An employee’s guide to auto enrolment
So, what is auto enrolment?

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

But why do we need auto enrolment?

- The government estimates about seven million people are not saving at all for their retirement, or not saving enough.

- Life expectancy is increasing. People will live longer in retirement and therefore the size of their pension fund needs to be larger to sustain this.

- From April 2016 the flat rate state pension for new retirees relates to how many years of National Insurance has been paid. Even the maximum £159.55 may not be enough to make ends meet. It should also be considered that there is no long term guarantee that there will be a state pension when we are able to retire.

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 their 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 3 months
- Offer you the right to ask to join the pension scheme or
- 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 or allow your employer to also contribute.

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

- **E-mail notification or letter**
  You are auto enrolled into a pension. Details about opting out are also found 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 plan. You can find further member information at: www.nowpensions.com/help-centre/employee/general-information

- **Annual statement**
  Keep an eye on your pension with your annual statement. If you want to transfer other pension pots in, you can do so by calling us.

**Re-enrolment**

Every 3 years, employers reassess their workforce and possibly re-enrol 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 £5,876 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 £5,876 a year
...you can ask to be put into a pension scheme which you and your employer can choose to pay into. Not if band earnings or plan 101

The earnings amounts are reviewed by the Government annually and will change over time. The figures quoted in this guide relate to the 2016/2017 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 doesn’t affect the amount that is paid into your pension.

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 retirement savings arrangements.

Remember, your employer is actively contributing to your pension with you. By opting out you will not benefit from your employer’s contribution or any associated tax benefits.
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. That expectation means that we have 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:

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<th>Active</th>
<th>Deferred</th>
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<tbody>
<tr>
<td>Earning £18,000 or less when active</td>
<td>£0.30</td>
<td>£0.30</td>
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<tr>
<td>Earning more than £18,000 when active</td>
<td>£1.50</td>
<td>£1.00</td>
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**Member charges from 1 April 2018**

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<table>
<thead>
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<tbody>
<tr>
<td>Monthly administration charge</td>
<td>£1.50</td>
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<tr>
<td>Annual investment charge</td>
<td>0.3% of fund</td>
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That’s it. No hidden costs or charges. No hidden agendas.
Who is NOW: Pensions?

NOW: Pensions is a workplace pension provider. Our vision is to build the leading pensions business in the UK, based on a modern approach to pension provision where transparency, value for money and high quality are cornerstones to building a successful business.

We live and work by our set of principles, never forgetting that it’s your money and your future we go to work to grow and protect.

Stay Simple
Pensions needn’t be complicated. Our customers should be able to focus on their business and our members shouldn’t be burdened with complicated investment choices, but feel safe that their retirement savings will be there when they need them.

Stay Honest
Our customers and members should be able to see exactly what we are doing. We have no hidden fees or charges. And our members need to know exactly what to expect from their pension provider.

Stay Responsible
We work for our customers and members. Our governance processes are designed to ensure that our members’ money is invested responsibly and that we stay on top of our game. We aim to manage risks to provide our members with stable long term returns instead of chasing short term gains.

Troy Clutterbuck
Interim Chief Executive
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.

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