Legal & General

automatic enrolment

Being prepared

This is an important document which you should keep in a safe place

Introduction

Your employer may need to automatically enrol you into their workplace pension scheme if you're not already a member of it and are eligible. This makes it an easy way to save while you're working.

If you aren't eligible, you can still ask to join the pension scheme if you wish.

Why do I need to be automatically enrolled?

The government wants to help people save for their retirement. This is because more of us are now living longer so the number of pensioners is increasing, as is their time in retirement. Many people either don't save enough or believe that they'll be able to rely solely on income from the state.

The state currently offers benefits to provide retirement income, most of which is made up of the State Pension.

The box on the right shows what someone who is entitled to the full State Pension would receive if they retired now. Your State Pension may be lower if there are any gaps in your National Insurance contributions, but in certain circumstances you might be entitled to additional state benefits.

Whilst you'll still receive a State Pension at retirement, with automatic enrolment you'll also receive extra income from the contributions you and your employer pay into your company pension scheme.

State Pension

(per person, per week)

£221.20*

*For the 2024/2025 tax year.

Are you eligible for automatic enrolment?

Do you or your employer currently contribute to a workplace pension scheme?

Yes

You're already in a workplace pension scheme

If you're already contributing the minimum amounts required under automatic enrolment then you won't be affected. If you're contributing less than the minimum amounts required you may need to be automatically enrolled at the higher rate of contributions.

Go to **page 5** to find out about minimum contributions.

No

Find out if you're eligible for automatic enrolment

Turn to **page 4** for more information.

Are you eligible for automatic enrolment?

If you answered 'No' on page 3

How much do you earn each year?

Equal to or under £6,240*

How old are you?

16 – 74 years

You're an entitled worker

You can apply to join your workplace pension scheme. Your employer might contribute to it but they don't actually have to.

Your employer will be in touch with you to give you the opportunity to join the pension scheme.

Over £6,240* up to £10,000*

How old are you?

16 – 74 years

You're a non-eligible jobholder

But you can choose to opt in to your workplace pension scheme. If you do so, you'll benefit from contributions from your employer, and you may need to make minimum contributions yourself.

See page 5 to find out about minimum contributions.

Over £10,000*

How old are you?

16 – 21 years

You're a non-eligible jobholder

But you can choose to opt in to your workplace pension scheme. If you do so, you'll benefit from contributions from your employer, and you may need to make minimum contributions yourself.

See page 5 to find out about minimum contributions.

22 years – under State Pension age

You're an eligible jobholder

You'll be automatically enrolled into your workplace pension scheme. You'll benefit from contributions from your employer if you choose to stay in the pension scheme, and you may need to make minimum contributions yourself.

See page 5 to find out about minimum contributions.

StatePension age - 74 years

You're a non-eligible jobholder

But you can choose to opt in to your workplace pension scheme. If you do so, you'll benefit from contributions from your employer, and you may need to make minimum contributions yourself.

See page 5 to find out about minimum contributions.

*For the 2024/2025 tax year.

Contributions

If you're automatically enrolled or you're a non-eligible jobholder and opt in to the pension scheme, a minimum percentage of your qualifying earnings* must be paid into your pension pot.

* Earnings falling between £6,240 and £50,270 (for tax year 2024/2025).

Minimum contribution levels

Your contribution (including tax relief)	Employer contribution	Total contribution
5%	3%	8%

Your employer might decide to pay more than the minimum shown above, and may even expect you to pay less. All that matters is that the total contribution meets, or exceeds, the total minimum contributions, providing your employer pays the minimum required.

You may also be able to contribute more. Speak to your employer if you wish to do this.

Example

Every time you get paid, contributions will be made to your pension pot like this:

You'll make a contribution + You'll receive tax relief on any personal `you make + Your employer will make a contribution = Total contribution

The contribution amounts will vary depending on how much you earn, the contribution levels that your employer has chosen, and the way your pension scheme is set up.

Can I stay in the pension scheme if I want to pay less than the minimum contribution levels?

You'll need to talk to your employer about this, as it's up to them whether they let you stay in and pay a lower level of contributions, and whether they'll also contribute.

Important note:

Tax relief means that some of the money that goes to the Government from your pay in the form of income tax, then goes to your pension pot. It's based on the current basic rate of income tax, which may be subject to change.

If you're a higher rate taxpayer, you may need to claim additional tax relief through your self- assessment tax return.

Being enrolled

Automatic enrolment makes joining a pension scheme as easy as possible for you. Your employer will assess your eligibility and if you're eligible they'll enrol you into their pension scheme.

When you've been enrolled you'll receive an enrolment notification which will tell you:

- The date you became a member of the pension scheme (your enrolment date)
- How much you and your employer will be contributing
- Where your money will be invested
- Information about staying in the pension scheme
- How to opt out of the pension scheme

Your enrolment notification will also tell you where you can find other information about your pension scheme, how pensions work and auto enrolment.

Postponing your enrolment

Your employer may postpone your enrolment into the pension scheme by up to three months from the date you become eligible.

If they do they'll be in touch with you before your enrolment date to let you know what's happening. You can apply to join the scheme during this period if you want to start saving straight away.

Staying in the pension scheme

If you choose to stay in the pension scheme, any contributions you need to make will be taken from your pay on a regular basis and paid into your pension pot, together with any contributions from your employer.

Investments

Your contributions will be automatically invested in the pension scheme's default investment option. The default option has been designed to meet the needs of most members of a pension plan.

If you don't want (or feel unable) to make your own investment decisions, the contributions will automatically be invested in the default option and will remain there unless you tell us otherwise.

You can change where your contributions are invested at any time and you should check that the scheme's default investment option is the right option for your needs. We can provide you with information on how investments work and the other investment options we offer.

Changing employers

If you change employers you can take your pension pot with you and combine it with your pension in your new employer's scheme.

You'll be able to organise this with your next employer, or you can leave it where it is if you prefer.

Opting out of the pension scheme

If you're automatically enrolled into the pension scheme you have the right to opt out of it within one month of receiving your enrolment notification. You can opt out by completing our opt-out form and sending it back to us, or you may be able to opt out online.

If you do opt out by this date, any contributions that have already been taken from your pay will be returned to you and you'll be treated as if you had never joined the pension scheme.

Leaving the pension scheme at a later date

You can stop contributing to the pension scheme at any time.

But, if you do this, both your contributions and any made by your employer up to that point will remain invested in your pension pot until you take your benefits. Charges will continue to be taken from your pension pot following this event.

Re-enrolment

If you opt out, or leave the pension scheme, the law says that your employer has to enrol you again at a later date if you're still eligible. They'll do this roughly every three years.

If you decide you want to rejoin your employer's pension scheme before this time, they'll give you the chance to do so at least once a year. You must speak to your employer directly to rejoin their scheme.

Reaching retirement

The more you pay and the sooner you start paying, the more the value of your pension pot could be. However, the value of your pension pot can go down and is not guaranteed. You can start to access your pension pot at any time from age 55 although you don't have to stop working before you do this.

From the age of 55, you can:

Take it all in one go

You can take your pension pot in cash all in one go. 25% of it will usually be tax-free (subject to allowances) but the rest may be taxed as income.

Take it in a series of cash lump sums

You can leave your money invested and withdraw it as cash lump sums as and when you wish. The first 25% of each amount you take will usually be tax-free (subject to allowances) but the rest may be taxed as income. The money left invested has the chance to grow but it could go down in value too. If you choose this option, you may wish to spread your withdrawals over a number of years to minimise the tax you pay.

Take a flexible income

You can usually take up to 25% of your pension pot as tax-free cash (subject to allowances) and leave the rest invested to provide an income and occasional lump sums if required. This is often referred to as flexi- access drawdown. You can vary, stop or suspend the amount you're taking at any time although you may be charged for doing so. All payments apart from your tax-free cash will be subject to income tax. Leaving your money invested gives it more chance to grow but it could go down in value too. If you take out too much or your investment funds don't perform as well as you'd expected, you could run out of money before you die.

Get a guaranteed income

You can usually take up to 25% of your pension pot as tax-free cash (subject to allowances) and use the rest to buy a guaranteed regular income for a fixed period or for the rest of your life. This is known as an annuity. Annuities have a number of features, for instance you can arrange for payments to continue to your dependants after your death. Smokers and those in poor health usually get better rates because of their shorter life expectancy. The income payments may be subject to tax.

You'll normally have to pay tax on your income but the amount depends on your individual circumstances. You should be aware that the law relating to the taxation of pension benefits could change in the future.

We'll give you more information on the options and choices available to you when you're nearer to your retirement date.

Find out more

We've been working closely with employers to ensure that we can provide their employees with a good quality pension scheme to help them save for retirement.

We're here to help make sure the enrolment process goes as smoothly as possible and is easy to understand.

For general information about pensions

Go to the government website:

gov.uk/workplace-pensions

Calculate what you might receive from the State Pension at:

gov.uk/browse/working/state-pension

At the end of your opt-out period we'll send you a welcome pack to confirm your membership of the scheme. Once you've received this you can check the progress of your pension savings any time by logging into Manage Your Account at **legalandgeneral.com/mya**

The personal information collected from you will be shared with fraud prevention agencies to prevent fraud and money-laundering and to verify your identity. If fraud is detected, you could be refused certain services, finance or employment. Further details of how your information will be used by us and these fraud prevention agencies, and your data protection rights, can be found on **legalandgeneral.com/cifas**

Contact us

For further information, please contact:

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