

Auto Enrolment – Rate Increases

- **“Benefit now – and build for the future”**
 - **Presentation by: Steve Pearce**
 - **29 January 2018**



➤ Benefit now – and build for the future

- Hanson is increasing the company contributions to the company pension scheme for auto-enrolled members.
- The aim is to encourage employees to stay in the scheme and save for the future by providing more cash-in-hand now.



➤ Current contribution levels

	Employee Contribution	Employer Contribution	Timing
AE Member	1%	1%	3 months waiting period. Earlier if requested
Enhanced member	3%	5%	At 6 months
	4%	7.5%	
	5%	10%	

Companies are obliged to automatically enrol new starters into a pension scheme at a minimum rate of one per cent of salary, matched by the same contribution from the company.

➤ Auto enrolment rate requirements

Effective date	Employee Contribution	Employer contribution (by default)	Minimum Total
1 May 2013	1%	1%	2%
6 April 2018	3%	2%	5%
6 April 2019	5%	3%	8%

In 2018 the law requires payments for auto-enrolled members to be increased to five per cent - three per cent from the employee and two per cent from the company. This could lead to some employees opting-out.

➤ Hanson's solution

- The company is therefore proposing to increase its 2018 company pension contributions for AE members from 1% to 3% and reduce employee pension contributions for AE members from the legal required 3%, down to 2%.
- The same principle is expected to be followed in 2019, when the legislation requires the total contribution to rise to eight per cent. Company expects its AE contribution to increase from the mandatory 3% to 5%, with AE obligation for employee contributions reduced from 5% to 3%.
- The updated AE rates continue to satisfy the legal requirements, but will benefit members as the company will be taking on the larger percentage of the total rate.
- These changes only affect Auto Enrolment members. It will not affect members who have chosen enhanced premiums.

➤ Timing of 2018 Changes

- **The legislation is effective 6th April 2018. But this does not match the Hanson pay cycles.**
- **Hanson will therefore make this change effective as follows:**
 - **Weekly Paid: Starting week commencing 31st March 2018**
 - **Monthly Paid: Starting month commencing 1st April 2018**
- **The Company will be consulting with the Employee Forum on this matter. If there are any concerns about this change, please contact your representative on the Employee Forum**

➤ In summary

- **Hanson is reacting to a legislation change**
- **The Company will voluntarily take on the greater burden of the required change**
- **It means that AE contributions will rise from 1% to 2% from 1 April, rather than from 1% to 3% on 6 April, as would otherwise be required**





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