

# Auto Enrolment – Effective 1<sup>st</sup> August

Presentation dated: 23<sup>rd</sup> May 2013



## ■ A change in the law affecting everyone

- To help people save more for their retirement, the government requires employers to enrol their workers into a workplace pension scheme. This applies to those workers who aren't already in one, and who
  - ❑ earn over £9,440 a year (£787 a month or £182 per week); and
  - ❑ are aged 22 or over; and
  - ❑ are under State Pension age.
  
- Hanson UK is enrolling these workers into our workplace pension scheme on 1 August 2013.

## ■ Why is this happening

- The government's aim is to get more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2013-14 is £110.15 a week for a single person.
- Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

## ■ If you ARE a current member of HIPS

- You will not be automatically enrolled as you are already in the pension
- Hanson Industrial Pension Scheme is a qualifying scheme for purposes of Auto-Enrolment. It exceeds the Government's new standards.

### **But Note:**

If an employee is under 75, works or usually works in the UK, and earns over £5,668 a year (the amount set by the government for this):

- We must by law continue to maintain your membership of a scheme that meets certain government standards; and
- If your membership of such a scheme ends (and it is not because of something you do or fail to do), we must by law put you into another scheme that meets government standards straightaway.

## ■ If you are NOT already a member of HIPS

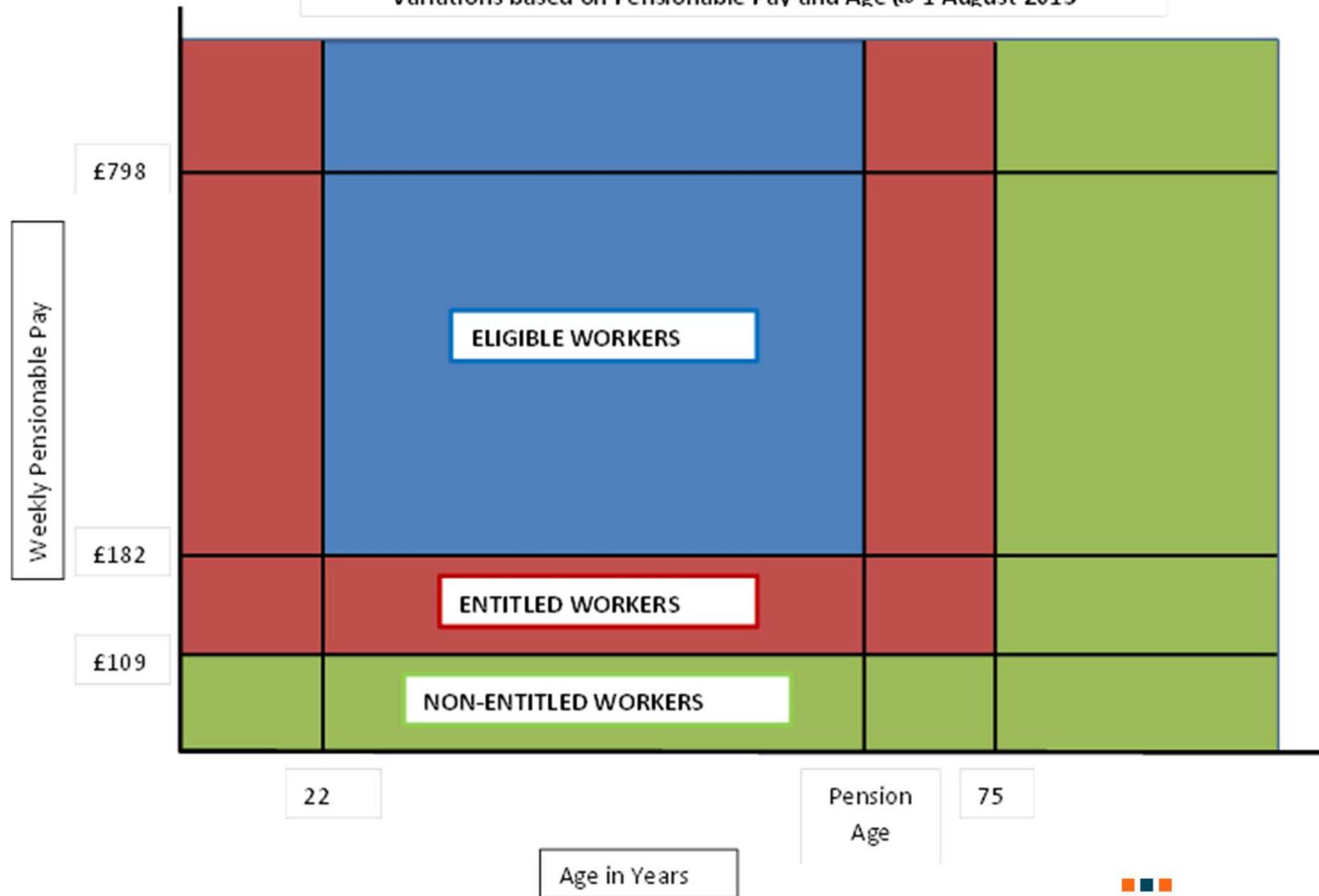
- If you are NOT already in our workplace pension scheme on 1 August 2013, what happens depends on how old you are and how much you are earning on that date.

### *There are three Scenarios*

- **Eligible Worker** - On that date you are aged 22 or over, under State Pension age, work or usually work in the UK, and earn more than £9,440 a year (£787 a month or £182 per week).
- **Entitled Worker** - On that date you are aged under 22 years, or over State Pension age (but under 75), or earn more than £5,668 (£473 a month or £109 per week) but not more than £9,440 a year (£787 a month or £182 per week)
- **Non Entitled Worker** - On that date you are under 75 and earn £5,668 or less a year (£473 or less a month OR £109 or less a week)

## Three Scenarios for Non HIPS Members

Variations based on Pensionable Pay and Age @ 1 August 2013



## Eligible Workers

If on that date you are aged 22 or over, under State Pension age, work or usually work in the UK, and earn more than £9,440 a year (£787 a month or £182 per week).

- **We will enrol you into our pension scheme on 1 August 2013. You don't have to do anything – it will happen automatically.**
  - ❑ You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire;
  - ❑ Hanson UK and you will pay into it every month;
  - ❑ The government will also contribute through tax relief;
  - ❑ Your pension belongs to you, even if you leave us in the future;
  - ❑ You have the right to join the scheme before 1 August 2013 if you want to.

## ■ Entitled Worker

If on that date you are aged under 22 years, or over State Pension age (but under 75), or earn more than £5,668 (£473 a month or £109 per week) but not more than £9,440 a year (£787 a month or £182 per week)

- **We will NOT be automatically enrolling you into the pension scheme.**
  - ❑ This is because you do not meet the criteria set by the government.
  - ❑ However, ***you have the right*** to join the scheme if you want to. Both you and Hanson UK would pay into it.

## ■ Non-Entitled Worker

If on that date you are under 75 and earn £5,668 or less a year (£473 or less a month OR £109 or less a week)

- **We will NOT be automatically enrolling you into our workplace pension scheme.**
  - ❑ This is because you do not meet the criteria set by the government.
  - ❑ However, ***if you ask us to*** do so, we will enrol you into a pension scheme. Both you and Hanson UK would pay into it.

## HIPS – The Auto-Enrolment Pension Scheme

The pension scheme being used is Hanson Industrial Pension Scheme. The scheme is an occupational pension scheme run by a Trustee Board on behalf of the pension members and administered by Capita Employee Benefits.

- HIPS had 3 benefit levels. With Auto-Enrolment we will be adding a 4th. The original 3 levels will remain for “Enhanced Members”, adding in the “Auto-Enrolment” level, all paying in a different percentage of Pensionable Pay.**

	Employee Contribution	Employer Contribution	Life Cover 4 times salary
Auto Enrolment	1%	1%	No
Enhanced Member	3%	5%	Yes
Enhanced Member	4%	7.5%	Yes
Enhanced Member	5%	10%	Yes

## ■ Pensionable Pay and Life Cover

- To be an eligible scheme the Government sets out a requirement for the definition of **Pensionable Pay**. Hanson has to apply this improved definition in order for HIPS to be a qualifying scheme. Broadly it will:
  - ❑ Include all bonus payments up to the Upper Earnings Limit (£41,450)
  - ❑ Not include termination payments
  - ❑ Not include expenses
  - ❑ Not include relocation payments
  
- Hanson's previous definition of Pensionable Pay has varied considerably across different sites, but under the new legislation all Divisions and Business will utilise the new legislative standard. This is an overall increase in benefits.
  
- **Life Cover** – Free life cover for the duration of your pensionable service in the scheme equal to four times your pensionable salary

## ■ What do all employees have to do

- **NOTHING** until 1st August 2013
- **If you want to opt out of the pension scheme** – after 1<sup>st</sup> August obtain an Opt Out form from Capita and send to Payroll
- **If you want to stay in the pension scheme** - you don't have to do anything.
  - Your personal details will be passed to Capita Employee Benefits
  - Your pension will start building from the first payday after 1 August 2013, when the first pension payments will be made.
  - You will be able to see this on your payslip

## ■ Sources of Information

- **Announcements** already made – broad indications only
- **Letters** from Company – detailed information
  - 27<sup>th</sup> May 2013
  - End June
  - End July
- **Websites** – Unite and external site
- **Scheme Booklet** and investment information
- **Key contacts:**
  - Capita Employee Benefits
  - Payroll
  - HR Services