



# NEW GOVERNMENT WORKPLACE PENSION SCHEMES WHAT DO THEY MEAN FOR ME?

Workplace pensions are being introduced from 1 October 2012 for large employers with a staged introduction for medium and small employers up to August 2016. This note is based on our interpretation of the current proposals and may be subject to change.

## What are workplace pension schemes and why are they being introduced?

Workplace pension schemes are being introduced to encourage all employees to save for their retirement by making sure that:

- you have an appropriate or “qualifying” pension scheme available to you
- you automatically join the scheme
- both you and your employer make contributions

A qualifying scheme can be a pension scheme of the employer’s choosing, subject to meeting certain criteria, or they can elect to enrol into the government sponsored scheme known as The National Employment Savings Trust (NEST).

## How much will it cost me?

You will need to pay contributions on your earnings between £7,475 and up to about £44,000 (these are 2011/12 figures and will change in the future).

The minimum total contribution is 8% of these earnings from you and your employer. How much you pay will depend on the contributions paid by your employer but may be up to 5%. These contributions are being phased in so you won’t need to pay your full contribution until **October 2017**.

### How much does my employer have to pay?

Employers in the UK will need to contribute **a minimum of 3% of your earnings** between £7,475 and up to about £44,000 (2011/2012 figure) to workplace pensions for all employees who:

- have completed three months' employment
- are 22 years old or over

### Can I opt out of my work place pension?

Yes, you can opt out within a month of becoming eligible. The enrolment process will be repeated every three years

### How do I know whether my employer's scheme will be a qualifying scheme?

The Money Purchase Scheme of The Cheviot Trust will be a qualifying scheme. Depending on the contributions currently being made by your employer, you may not notice any changes. If you are not currently making contributions to a Cheviot Scheme, ask your employer about their plans.

### Do I need to do anything?

No, we will keep you informed of any changes.

If you wish to discuss any of the issues raised above, please contact Samantha Chandler on 01702 361321 or email on [schandler@cheviottrust.com](mailto:schandler@cheviottrust.com).

DISCLAIMER: We hope that you will find this note contains useful general information. These notes are our interpretation of draft legislation which is liable to change. The pensions arena is constantly changing. Please note that any item in the note cannot be relied upon as a substitute for obtaining specific legal, financial or actuarial advice.



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