



Automatic enrolment and NEST - the key facts

The law on workplace pension provision has changed. In October this year, the government introduced reforms which mean that employers have to enrol most of their workers into a workplace pension scheme that meets or exceeds certain government standards. They also need to make a minimum contribution for many of these workers.

Automatic enrolment basics

- You need to automatically enrol workers aged at least 22 but under State Pension age who earn more than £8,105.¹
- The total minimum contribution to each worker's retirement savings pot will eventually have to equal 8 per cent of their 'qualifying earnings'. Of this 8 per cent you'll have to contribute a minimum of 3 per cent.
- Contribution levels will be phased in – starting at 2 per cent of a worker's qualifying earnings. Of this, you need to pay at least 1 per cent.

The minimum requirements are intended to set a foundation on which to build saving for the future. Both you and your workers can contribute more if you choose.

When will the new duties apply?

The new duties have already begun for the largest employers and will be followed by medium-sized employers over the next couple of years. Small and micro-employers will be affected last. This process of gradually applying employer duties based on the size of the employer is known as staging.

The government has confirmed the following staging timetable:

- Employers with 250 or more staff are being staged from 1 October 2012 to 1 February 2014 with the largest employers coming in first. Their staging timetable hasn't changed.
- Employers with 50 to 249 members of staff will be staged from 1 April 2014 to 1 April 2015.
- Employers with 30 to 49 staff will be staged from 1 August 2015 to 1 October 2015.
- Employers with less than 30 members of staff will be staged from 1 January 2016 and 1 April 2017.

NEST has been established to ensure there will be an easy-to-use, low-cost pension scheme available to all UK employers to help them meet their new duties. Any employer can use NEST to meet their duties or they can choose another qualifying pension scheme.

¹This figure applies to the 2012/13 tax year and will be reviewed every year by the government.

How NEST fits in

NEST has been specifically designed to cater for people who are largely new to pension saving and the organisations that employ them. We're run on a not-for-profit basis. That means we have no shareholders and one of the duties the Trustee has is to run the scheme in the interests of its members.

You can use NEST in a number of ways. For example, it could be the only pension scheme you offer to all of your workers where there isn't an existing scheme. Alternatively, it could be used alongside an existing scheme for a particular category of workers or as an entry-level scheme.

We offer:

- simple administration with straightforward online tools
- clear communications
- an investment approach specifically designed for our members, based on detailed research of their characteristics.

An individual's membership of NEST can travel with them throughout their working life. This means you won't have any continuing administration for employers when one of your workers leaves your organisation.

For further information about NEST visit www.nestpensions.org.uk

For more information on the government's planned changes to pensions, go to www.dwp.gov.uk/workplacepension

For information and guidance about complying with the new duties, go to The Pensions Regulator's website at www.thepensionsregulator.gov.uk/employers