

FREQUENTLY ASKED QUESTIONS – AUTO-ENROLMENT

Q1 What is auto-enrolment?

Auto-enrolment is part of government workplace pension reform and is an initiative to help employees build up a pension through their workplace, so that more people are saving for retirement. It requires all employers to enrol their workers into a workplace pension scheme, if they meet the eligibility criteria and are not already in one.

Q2 What is the aim of auto-enrolment?

The aim of auto-enrolment is to help more people have another income i.e. a workplace pension, on top of the State Pension, when they retire. The State Pension is a foundation for your retirement income. If you want to have more than the State Pension then a workplace pension would supplement this.

It is advisable to save during your working life, otherwise you may reach retirement facing a significant fall in your standard of living.

Q3 What is a ‘workplace pension’?

A workplace pension is provided by an employer giving workers an additional income when they retire. It is sometimes called a ‘company pension’, an ‘occupational pension’ or a ‘works pension’.

Q4 What does it mean for you?

Currently most Council employees are contractually enrolled into either the Local Government Pension Scheme (LGPS) or the Scottish Teachers Pension Scheme (STPS), whichever applies. This will continue to be the case.

For those who are not currently in one of the pension schemes you will be automatically enrolled into the appropriate scheme if you meet the eligibility criteria. You can choose to opt out of the scheme if you want to, but if you stay in you will qualify for your own pension which you will receive when you retire. What’s more, if you stay in, the Council will contribute to your pension, through employer’s contributions and the government will too, through tax relief.

Q5 Must the Council apply auto-enrolment?

Yes, it is a statutory requirement.

Q6 When did it start?

Within the Council auto-enrolment started from April 2013.

Q7 Does auto-enrolment apply to me?

It will if you

- are not already a member of a qualifying workplace pension scheme;
- are aged 22 or over;
- are under State Pension age;
- earn more than a minimum amount a year / month (£10,000.00 pa / £833.00 pm from 6 April 2019); and
- work or usually work in the UK.

Q8 I meet the criteria, when will I be enrolled?

You will be enrolled from the date you meet the criteria.

Q9 What if I don't meet the criteria to be enrolled?

If you don't meet the criteria (detailed in the answer to Q7 above), you will not be automatically enrolled into a workplace pension scheme. However, if you are not already a member of a scheme you will be able to opt in or join the pension scheme if you want. The Council will let you know (so long as you're 16 or over, and under 75).

If you meet the criteria at a later date, for example you turn 22 or you start to earn more, and you are not already a member, then you will be automatically enrolled.

Q10 Can I opt out if I am automatically enrolled?

Once you have been auto-enrolled into the scheme, you will receive a letter. At that point you can opt out if you want to, but if you remain in you will build up a pension entitlement which is payable when you reach retirement.

To opt out you would contact the scheme provider to obtain an opt-out form.

Or if you have been auto enrolled into the LGPS you may consider opting into the 50:50 Section. This section provides you with half of the benefits of the main scheme for half of the contribution rate. Further details can be obtained by contacting the scheme provider.

You can opt out of either scheme at any time through scheme rules.

For LGPS

To opt out you should download an opt-out form from the North East Scotland Pension Fund (NESPF) website www.nespf.org.uk or contact them directly on 01224 264264.

For STPS

To opt out you should download an opt-out form from the Scottish Public Pensions Agency (SPPA) website. www.sppa.gov.uk or contact them directly on 01896 893000.

ALL

The completed form would be sent to:

Payroll Section

Aberdeen City Council

4th Floor West

Business Hub 18

Marischal College

Broad Street, Aberdeen

AB10 1AB

Q11 Who will pay into the pension?

You will pay into the pension scheme, the Council will also make a contribution. Plus, most people will get a contribution from the government in the form of tax relief.

Q12 How do I know how much my Pension Benefits will be?

For LGPS

An annual statement will be provided by the LGPS, showing accrued benefits.

For STPS

An annual statement will be available online at www.sppa.gov.uk website using My Pension – Online members' services.

Q13 Is it ever too early for me to start saving for my pension?

It may seem early to start planning for later life, but remember you could have twenty years or more 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.

Q14 Is it too late for me to start saving for my pension?

Being in a workplace pension is worth considering, even if you think it's too late. 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, with your employer contributing too. Also, most people will get a contribution from the government in the form of tax relief.

Q15 What type of pension scheme does the Council use?

The Council has two pension schemes, the LGPS and the STPS. They are both 'Defined Benefit' schemes and with effect from 1 April 2015 they became career average schemes. This means that benefits are based on your pensionable earnings each year which form your 'pension pot'. This pension pot is used to calculate your pension when you retire. You may take some of your pension as a tax-free cash lump sum, the rest you would get as a regular income.

Q16 If I opt out can I opt back in?

For LGPS

Yes. You can opt back into the LGPS at any time by giving your employer written notice that you wish to join the LGPS. If you wish to do this you would send a signed letter to:

Payroll Section
Aberdeen City Council
4th Floor West
Business Hub 18
Marischal College
Broad Street, Aberdeen
AB10 1AB

Or by sending an e-mail with your request containing the phrase 'I confirm I personally submit this notice to join a workplace pension scheme' to AskHR@aberdeencity.gov.uk
Please indicate which of your jobs you wish to be included in your request. You should quote your payroll reference number in all correspondence.

For STPS

Yes. A teacher may opt in and out of the scheme as many times as they wish provided you have completed the correct opt-in, opt-out form. These forms are available at www.sppa.gov.uk website.

Q17 What will my contributions be?

For LGPS

Your contribution percentage is based on the actual pensionable pay you receive including appropriate pensionable allowances. See table of pension contribution rates at Appendix A.

For STPS

Your contribution percentage is based on the actual pensionable pay you receive including appropriate pensionable allowances. See table of pension contribution rates at Appendix B.

Q18 I have previously opted out, why are you taking me back in?

Auto-enrolment rules mean that you require to be assessed periodically; if you meet the auto-enrolment criteria (See question 7 for criteria) you need to be taken back into the scheme.

Q19 Can I opt out now?

You cannot opt out of the auto-enrolment process. The regulations state that you must wait until you have been enrolled in the pension scheme. At this point you can opt out. (See question 10).

Q20 Will I get a refund of my contributions already paid if I opt out ?

For LGPS

Yes. If you opt out within the first 3 months of becoming a member of the LGPS your payroll department will refund any contribution that you have made.

If you opt out with between 3 months and 2 years membership, you have not transferred any benefits into the scheme and you do not have any other benefits in the Scottish LGPS you will receive a refund from NESPF.

If you have more the 2 years membership you will be entitled to a deferred benefit payable when you reach state pension age.

For STPS

Yes, in most cases. If you opt out within the first 3 months of becoming a member of the STPS your payroll department will usually refund any contribution that you have made. If your opt out window spans over two financial years you will receive your refund of contributions from SPPA. If you have been a member for more than 3 months, please contact SPPA for advice.

Q21 If I have any further questions, who should I contact?

HR Service Centre on (01224) 523939 or e-mail AskHR@aberdeencity.gov.uk

Appendix A

Contribution rates as of 1 April 2019

If in the 50:50 Scheme you will pay half the contribution rate

Contribution rate	Actual Pay Min	Actual Pay Max	Contribution rate	Actual Pay Min	Actual Pay Max
5.5	Up to	22,441	8.4	63,048	64,823
5.6	22,442	23,843	8.5	64,824	66,702
5.7	23,844	25,433	8.6	66,703	68,694
5.8	25,434	26,990	8.7	68,695	70,807
5.9	26,991	28,049	8.8	70,808	73,055
6.0	28,050	29,193	8.9	73,056	75,450
6.1	29,194	30,436	9.0	75,451	78,008
6.2	30,437	31,788	9.1	78,009	80,745
6.3	31,789	33,267	9.2	80,746	83,681
6.4	33,268	34,890	9.3	83,682	86,839
6.5	34,891	36,652	9.4	86,840	90,245
6.6	36,653	37,938	9.5	90,246	93,928
6.7	37,939	39,318	9.6	93,929	97,925
6.8	39,319	40,801	9.7	97,926	102,277
6.9	40,802	42,401	9.8	102,278	107,034
7.0	42,402	44,132	9.9	107,035	112,256
7.1	44,133	46,010	10.0	112,257	118,012
7.2	46,011	48,055	10.1	118,013	124,391
7.3	48,056	49,489	10.2	124,392	131,500
7.4	49,490	50,576	10.3	131,501	139,469
7.5	50,577	51,713	10.4	139,470	148,467
7.6	51,714	52,902	10.5	148,468	158,706
7.7	52,903	54,147	10.6	158,707	170,462
7.8	54,148	55,451	10.7	170,463	184,100
7.9	55,452	56,820	10.8	184,101	200,108
8.0	56,821	58,259	10.9	200,109	219,166
8.1	58,260	59,772	11.0	219,167	242,236
8.2	59,773	61,366	11.1	242,237	270,735
8.3	61,367	63,047	11.2	270,736	and above*

Appendix B

Teacher's Pension Scheme Contribution rates as of 1 April 2019

Actual pensionable pay for the eligible employment for 2019/2020	Contribution percentage rate
Up to and including £27697	7.2%
£27698 to £37284	8.7%
£37285 to £44209	9.7%
£44210 to £58590	10.4%
£58591 to £79895	11.5%
£78896 and above	11.9%