a comfortable retirement. Could you manage on this? The good news is that an important change is coming that will affect the amount that's paid into your pension pot with The People's Pension.

When you're automatically enrolled into a pension scheme (like The People's Pension), by law there are set minimum contribution levels. From 6 April 2018, the total minimum contribution is going up. This means the minimum amount we pay into your pension pot will be increasing.

Helping you save more for your retirement

The amount you pay may need to change too. Your contributions make up the difference between what we as your employer pay in and the total minimum contribution.

The good news for you is that we'll have to pay more into your pension too. And the government will provide tax relief – so you'll find your pension savings growing faster than ever.

Here's an example of how contributions could change if you were currently paying £8 per month:^{*2}



! If you stop your contributions or reduce them below the statutory minimum, you may lose the extra money from us.

^{*1} Based on someone reaching State Pension age on or after 6 April 2016 with a full National Insurance record.

^{*2} The example shows what happens when contributions are made after tax, and tax relief 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 law requires both employer and employee contributions to gradually increase from 6 April 2018. This is being introduced in stages to help you better prepare for the future. Here's how our levels of contributions look, and the total minimum contribution required by law:

	Employer contribution	Employee contribution^{*3}	Total contribution	Total minimum contribution required by law
Until 5 April 2018	Enter your %	Enter your %	Enter total %	Enter your %
6 April 2018 - 5 April 2019	Enter your %	Enter your %	Enter total %	Enter your %
6 April 2019 onwards	Enter your %	Enter your %	Enter total %	Enter your %

^{*3} Tax relief from the government at the basic 20% rate may be claimed for you by The People's Pension, if your contributions are made after tax has been taken from you. Or, tax relief from the government may be received automatically, because your contributions are made to The People's Pension before tax has been taken from you.

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!

Do I have to do anything?

You won't need to do anything, we'll automatically adjust the amounts we contribute and those we deduct from your pay from 6 April 2018.

Can I choose to put more into my pension pot now?

Yes! If you'd like to increase the amount you regularly put into your pension pot, just let us know and we can help you organise this. You can use your Online Account with The People's Pension to keep an eye on how your pension savings are doing, and to view your personal information and much more.

To set up or log in to your Online Account, visit www.thepeoplespension.co.uk/onlineaccount.

Where can I find out more?

You can get more information about automatic enrolment at: www.gov.uk/workplacepensions. If you want to work out what the changes could mean for you you can visit the Money Advice Service website at: <https://www.moneyadviceservice.org.uk/en/tools/workplace-pension-contribution-calculator>.

You can get more information about The People's Pension at: www.thepeoplespension.co.uk/employees. And you'll find plenty of help and support in their knowledgebase at <https://thepeoplespension.co.uk/help>.

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

Yours sincerely

Name

Name

Title