



# AUTO ENROLMENT HAS TAKEN OFF



# INTRODUCTION

The Government introduced auto enrolment to help more people save for their future.

It means your employer will have to give you access to a workplace pension plan if you're not already in one.

**This guide will tell you more about auto enrolment and what it means for you.**

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# WHY WAS AUTO ENROLMENT INTRODUCED?

## FACT



**On average men will live to 86 and women will live to 89 years old<sup>1</sup>.**

People are living longer which means more years spent in retirement. The State pension alone is unlikely to be enough to maintain your current lifestyle when you retire.

## FACT



**For 2018/19, the new State pension for a single person is:**

**£164.35 a week<sup>2</sup>.**

Other State support may be available but it's still a good idea to build up your own retirement income.

<sup>1</sup> ONS: How long will my pension need to last?, March 2015. Based on life expectancy at age 65 for the UK.

<sup>2</sup> This applies to a man born after 6 April 1951 or a woman born after 6 April 1953.

# WHY IS A PENSION A GOOD WAY TO SAVE?



## You'll receive extra contributions into your plan

Each time you save into your plan, so will your employer and the taxman. This will help to boost your retirement savings. Contributions from the taxman are also referred to as 'tax relief' – they depend on your individual circumstances and may change in the future.

## Top up your retirement savings

You can make single contributions into your plan at any time. So if you find yourself with spare cash, you could add it to your plan.

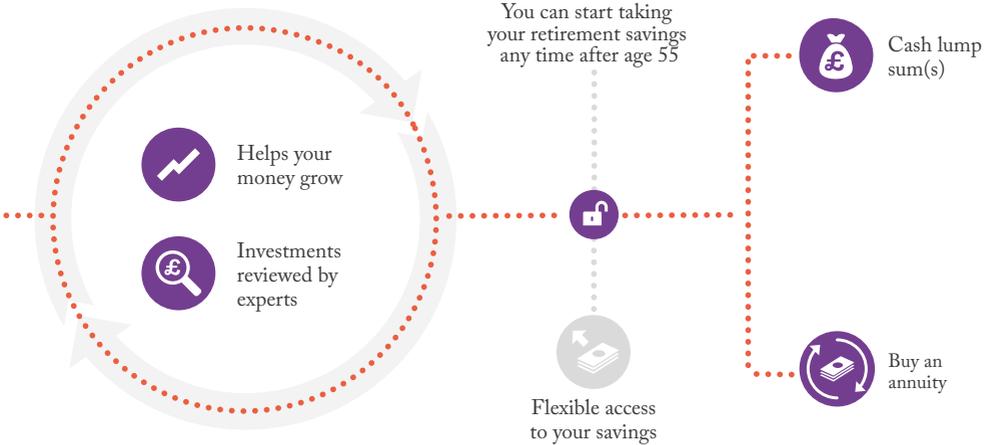
## You could have all your retirement savings in one place

You can transfer retirement savings from other pension plans. This will make it easier for you to keep track of them. Transfer payments from one pension plan to another don't receive tax relief. Transferring may not be in your best interests as you could lose valuable benefits which can't be replaced. You should speak to a financial adviser before you make a decision.

## Share our success

We'll aim to give your retirement savings an extra boost by adding a share of our profits to your plan each year. So if we do well, so do you. We've called this your **ProfitShare**.

Your retirement savings are invested



### **Your retirement savings are invested to help them grow**

You can stick with the plan default investment choice, or choose your own investments. Remember that investment returns are never guaranteed. So while your savings could grow, their value can also go down. This means you could get back less than you put into your plan.

### **Our investment options are reviewed by experts**

This helps make sure they meet their objectives. This ongoing governance comes at no extra cost to you.

### **Take your retirement savings in a way that suits you**

Take some or all of your plan as a cash lump sum – 25% of each lump sum will be tax-free. Or if you want a guaranteed income for life, take up to 25% of your plan as a tax-free cash sum and use the rest to buy an annuity.

You can also move to another plan that gives you the flexibility to take a regular income when you need it. Unlike an annuity, income payments are not guaranteed for the rest of your life. As the rest of your savings stay invested, both the income payments and the value of your plan may go down.

# WHAT DOES AUTO ENROLMENT MEAN FOR ME?

Your employer will assess your age and earnings to work out what type of worker you are and how you're affected.



Eligible jobholders are people who:

- are aged between 22 and State pension age
- work or ordinarily work in the UK and
- earn above £10,000<sup>3</sup>.



Non-eligible jobholders are people who:

- are aged at least 16 and under 75
  - work or ordinarily work in the UK and
  - earn over £6,032 up to £10,000<sup>3</sup>.
- or
- earn above £10,000 and are under 22 or
  - earn above £10,000 and are over State pension age.



Entitled workers are people who:

- are aged at least 16 and under 75
- work or ordinarily work in the UK and
- earn £6,032<sup>3</sup> or less.

Your employer:

- will automatically enrol you into a workplace pension plan
- make contributions on your behalf.

Your employer:

- will give you the option to join a workplace pension plan
- make contributions on your behalf.

Your employer:

- will give you the option to join a workplace pension plan
- doesn't have to make contributions on your behalf
- can choose to make contributions on your behalf.



Your employer will tell you how you're affected and more about the plan.

<sup>3</sup> These are the figures for the 2018/19 tax year.

### **I'm already saving into my employer's plan, how will I be affected?**

Your employer must ensure that the plan meets the Government's standards. They'll let you know if anything needs to change.

If nothing changes, you can continue to take advantage of the valuable benefits the plan offers.

Your employer will send you more information to let you know how you're affected.

### **What happens if my employer closes or makes changes to the plan?**

If your employer closes the plan, or changes it so that it no longer meets the Government's standards, they'll put you into another plan that does.

### **What happens if my age or earnings change?**

Your employer will regularly review your age and earnings. If your circumstances change, they'll work out how you're affected and let you know.

### **My employer has sent me information saying that the auto enrolment date has been postponed. What does this mean?**

Your employer can choose to delay the auto enrolment date. If they decide to do this, they must tell you that the date has been delayed and what will happen on the new date.

You can join the plan earlier if you want to. You should contact your employer if you want to do this.

### **If I'm already saving into a personal pension, how will I be affected?**

Even if you have your own personal pension, your employer will have to give you access to a workplace pension plan if you're not already in one. They'll assess your age and earnings to find out how you're affected and let you know.

If you become a member of your employer's plan, you can continue to save into your personal pension if you want to but your employer doesn't have to make contributions.

### **How will my entitlement to the basic State Pension be affected?**

If you start saving into your employer's plan, your entitlement to the basic State Pension won't be affected. However, your entitlement to other State Pension benefits could be affected.

### **How much will go into my plan?**

You and your employer must contribute a minimum amount to your plan. The minimum contribution levels are set by the Government and may change in the future.

Your employer will send you more information to let you know what the contributions will be.

### **Can I contribute more than the minimum amount?**

Yes, you and your employer can choose to contribute more if you want to. If you choose to contribute more than the minimum amount, you could be better off when you retire.

# WHAT IF I DON'T WANT TO SAVE INTO A PENSION?

If you're automatically enrolled into your employer's plan, you'll be given the chance to opt out.

## When can I opt out?

You'll have a specific period of time to opt out of the plan. This is known as the 'opt out period'. You should contact your employer for more information.

## What happens if I opt out?

If you opt out of the plan within the opt out period, any contributions you've made will be refunded.

Your employer will normally enrol you back into the plan roughly every three years. They will contact you if this happens.

## Will my employer still make contributions?

No, if you opt out you'll miss out on contributions from your employer and the taxman. This means that you may have to work longer or settle for a lower income when you retire.

## Why has money been deducted from my salary when I've already opted out?

This could be because your opt out request was received after your employer's payroll cut-off date.

If this has happened and you chose to opt out within the opt out period, your contributions will be refunded.

You should contact your employer for more information.

## What if I change my mind about opting out?

If you change your mind, your employer must let you opt back in to the plan once in any 12 month period. You might be able to opt back in sooner by contacting your employer.

## Can I opt out after the opt out period?

Yes, you can opt out or stop making contributions after the opt out period. If you do this, you normally won't receive a refund of your contributions.

Instead, you'll have the option to leave your retirement savings invested or transfer them elsewhere. You should contact your employer for more information.

# WHY ROYAL LONDON?

**When we first opened our doors in 1861, we wanted to help people to help themselves. And it's been our way of thinking ever since.**

We're a different kind of financial services company because unlike our main competitors, we're a mutual. This means we don't have shareholders. Instead, we're owned by our customers.

Our difference is reflected in the fact that today, we're the UK's largest mutual life, pensions and investment company. This gives us financial strength and stability. So you can be confident that we're here for the long term.

Having no shareholders means we don't have dividends to pay. Instead, we use our profits to provide you with better products and services.

As a mutual, we believe our customers should share in our success. And we really want you to feel the benefit of being part of Royal London.

So when we do well, we'll aim to boost your retirement savings by adding a share of our profits to your plan. We've called this your ProfitShare and it's available exclusively from us. Although, this isn't guaranteed.

# NEXT STEPS

**We hope this guide has answered some of your questions about auto enrolment and what it means for you.**

You can find out more about the plan and the benefits of saving for your retirement on your pension website or by contacting your employer.

If you're still not sure that saving into a pension plan is right for you, then you should speak to a financial adviser.

If you don't have a financial adviser, you can find one in your area at **[unbiased.co.uk/find-an-adviser](https://unbiased.co.uk/find-an-adviser)**. Remember, you may be charged for this service.



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