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Information Sheet 28/09/2011

Employer Pension Contributions

A new requirement to enrol employees in a work-based pension is being introduced.

Employers will have to

- Automatically enrol eligible jobholders into a qualifying pension scheme
- Make contributions on behalf of the workers
- Register with The Pension Regulator
- Communicate certain information to their workers
- Fully comply with the pension law to avoid fines and prosecutions

Employers will have to enrol employees in a “qualifying scheme” if they:

- Are at least 22 years old
- Have not reached State pension age
- Earn more than the minimum earnings threshold, which is defined as the standard personal allowance for income tax purposes (£7,475 for 2011-12)
- Usually work in the UK

The scheme will apply to large employers from 1st October 2012 and then be phased in for medium and then small employers.

For the period October 2012 to September 2016 the minimum total contribution plus tax relief will be 2% of which the employer contribution must be 1%

For the period October 2016 to September 2017 the minimum total contribution plus tax relief will be 5% of which the employer contribution must be 2%.

For the period October 2017 onwards the minimum total contribution plus tax relief will be 8% of which the employer contribution must be 3%.

