

I need all my money now and can't afford to save up for a pension yet! Do I have to pay in?



What is pension automatic enrolment?

Pension automatic enrolment allows most employees to be members of a qualifying work pensions scheme. Unless you have opted out, employers must deduct pension contributions from your pay towards a pension scheme and will add an additional contribution if you are eligible for automatic enrolment (see below). Pension automatic enrolment started in 2012 and entry is being phased in, so that by 2018 it should be available in all workplaces. The actual start date will vary and your employer should be able to confirm when it will begin.

Are all employees eligible for pension automatic enrolment?

No, not everyone will be automatically enrolled. There are conditions that a worker must meet, including that you must:

- be aged between 22 and State Pension age
- earn more than £10,000 per year
- work in the UK.

You can check if you are entitled to pension automatic enrolment at GOV.UK.

If you do not meet the above criteria but you want to join your work pension scheme, then you can. However, if you earn less than £116 per week during the tax year 2018/19, your employer does not have to contribute.

If you have opted out of automatic enrolment but later decide to join, your employer must let you do so within 12 months of your informing them.



What happens if I am automatically enrolled?

Your employer will write and explain to you when you have joined the scheme. They should let you know:

- the type of pension scheme,
- who is the pension provider,
- how much you must contribute,
- how much they must contribute, and
- how to leave the scheme.

You should let your pension provider know when you change address so that they can contact you with details of your pension.



Do I have to join a pension through automatic enrolment?

No, you do not. You should receive a letter from your employer advising you that you have been automatically enrolled in the work pension scheme. You are entitled to opt out of this and, if you do so within one month, then your contributions will be returned to you.

After three years, your employer will automatically enrol you again but you can still opt out if you want to.

What happens if I am entitled to be automatically enrolled but my employer will not enrol me?

If you are entitled to be automatically enrolled but your employer will not allow you to or encourages you to opt out of the scheme, then you should contact [The Pensions Regulator](#).

How much is deducted as a pension contribution?

The amount deducted varies on the type of pension scheme operated; your employer should provide you with details about the level of contributions you will need to make.

Pension contributions should not suffer income tax. How you get this tax relief depends on whether 'tax relief under the net pay arrangement' or 'tax relief at source' is operated.

What is tax relief under the net pay arrangement?

'Tax relief under the net pay arrangement' means pension contributions are taken from your pay before income tax is calculated and deducted through PAYE. This means that your pension contribution is paid before the deduction of tax but has no effect on your National Insurance contributions.



What does tax relief at source mean?

'Tax relief at source' means your pension contribution is taken from your pay after the deduction of tax. Your pension provider will then include tax relief calculated at the basic rate of tax (20%) as part of the total pension contribution. This means that the pension deduction you see on your payslip will not be the total amount of contribution.

Where can I find out more?

The [Pensions Advisory Service](#) and [The Pensions Regulator](#) have more information on pensions and automatic enrolment.

There is more information on the [LITRG website](#) and [worker factsheet](#).



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