Automatic Enrolment Frequently Asked Questions

This guide answers some of the questions you may have about automatic enrolment, workplace pensions and the True Potential Investments Pension (TPI Pension).

true potential investor

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1. Why is this happening?

People are living longer and saving less, so it's important that everyone gets a helping hand in planning for a comfortable retirement.

The Government's aim is for more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2014-15 is £113.10 a week for a single person. There is no guarantee that the State Pension will remain at its current levels as the UK population ages and more people are pensioners.

2. Is everyone being enrolled into a workplace pension?

By law, every employer has to enrol their employees into a workplace pension, if they:

- are not already in a qualifying workplace pension scheme;
- are aged 22 or over;
- are under State Pension age;
- earn more than a minimum amount (£10,000 a year, £833 a month, £192 a week);
- work or usually work in the UK.

Automatic enrolment affects employees in different ways. You will be classified as one of three types of employee. The table below explains how employees are categorised.

Earnings	Age		
	16-21	22- State Pension Age	State Pension Age - 74
Less than or equal to £5,772	Entitled Worker		
Over £5,772 and up to £10,000	Non-eligible Jobholder		
£10,000+	Non-eligible Jobholder	Eligible Jobholder	Non-eligible Jobholder

Status / Entitlement	Auto Enrolled	Elect to Join	Employer Contributions
Entitled Worker	No	Yes	No
Non-eligible Jobholder	No	Yes	Yes
Eligible Jobholder	Yes	N/A	Yes

Depending on which category you fall into, you will have different rights:

- **Eligible jobholder** – you will be automatically enrolled into a workplace pension by your employer and both you and your employer will contribute. You can choose to opt out.
- **Non-eligible jobholder** – you have the right to join your employer's workplace pension and both you and your employer will contribute.
- **Entitled worker** – you have the right to join your employer's workplace pension, but your employer does not have to contribute to your pension pot.

In all cases, your pension belongs to you – even if you leave your employer in the future.

3. How much are my contributions?

The Government has set minimum levels of contribution into your workplace pension for eligible and non-eligible jobholders (employers do not have to contribute to entitled worker's pensions). You and your employer may pay in more than the minimums, but you cannot remain in the scheme and pay in less.

The current minimum contributions are:

1. **Your contribution** – 0.8% of your qualifying earnings (see below for definition).
2. **Tax relief** – 0.2% of your qualifying earnings (see below for more on tax relief).
3. **Employer contribution** – 1% of your qualifying earnings.

4. What are my "qualifying earnings"?

The Government has set an upper and lower earnings threshold that your employer can use to calculate your pension contributions – the segment between these thresholds is called your "qualifying earnings".

Currently, your qualifying earnings are the amount you earn between £5,772 and £41,865. For example, if you earn £25,772 per year, your qualifying earnings are £20,000 and your total contribution is a minimum of 2% of this amount.

Qualifying earnings include:

- Salary
- Wages
- Commission
- Bonuses
- Overtime
- Statutory sick pay
- Statutory maternity pay
- Ordinary or additional statutory paternity pay
- Statutory adoption pay

It's important to note that "qualifying earnings" are a minimum requirement - your employer can decide to calculate your contributions on your "pensionable pay" – this means your employer can decide to calculate your contributions on your total earnings.

Your employer will let you know how they will calculate your contributions.

5. Why should I pay into a pension?

The State Pension is not guaranteed for your retirement and it may not provide you with enough income to live comfortably. Saving into a workplace pension means you are in control of your future and can continue to enjoy the things you like when you retire.

If you're an eligible or non-eligible jobholder, your employer and the Government will contribute into your workplace pension, meaning you can save more than if you were on your own.

Starting to make pension contributions sooner makes saving more manageable - saving smaller amounts over a longer time period has less impact on your lifestyle. Starting sooner also means your pension will be bigger - the earlier you start, the more time your money has to grow.

6. How much will I get from my pension when I retire?

For an estimate of the income you might get once you reach pension age, please see your 'Key Features Illustration', available through your True Potential Investor online account or on request from your employer.

You can also use an income calculator in your online account to work out how much you'll need to produce a standard of living you are happy with.

7. Will it be enough?

Being in a workplace pension is an important step towards giving yourself the lifestyle you want in later life. You may want to start thinking about the things you will need money for in retirement such as paying bills, transport and buying food, and the things you may also want to do such as:

- run a car
- meet friends for lunch or drinks
- buy gifts for your family or friends
- go on days out and holidays
- do sport or other leisure activities

Once you have an estimate of how much you can expect to get from your workplace pension, you can think about whether it will be enough.

If you're concerned you will not have enough, you can think about contributing more to your pension, working longer, and/or saving in other ways.

8. What if I work for more than one employer?

If you meet the criteria for an **eligible jobholder** with each employer, you'll be automatically enrolled into a workplace pension by each of your employers.

If you meet the criteria for a **non-eligible jobholder** or **entitled worker** with each employer, you'll have the right to join a workplace pension through each of your employers.

You may also find that you are in different categories for each employer, so you may be automatically enrolled by one employer and have the right to join another employer's workplace pension.

So you could end up being in two (or more) different workplace pensions, one for each employer.

9. What if I move jobs?

You may be automatically enrolled into a new workplace pension. This will depend on the size of your new employer, when you move, and if you meet the eligibility criteria. Large and medium sized businesses have already started automatically enrolling their workers and all firms will come on board by 2018.

If your new employer has a workplace pension, but they don't automatically enrol you, they may give you the option of joining if you want.

If your new employer doesn't automatically enrol you, this will be because of one or both of the following reasons:

1. they are not yet required to do so; or
2. you are not an **eligible jobholder.**

If you start a new pension (either 'workplace' or 'personal'), you may be able to combine your old pension with your new one. Your new pension scheme provider will be able to tell you if this is possible and, if so, how to go about doing it.

Or if you want to, you can continue making contributions to your TPI Pension scheme after you've left your job. You would need to contact True Potential Investor through your online account to arrange this.

Nowadays lots of people move jobs several times in their working lives, so it's important to keep track of the pensions you have. If you have lost track of a pension, the Government's Pension Tracing Service (www.gov.uk/find-lost-pension) could help provide you with the contact details for that pension.

10. What if I leave my job to become self-employed or stop working?

You should think about what income you'll have to live on in later life. Your employer will stop paying into your workplace pension, but you will be able to continue contributing, if you want. You would need to contact True Potential Investor through your online account to arrange this.

11. What happens to my pension if I die before retiring?

When you set up your workplace pension, you can nominate someone to receive the money if you die and how much they would get.

You will be able to nominate someone through your online account. You can change this nomination at any time.

Please note: although in most cases the money will go to whoever is nominated, organisations who run pension schemes are allowed to pay it to someone else if this is needed. For example, if the person nominated cannot be found or has died.

12. Can I take the money out?

You can't take money from your workplace pension until you are 55. This is expected to increase in the future, to track 10 years below the State Pension age.

13. I'm paying into a personal pension already, what should I do?

You can have both a workplace pension and your own personal pension, so you could choose to continue paying into both. Or you might choose to continue with just one of them. It depends on your circumstances - for example, what you can afford and what your personal and workplace pension schemes are offering.

With your workplace pension, if you are an **eligible jobholder** or **non-eligible jobholder**, you have a right to receive a contribution from your employer that you won't get with your own personal pension. However, your own personal pension may have a guarantee about future income.

You can transfer an existing personal pension into your TPI Pension.

14. I had a workplace pension in a previous job, what should I do about that?

You could leave it where it is. You will get it when you retire, so long as you were in the pension scheme long enough. The length of time needed will be in the pension scheme rules.

You can also choose to transfer the pension into your TPI Pension. You can request a transfer electronically through your True Potential Investor account. The pension scheme provider, True Potential Investments, will work with your existing provider(s) to transfer your pension.

If you need help with your pension options, The Pensions Advisory Service (www.pensionsadvisoryservice.org.uk) might be a good starting point.

If you have lost track of an old pension, the Government's Pension Tracing Service (www.gov.uk/find-lost-pension) could help provide you with the contact details for that pension.

15. What if I'm not sure it's for me?

a. I can't afford it

For many people, paying into a workplace pension scheme is a good idea - even if you have other financial commitments, such as a mortgage or a loan. This is because you're not the only one putting money in. Your employer has to contribute too, provided you are an **eligible jobholder** or **non-eligible jobholder**.

Most people will also get a contribution from the Government in the form of tax relief. This means some of your money that would have gone to the Government as tax, goes into your pension instead.

Over time, this money adds up and can grow.

But you should make sure you can afford to meet your other commitments. If you're behind on your mortgage, rent, credit card or other debt payments then a pension might not be the right step at the moment. It's something you should come back to at a later date, once your debts are more under control.

If you start saving into a workplace pension but then a few months or years later you want to stop paying, you can do so. You can start paying into your employer's scheme again at a later date, if you decide you want to. Your employer has to accept you into their pension scheme once in every twelve-month period. This means if you leave, join, then leave again within twelve months your employer does not have to accept you a second time. But they can choose to do so.

If you opt out or you stop making payments, your employer will automatically enrol you back into their workplace pension at a later date. This is usually every three years. This is because your circumstances may have changed and it may be the right time for you to start saving. Your employer will contact you and you can choose to stay in the workplace pension or opt out.

b. I don't need to start saving for my pension yet

It may seem early to start planning for later life, but remember you could have twenty years of retirement and you will need an income. A workplace pension is one way to provide that income. Usually, the younger you are when you start paying into a pension the better. The money has more time to grow.

So even if it's only a small amount, the money you put away early in life can build up over time. Remember, if you are an **eligible jobholder** or **non-eligible jobholder**, your employer must also contribute, as will the Government through tax relief.

c. It's too late for me

Being in a workplace pension is worth considering, even if you think you're too old. Unless your retirement is just a few weeks away, there's still time to build up some money.

Unlike other ways of saving, being in a workplace pension means you're not the only one putting money in. If you are an **eligible jobholder** or **non-eligible jobholder**, your employer must contribute.

Most people will also get a contribution from the Government in the form of tax relief. This means some of your money that would have gone to the Government as tax, goes into your pension instead.

16. Are pensions safe?

No savings, including pensions, are ever entirely risk-free. However, the Government has put an increasing number of controls in place designed to minimise the risks. This means your money is better protected than in the past.

- The Pensions Regulator regulates workplace pensions: www.thepensionsregulator.gov.uk
- The Financial Conduct Authority (FCA) regulates the providers of personal pensions: www.fca.org.uk

There's no perfect answer for where to put your money for later life. Each type of saving and investment works differently and has its own pros and cons. But for most people, it's better to do something, such as pay into a workplace pension scheme, than do nothing.

17. I want to know more about workplace pensions

a. How is the money invested?

The contributions you and your employer pay in, plus the contribution from the Government in the form of tax relief, go into your pension pot.

Your pension pot is put into various types of investment, such as shares (shares are a stake in a company). It is expected to grow over time.

Your pension pot is invested in this way because in the long run it usually gives a better return than a savings account. You can make decisions about where your money is invested by logging into your True Potential Investor online account. You can choose from a range of world-class investment funds from 7IM, Allianz, Close Brothers, Goldman Sachs, Legal & General, Schroders and SEI.

If you don't want to make a decision, your pension will be invested into the default investment fund your employer has chosen for your company's scheme.

The earlier you start putting money into your workplace pension, and the more you and your employer put in, the more money you're likely to have at the end.

b. Can the value go down as well as up?

Your pension pot is put into various types of investment, such as shares (shares are a stake in a company).

Your pension pot is invested in this way because in the long run it usually gives a better return than a savings account. Over the years, the value of investments can go up and down. But even if the value goes down in the short term, it is likely to recover in the long-term.

As you approach retirement, you will be prompted to review the investment choices you have made as you may want to move to a fund less likely to reduce in value in the short-term (this is called lifestyling).

c. Could I lose my pension if my employer goes out of business?

Your pension provider, True Potential Investments LLP, looks after your pension pot. So if your employer goes out of business you won't lose your pension.

If your pension provider cannot pay, there are a number of organisations who might be able to help. For example, as True Potential Investments LLP is authorised by the Financial Conduct Authority, the Financial Services Compensation Scheme (FSCS) can provide compensation. This will generally be because the provider has stopped trading and/or is unable to pay its debts. For more information visit www.fscs.org.uk.

18. How does the pension scheme work?

If you are automatically enrolled into your employers workplace pension (provided by True Potential Investments LLP), or choose to join the scheme, your contributions will be placed in a default investment fund chosen by your employer. This default fund meets the Government's criteria for automatic enrolment funds. Your employer will let you know which fund they have chosen for you.

You will be given a True Potential Investor online account, where you can make individual choices about your pension, including:

- How much you think you need to save for retirement
- Nominating a target retirement age
- How much you want to contribute
- How much risk you are willing to take
- Which fund to invest your pension in

If you prefer to make a choice about the fund your pension is invested into, you can choose from a range of world-class investment funds from fund managers such as 7IM, Allianz, Close Brothers, Goldman Sachs, Schroders and SEI. By logging in to your account, you will be able to see the asset allocation, fees and more information for each fund. This will enable you to make a personal choice of fund based on your circumstances.

As you get nearer to your nominated retirement age, your employer will contact you to prompt you to review your risk profile and fund selection so you can continue to make the right choice for you.

19. What is True Potential Investor?

True Potential Investor is an online investment service from True Potential Investments LLP, who your employer has chosen to provide your workplace pension. It is built with True Potential's award-winning technology.

Through True Potential Investor, you can set a goal amount and retirement date for your pension. This will help you make realistic choices about how much you need to contribute while you are working for a comfortable retirement in the future. You can also choose your attitude to risk, from defensive to aggressive, and select an investment fund that matches your needs.

Once you have set up your pension, you can track it online or through a variety of True Potential Investor mobile and wearable apps. With 24/7 access to your pension, you won't have to wait for your annual statement to understand how your retirement savings are performing.

With True Potential's first-of-its-kind impulseSave® technology, you can even top-up your pension on-the-go at any time you like. impulseSave® allows you to add as little as £1 to your pension through the True Potential Investor website as well as the convenience of our iOS, Android and wearables apps.

By removing these barriers to monitoring and topping up your pension, True Potential Investor gives you the tools to save for a comfortable retirement.

Through True Potential Investor, you can also purchase additional investment products such as an ISA or General Investment Account (GIA) directly from your account.

20. Can I pay more into my pension?

You can increase the amount you put in if you want up to your annual allowance of £40,000 or 100% of your earnings, whichever is lower. The amount contributed by the Government in the form of tax relief would also increase.

However, you must be aware that the annual allowance applies not only to the TPI Pension but also to any other pensions that you may make contributions into. As an example, if you contribute £20,000 into the TPI Pension and a further £20,000 into another provider's pension product, then your annual allowance will have been used up.

21. What will my pension cost?

Because your pension is a long-term investment, the charges you pay can have a big impact on the size of your investment. With True Potential Investor, we offer low charges and transparent costs.

You'll pay:

- A **fund management fee** to the fund provider you choose – this ranges from 0.31% to 1.33% per year.
- A **platform fee** of 0.40% per year to True Potential Investments LLP
- No admin fee
- No dealing charges
- No charges for impulseSave® top-ups

22. What is tax relief?

The Government takes tax off your income. You can see this on your payslip. Tax relief means some of your money that would have gone to the Government as tax now goes into your pension instead. There are two ways in which tax relief can be added to your pension pot, your employer will tell you under what arrangement their pension scheme works.

a. Pension Relief at Source

Under this arrangement, if you're a basic rate taxpayer, you don't have to do anything to get the tax relief paid into your pension. It will happen automatically.

If you're a higher or additional rate taxpayer, to get full tax relief, you need to claim back some of your tax from the Government. This is because tax relief is added to your pension at the basic rate of 20 per cent.

To get all the tax relief that is due to you, you need to claim back the difference on your annual tax return, or alternatively, if you are a higher rate tax payer you can contact HM Revenue & Customs.

b. Salary Sacrifice

Under this arrangement, you agree to sacrifice or give up part of your gross salary in order for your employer to pay this as a pension contribution on your behalf. As such, you will receive tax and National Insurance savings, along with your employer. This therefore results in an increase in the value of the overall pay package you receive. As such, you are not taxed on the element of pay you sacrifice to make your pension contribution and so will receive tax relief at your highest income tax rate.

More information on how tax relief works can be found here: https://www.gov.uk/income-tax-reliefs.

23. Will the amounts paid into my pension change?

Yes, the amounts will vary depending on your earnings. If your earnings are variable and change each month, your contributions will vary.

Also, your employer will increase the minimum amounts being paid into your pension over the next few years. This is to meet the Government's minimum standards.

From 1st October 2017, your employer's minimum contribution will rise to 2% and your minimum contribution (including tax relief) will increase to 3%.

From 1st October 2018, your employer's minimum contribution will rise to 3% and your minimum contribution (including tax relief) will increase to 5%.

24. I don’t earn more than £10,000 a year (£833 a month): if I don’t join the pension scheme now, what happens if I earn more than £833 a month in the future?

If you earn more than the minimum (currently £833 a month) in any month, you will be automatically enrolled into a workplace pension scheme, so long as you are aged 22 or over, are under State Pension age, and are working or usually work in the UK.

If this happens, your employer will write to you again to give you all the information you need. You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension, which you get when you retire. Your employer and you will pay into it every month.

25. I don’t earn more than £5,772 a year (£481 a month); if I don’t join the pension scheme now, what happens if I earn more than £481 but less than £833 a month in the future?

If you earn more than £481 a month, but less than £833 a month, you will have the right to join your employer’s workplace pension scheme, so long as you are aged 22 or over, are under State Pension age, and are working or usually work in the UK.

If this happens, your employer will write to you again to give you all the information you need. You can choose to join the scheme if you want to and if you stay in you will have your own pension, which you get when you retire. Your employer and you will pay into it every month.

26. I am younger than 22: if I don’t join the pension scheme now, what happens when I reach 22?

If you earn more than the minimum (currently £10,000 a year, £833 a month) when you reach 22, you will be automatically enrolled into a workplace pension scheme. Your employer will write to you again, around the time of your 22nd birthday, to give you all the information you need.

You can choose to opt-out of the scheme if you want to, but if you stay in you will have your own pension, which you get when you retire. Your employer and you will pay into it every month.

27. Where can I get more information?

If you have any questions about the pension scheme, your enrolment or contribution levels, you can contact us through your True Potential Investor account.

For information on pensions and saving for later life visit: https://www.gov.uk/workplace-pensions

www.tpinvestor.com

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