

Auto Enrolment: Pension contributions increase April 2019

If you would like to discuss this in further detail, please get in touch with our friendly advisor below.

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By law, on 6 April 2019, the minimum contributions set by the Government for auto enrolment will increase on qualifying earnings as follows:

Date		Employer Minimum		Total Minimum
From 1 April 2018	£6032 to £46350	2%	3%	5%
From 1 April 2019	£6136 to £50000	3%	5%	8%

The minimum contributions overall must be 8% and the employer contributions must be at least 3%. However, the employer can contribute more than the minimum 3% if they wish to reduce the cost to employees and the employees will make up any difference to ensure that the minimum total contributions overall are paid.

The increase will apply from the first pay period on or after 6 April 2019 and employees should be notified beforehand so they are fully prepared for the effect on both contributions and pay.

The increase does not apply to those employees who have requested to be put into a pension scheme which the employer is not required to pay into.

For employers who use gross earnings rather than qualifying earnings, the contributions will increase from 6% to 9%, of which the employer must contribute 4%.

There is no requirement to inform your Payroll Client Manager if you are applying the default percentages as the rate increases will be actioned automatically for you through the payroll software. If you or your employees pay more than the minimum and you would like the contributions increased, please inform your Payroll Client Manager of your preferred contribution percentages or amounts.

Please note, it is the employer's responsibility to ensure that the pension contributions have been processed in accordance with your pension scheme criteria.


Further information can be found on:

<https://www.thepensionsregulator.gov.uk/en/employers/increase-of-automatic-enrolment-contributions/calculating-contributions-using-different-elements-of-staff-pay>

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