

Auto Enrolment Contribution Increase

Under the Pensions Act 2008 the minimum contributions for Auto Enrolment will be increasing in **April 2018**.

From 6 April 2018, you must ensure that at least the required minimum contribution in respect of both the Employer and Total amounts are being paid into your Qualifying Workplace Pension Scheme depending on the **contribution set** you decided to Auto Enrol on staging.

The following table provides details of the current minimum requirements and the proposed increases in April 2018 and then again in April 2019.

Qualifying Earnings (*based on banded earnings)	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Currently until April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%
Contribution Set 1 (based on basic salary)	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Currently until April 2018	2%	1%	3%
6 April 2018 to 5 April 2019	3%	3%	6%
6 April 2019 onwards	4%	5%	9%
Contribution Set 2 (based on basic salary)	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Currently until April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%
Contribution Set 2 (all earnings are pensionable)	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Currently until April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	4%	7%

*Banded earnings are between £5876 and £45000 per annum for the tax year 2017/18. This may change for the 2018/19 tax year.

An Employer can meet the total minimum requirements if they so wish and contribution minimums can be exceeded however Employers must take the necessary action to ensure that **at least the minimum amounts** are being paid into their Qualifying Workplace pension schemes.

Employers should also provide information regarding the contribution increases to their employees and how they will be affected.

We will be writing to you later this year regarding the increase to confirm how your scheme will be impacted and the increase in contributions applicable. We will also be able to provide assistance with communications to your employees.

If you would like to discuss this further please contact your usual Goddard Perry Consultant.

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