

NOW:

Pensions

The future is now



An employee's guide to auto enrolment

So, what is auto enrolment?

Auto enrolment is the UK's workplace pensions initiative – geared towards helping the working population to save for their retirement. Put simply, you save into a pension and your employer saves with you.

But why do we need auto enrolment?

- With increasing life expectancy, people will need to set aside more money to fund their retirement.
- Before the introduction of auto enrolment, pension scheme membership was in persistent decline.
- From April 2020 the flat rate state pension for new retirees relates to how many years of National Insurance has been paid. Even the maximum £175.20 may not be enough to make ends meet. To find out when you'll be eligible for the State Pension, visit www.gov.uk/state-pension-age



“

Your employer is investing in your future. They believe that you should have access to a good quality pension arrangement, which is why they have chosen NOW: Pensions to provide your auto enrolment pension scheme.

What to expect

In October 2012, the Government introduced auto enrolment which meant that every employer in the UK must put certain staff into a pension scheme. You then contribute towards it and your employer has to contribute towards it.



What your employer will be doing...

Once your employer has chosen the scheme, they'll need to either:

- Inform you that they have postponed auto enrolling employees for up to three months
- Where you are not eligible for auto enrolment, offer you the right to ask to join or opt in to the pension scheme
- If they have automatically enrolled you they will tell you when you were enrolled and also let you know how you can opt out of the pension scheme if you do not want to save for your retirement

You're now auto enrolled into a pension. What you will receive...



E-mail notification

You are auto enrolled into a pension. Details about opting out are found in your online member account as well as information in this notification.

This is when you will start to see contributions made by both you and your employer on your payslip.



Welcome letter

Welcoming you as member of the Scheme. You can find further member information at: www.nowpensions.com/member-homepage



Annual statement

Keep an eye on your pension with your annual Benefit Statement. If you want to transfer other pension pots in, you can do so by calling us. You can also check on your pension savings at any time by logging onto your online member account.

Re-enrolment

Every three years, employers reassess their workforce and re-enrol certain eligible job holders that have previously opted out.

Who can join?



Eligible

Member of staff who must be put into a pension scheme



Aged 22 to State Pension
Age and earns over
£10,000 per year.

...you'll be put into a pension scheme and you and your employer must pay money into it.



Non-eligible

Member of staff who can ask to join a pension scheme



Aged 16 to 74 and earns between
£6,240 and £10,000 per year

Aged 16 to 21 and earns
over £10,000 a year

State pension Age to 74 years old
and earns over £10,000 a year

...you can ask to be put into a pension scheme which you and your employer can choose to pay money into.



Entitled

Member of staff who can ask to join a pension scheme



Aged 16-74 and earns less
than £6,240 a year*

...you can ask to be put into a pension scheme which you may pay into and your employer may also choose to pay into.

*Entitled workers who want to join should check with their employer about the basis of pensionable earnings as if the scheme operates on a qualifying earnings basis, no contribution would be paid into your pension.

The earnings amounts are reviewed by the government annually and will change over time. The figures quoted in this guide relate to the 2020/21 tax year.

Tax relief

All contributions to NOW: Pensions are made through your employer. They deduct the contribution from your pay and forward this to us, together with their contribution. As a result, any contribution you make is deducted before income tax is calculated. If you are a tax payer, this means that you automatically get income tax relief on your pension contributions at the highest applicable rate.

If you do not pay tax, you will not benefit from any income tax relief on your pension contributions. However, this does not have to affect the amount that is paid into your pension.

Members of pension schemes who don't pay income tax, are nonetheless permitted to basic rate tax relief (20%) on pension contributions up to £2,880 a year.

However, this tax relief is only available where the pension scheme operates on a relief at source basis. It is not available for schemes that operate a net pay arrangement like NOW: Pensions. To address this inequality, NOW: Pensions offers a tax top up for members of its scheme who aren't taxpayers (typically those earning less than £12,500 in the 2020/21 tax year) and are currently missing out on the tax relief that they would receive in a relief at source scheme.



If you decide auto enrolment is not for you, you have the freedom to opt out within a one month window which starts from the latest date of either your enrolment date or when you received the enrolment letter advising you that you had opt out rights. You will receive a full refund of your contributions.

However we urge you to think through your decision and to consider your retirement savings arrangements.

Remember if you have been auto enrolled, your employer is contributing to your pension with you. By opting out you will not benefit from your employer's contribution or any associated tax benefits. This could affect the income you have in your retirement.

How do we manage your savings?

When you and your employer pay contributions to NOW: Pensions, you expect us to invest them wisely for your future. Taking care of your money is a responsibility that we take very seriously.

We take a long term view when it comes to pensions and investments. The more your pension fund grows over time, the more money you will receive during your retirement. We invest your money in different ways, so that we don't expose you to excessive risk in any one area – we don't want to put all the eggs in one basket. This approach helps us to balance growing your fund while managing any unnecessary risks.



The two funds have a specific role to play. You may have a long time to go before you retire, or it may be just around the corner. Depending on how far away from retirement you are, we adopt a different approach to investing to make sure your pension fund is invested in the right place at the right time.

To find out more about how we invest and aim to grow your pension savings, you can download a copy of 'A member's guide to investments' from our website.



What will my pension cost?

The amount of money you pay for the management of your workplace pensions matters a lot. Over 25 years, the impact of an extra half percent on the annual management charge can mean 20% less in retirement.

Below you can see the charges that apply to an employee saving with NOW: Pensions.

Member charges

Monthly administration charge	£1.50
+	
Annual investment charge	0.3% of fund

That's it. No hidden costs or charges. No hidden agendas.

If you leave your employer, or stop contributing to your pension, your contributions will stay invested with NOW: Pensions.

You may choose to transfer your pension pot to another Registered Pensions Scheme or a Qualifying Registered Overseas Pension Scheme at no cost. This may be a sensible thing to do, especially if you are leaving a very small pension pot with just a few hundred pounds because the charges continue to apply. If you don't move your money, the charges could mean that you have nothing left in your fund by the time you retire.

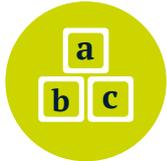
Or if you have pension savings elsewhere you could transfer them into NOW: Pensions to take advantage of our low charges for slightly bigger pots.

Transferring into and out of the Scheme is easy and completely free of charge. Give us a call on 0330 100 3334 or email membersupport@nowpensions.com to find out more.

Our mission and values

At NOW: Pensions it's our vision to make saving for the future simple, secure, accessible and rewarding.

It's our mission to help everyone save for a better, more financially secure future. We live and work by our founding principles. Across every department, these values affect everything we say and do.



Simplicity

Pensions shouldn't be complicated. We value simplicity in everything we do and strive every day to make our product easier to understand, our communications clearer and our systems easier to use.



Responsibility

Our clients have trusted us with their employees' future savings. That's a big responsibility that we take very seriously. We fight for the rights of our members. We speak up to affect change. We aren't afraid to challenge the industry or the government to help get a better deal for our members.



Honesty

We always do the right thing for our clients and members – even if it costs us money. We are open and honest at all times. We take individual responsibility for delivering on our promises and never knowingly walk past a problem.



Inclusivity

We welcome all employers and all employees into our scheme. We value different perspectives and are unlike traditional financial services companies. We welcome all colleagues from all backgrounds. We want everyone to feel they can be themselves when they come to work. We want everyone to have opportunities to grow and develop and we recognise and reward those who do well. We carve our own path and challenge the status quo on a daily basis. We encourage creative, bold and brave thinking to solve problems and if things need to change, we move fast.



Collaboration

We work together - both with one another and with clients and with our trusted third parties to be better.

Joanne Segars,
Chair, NOW: Pensions Trust

NOW: Pensions

The future is now

Information correct as at April 2020.

NOW: Pensions is a UK occupational pension plan. This is written as a general guide only. It should not be relied upon as a substitute for specific professional advice.

NOW: Pensions Ltd. Registered office: 6 Bevis Marks, London, EC3A 7BA.
Registration number: 07766398. Registered in England and Wales.
NP/D0042/04/2020.

**NOW: Pensions
St James's Tower
7 Charlotte Street,
Manchester M1 4DZ.
Tel: 0330 100 3334.
nowpensions.com**