

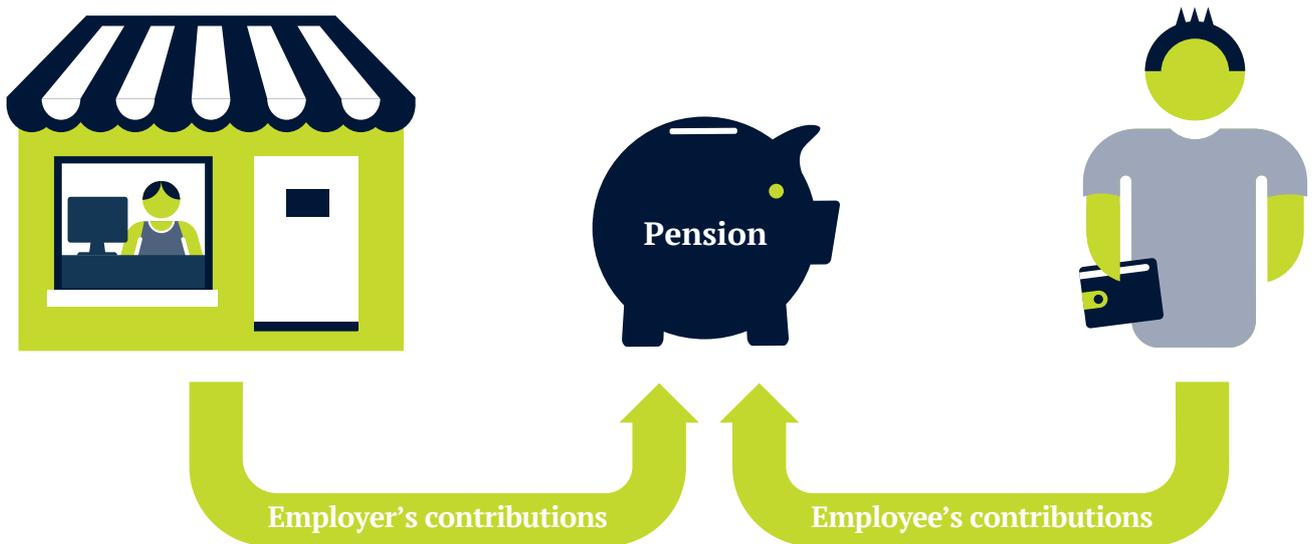
NOW: Pensions

The future is now



An introduction to auto enrolment contributions

When joining a workplace pension, a percentage of an employee's earnings will automatically be put into a pension scheme every payday. As an employer you will also contribute into your employees' pension and the amount of money that you decide to contribute will be based on the type of contribution model you choose.



Minimum and maximum contribution levels

The government has outlined the minimum percentage of contributions that an employer will need to contribute and this will increase from 6th April 2019. The minimum is 8% of qualifying earnings of which the employer must pay a minimum of 3% and employee pays the rest, in this case 5%. Below is a table outlining the phased in approach for when contributions will increase.

	From 6th April 2019
 Employer minimum	3%
 Employee	5%
 Total minimum contribution	8%

Which contribution level is right for you?

The NOW: Pensions contribution models are designed to cater for all requirements, from those that want to comply with the legislation at minimum cost to those that want to offer their employees an enhanced benefit.

			From 6th April 2019 onwards
Plan 101	Auto enrolment	Meets the minimum contributions required for auto enrolment based on qualifying earnings	3% Employer 5% Member
Plan 102	Auto enrolment	Meets the minimum contributions required for auto enrolment based on basic earnings	4% Employer 5% Member
Plan 103	Auto enrolment	A phased introduction to a more generous employer pension based on basic earnings	6% Employer 3% Member
Plan 104	Saving plus	Compliant contribution model with total contributions of 10% or more based on basic earnings	5% from Member + 5% from Employer
Plan 105	Matched saving	Member contributions, based on basic earnings, are matched by employer contributions within minimum and maximum amounts	Minimum must be at least 4.5% each from both the Employer and Member

Qualifying earnings

Also known as qualifying earnings are the band of earnings on which contributions to auto enrolment are calculated. Banded earnings include bonuses, commission, overtime and any statutory pay, such as sick pay or maternity pay. For the 2020/21 tax year the band is between £6,240 and £50,000 a year. This means the first £6,240 of an employee's earnings does not count for the purposes of auto enrolment. So, if you choose our standard auto enrolment for a worker earning £20,000 a year, the amount you would calculate their pension contributions on would be only £13,760.

Basic earnings

These are the basic earnings of the employee excluding any fluctuating income such as bonuses, commission, overtime etc. The whole of the employee's basic earnings are taken in to account when calculating their contributions. So using our Plan 102 for auto enrolment for a worker earning £20,000 before overtime or bonuses, the amount we would calculate their pension contributions on would be the full £20,000.

Please note: you can choose to calculate contributions in a way that meets the requirements of three 'sets' described in the legislation. See [The Pension Regulator's guidance](#) on certification of basic pay.

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Information correct as at 6 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.

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