

# Helping you to save for the future

## Your Guide to automatic enrolment

This guide contains:

- Information on automatic enrolment and pension saving.
- Details of the LGPS and the benefits you will receive as a member.
- Useful links to help you plan for your retirement.
- Information if you don't think being a member of the LGPS is for you.

You should keep this guide for information as it explains automatic enrolment and what it means for you.

## An easy way to help you save for your retirement

As a new employee you are automatically a member of the LGPS from the first day of your employment, unless you choose not to be. If you choose not to join you will be subject to the requirements of the law that requires employers to automatically enrol workers into workplace pension saving.

If your contract of employment is for less than three months, your employer will decide to defer your membership until your contract is extended beyond three months. You do have the option to join if you wish.

The requirements are that you:

- Earn over £10,000\* a year (or pro-rata pay period);
- Are age 22 or over; and
- Are under State Pension age.

For more information on automatic enrolment please visit

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).

## What will this mean for you?

Automatic enrolment will impact people in different ways depending on if you meet the certain requirements shown above. The table below explains more:

Requirements	How will automatic enrolment impact you?	What type of worker are you?
You earn over £10,000* a year (or pro-rata pay period); Are age 22 or over; and Are under State Pension age.	You will automatically be enrolled in the LGPS in the relevant pay period that all these requirements are 'triggered'.	<b>Eligible jobholder</b> who satisfies all the requirements.
You are 22 years or over but your earnings are between £5,876* and £10,000* a year (or pro rata pay period).	You will not be automatically enrolled into the LGPS, but you can still join by contacting <a href="mailto:Pension@harrow.gov.uk">Pension@harrow.gov.uk</a> . If you do not join and you meet the requirements in the future, you will automatically join the LGPS when you meet the requirements.	<b>Non eligible jobholder</b> who is currently not a member of the LGPS.
You are 22 years or over but your earnings are less than £5,876* a year (or pro rata pay period).	You will not be automatically enrolled into the LGPS, but you can still join by contacting <a href="mailto:Pension@harrow.gov.uk">Pension@harrow.gov.uk</a> . If however you meet the requirements in the future, you will automatically join the LGPS in the pay period the requirements are met.	<b>Entitled worker</b> who is currently not a member of the LGPS.
You do not meet the standard requirements above.	You will not be automatically enrolled into the LGPS but you can still join by contacting <a href="mailto:Pension@harrow.gov.uk">Pension@harrow.gov.uk</a> . If you meet the requirements in the future, you will automatically join the LGPS.	<b>Entitled worker</b>

\*These are the pay limits as at April 2017; they are subject to change each April. If you are unsure of the pay limits you should contact your employer.

## Can you join if you are not automatically enrolled?

Yes. If you would like to join the LGPS, please contact us in writing either by:

- Sending a letter, signed by you [please refer to the contact details on page 6], and if you have more than one job include the name of the post in which you wish to join the Scheme; or
- Sending an email and including the following wording: 'I confirm that I personally submitted this notice to join the workplace pension scheme' to **Pension@harrow.gov.uk**.

## Why are people automatically enrolled?

The Government introduced automatic enrolment to help people save for their future. The Basic State Pension is designed to provide a foundation for retirement, but for the majority of people it won't be enough. The full Basic State Pension in 2015-16 is £115.95 a week for a single person.

### Tip:

If at anytime you meet the requirements of an eligible jobholder for the first time and are not in the LGPS you will be automatically put into the LGPS even if you had previously chosen not to be a member.

## What are the benefits of being in the LGPS?

The great news is that the LGPS is a qualifying scheme which means it meets or exceeds all of the standards. As a member of the LGPS you will receive a guaranteed income when you retire. The LGPS is one of the very few pension schemes that still offer this guarantee. You will also receive valuable life cover and you get contributions from your employer and the Government. For more details on the LGPS please visit [www.lgps.org.uk](http://www.lgps.org.uk).

## How much will we pay in for you?

The amount that we pay into the LGPS is calculated every three years. The amount we pay in for you is calculated to ensure that the LGPS provides all of its members with a guaranteed income in retirement and to fund the full package of benefits the Scheme provides such as ill health protection, survivors pensions and lump sums.

The amount we pay is based on your pensionable pay. We are currently paying in 23% of pensionable pay.

## What will this cost you?

The amount you pay will depend on your annual income:

England and Wales – employee contribution tables for 2018/19

Pay Bands	Contribution Rates
Up to £14,100	5.5%
£14,101 - £22,000	5.8%
£22,001 - £35,700	6.5%
£35,701 - £45,200	6.8%
£45,201 - £63,100	8.5%
£63,101 - £89,400	9.9%
£89,401 - £105,200	10.5%
£105,201 - £157,800	11.4%
More than £157,801	12.5%

Your contributions to the Scheme will be deducted from the pensionable pay paid to you each pay period. It is our policy to set contribution rates based on your pensionable pay on 1 April each year so if your pay changes during the year and you were in a different income band your contributions would not change until the following 1 April.

### So how does this work?

Samir works part time. His pensionable pay is £9,000 a year, it is upon this that this contribution rate will be based. Using the chart above, this is 5.5% of his monthly income.

His pension contribution is therefore £41.25 per month: after tax relief his actual contribution will be around £33.00.

### A helping hand

In addition to the money you save and the contributions we pay in, you will receive money from the Government – this is known as tax relief. Tax relief means that the contributions you pay are deducted from your pay before it is assessed for income tax. If you make extra payments you will receive more tax relief from the Government. In the LGPS, the tax relief is given under 'net pay' arrangements which means you will get tax relief paid back into your pension automatically. Information on how net pay works can be found at: [www.gov.uk/workplace-pensions](http://www.gov.uk/workplace-pensions).

## Does the law mean that you have to be a member of LGPS?

No. If you would like to opt out of the LGPS you can do so by completing an opt out form:

- If your completed form is received within two years of your automatic enrolment date or the date on which you receive this communication, you will receive a refund of the contributions you have paid. The law requires that your form is accurately completed and returned within these time scales, to receive a refund of your contributions.
- If your completed form is received after the two years time limit you will be subject to the rules of the LGPS. These rules will mean that your pension will be held for you until your retirement.

The form you need to complete can be found at [www.harrowpensionfund.org](http://www.harrowpensionfund.org) and should be returned to the Pension Team within the time limits. You must sign the form and if you choose to email us you must include a statement that you have personally sent the request. If you are in the LGPS in more than one post you will need to name the posts from which you wish to opt out.

By opting out you will not be a member of the LGPS. Opting out of the LGPS is a big decision as you will be giving up a guaranteed income for when you retire as well as other benefits such as valuable life cover. If you choose to opt out, you will need to save for your retirement another way and you will be giving up the extra savings that we and the Government make to help you save.

### Will you be put back into the scheme if you have opted out?

Yes. The law requires us to automatically put employees back into the LGPS every three years on a re-enrolment date. If you:

- have opted out 12 months before the re-enrolment date you will remain opted out.
- have been opted out for more than 12 months you will need to opt out again as you will automatically join the LGPS again.

The re-enrolment date has to be three years after the date that we commenced automatic enrolment and therefore our next re-enrolment date will be 1 March 2019.

### If you opt out, can you rejoin later?

Yes. If you would like to rejoin the LGPS you can join from the next available pay period. If you would like to rejoin, you need to contact us using the details on page 6 requesting an opt in form and signing it.

### Tip:

You will lose out on other valuable benefits such as life cover and employer contributions if you opt out of the LGPS and you will need to save for your retirement another way.

## Our commitment to you

We are committed to helping you save for your retirement. It is our aim to ensure that all of our employees understand the LGPS and save enough for a happy and financially secure retirement.

Under the new law we must help you to save by:

- Ensuring the LGPS meets or exceeds the new automatic enrolment standards;
- Maintaining your membership of the Scheme, unless you personally choose to opt out or become ineligible to be a member;
- Putting you into a scheme that meets the new Government standards if your membership of the LGPS ends and you earn more than £5,824 and are under the age of 75.

### Where can you go if you need more help?

We hope that you have found this guide useful. If you would like more general information on saving for retirement and pensions in general please visit [www.gov.uk/workplace-pensions](http://www.gov.uk/workplace-pensions) or [www.gov.uk/plan-retirement-income](http://www.gov.uk/plan-retirement-income) or please feel free to contact us at the Pensions Team:

Pensions  
3rd Floor South Wing  
Civic Centre Harrow  
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020 8424 1186

[Pension@harrow.gov.uk](mailto:Pension@harrow.gov.uk)

[www.harrowpensionfund.org](http://www.harrowpensionfund.org)