

An Introduction to Automatic Enrolment and cyclical re-enrolment

Under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called automatic enrolment.

In brief, the main requirement is for employers to automatically enrol all **Eligible Jobholders** into a Qualifying Pension Scheme with effect from the employer's Staging Date. This will be either the Local Government Pension Scheme (LGPS) or the Teachers' Pension Scheme, as appropriate. All are qualifying schemes which means they meet or exceed the Government's new standards.

The re-enrolment date for the London Borough of Havering is 1st May 2025.

Definition of an Eligible Jobholder

- Is aged between 22 and State Pension Age
- Earns over £10,000 per annum at the re-enrolment date,
- Is an employee of the employer – not an agency worker or consultant

The earnings figure may rise each April in accordance with the National Insurance lower earnings limit, and any changes should be announced in the Chancellor of the Exchequer's annual budget.

If you have more than 1 job with your employer, your earnings and therefore your eligibility on each job will be assessed separately.

If you meet the above criteria on the dates mentioned, and are not in the LGPS the Teachers' Pension Scheme you will be brought into the appropriate scheme, even if you have previously opted out.

For all such staff, contributions will be deducted from your May salary payment.

If we think you will be re-enrolled, you will be sent a letter to advise you of this prior to the re-enrolment date. This will be for your information only and you need take no action at this time.

Once you are enrolled

If you meet the criteria for re-enrolment on 1st May 2025, you will be sent a letter informing you that you have been enrolled into the pension scheme.

The right to opt out of a workplace pension scheme

Although you will still be able to opt out of the pension scheme if you choose to, new rules apply which mean you cannot opt out of the pension scheme until after you have been enrolled into it. Neither can your employer give you an “opt out” form.

The 50:50 Scheme

If you are thinking about opting out of the LGPS, you are encouraged to consider membership of the 50:50 Scheme. This allows you to pay half the contributions and build up half the normal pension benefit whilst retaining full life and ill health cover.

Additional information can be found on the LGPS Member website www.lgpsmember.org and an election form is available from our administrators website <https://www.lppapensions.co.uk/members/general-pensions-information/joining-the-scheme/50-50-option/>

Obtaining an opt out form

Non-teaching (LGPS) staff can obtain a form from the website

<https://www.lppapensions.co.uk/members/general-pensions-information/leaving-a-scheme/leaving-the-scheme-lgps/>.

The completed opt out form should then be forwarded to AutoEnrolment@havering.gov.uk. Any contributions paid can be refunded to you provided you have opted out within 3 months of being enrolled into the scheme.

Teachers can complete the online opt out form on the website www.teacherspensions.co.uk

Remember:

- You cannot date the opt out or 50:50 election forms until after you have been enrolled (no earlier than 2nd May 2025)
- Your employer cannot give you an opt out form
- LGPS eligible staff should consider joining the 50:50 scheme as an alternative to opting out

Pension contributions you may have paid before opting out

If you have paid pension contributions before opting out of the scheme, the LGPS Teachers Pension Scheme's regulations allow you to opt out within 3 months of enrolment and receive a refund of those contributions via payroll, or within 2 years to receive a refund from the pension administration team.

If you are refunded via your payroll, the tax relief you received will also be adjusted as though you had not been a member of the scheme.

If you are already in a workplace pension scheme

Automatic enrolment does not affect you, unless at some point in the future you opt out of your workplace pension scheme, in which case you will then be measured against the re-enrolment criteria each 3 year cycle for possible re-enrolment.

50:50 Scheme members (LGPS Members only)

Employees currently in the 50:50 section of the LGPS will be re-enrolled into the main section of the scheme but will be able to re-join the 50:50 section by completing the relevant form that can be found on our administrators website <https://www.lppapensions.co.uk/members/general-pensions-information/joining-the-scheme/50-50-option/>

Cyclical re-enrolment

If you have opted out of your workplace pension scheme, your employer is required to re-enrol you into that scheme every three years from the employers staging date, provided you meet the criteria in place at that time.

You will then have the right to opt out of the pension scheme again, by completing a new opt out form obtainable from the appropriate website.

Employees exempt from re-enrolment

Your employer may decide not to re-enroll anyone who

- opted out of the pension scheme within 12 months prior to the 3 year cyclical re-enrolment date,
- has HMRC protection
- is under notice of leaving that employment

Reasons to remain in the LGPS or Teachers Pension Scheme

The purpose of the automatic enrolment legislation is to increase the number of people across the country's workforce that are members of a qualifying pension scheme. This will help more people have a further income, in addition to any State Pension, when they retire.

10 good reasons to stay in the pension scheme:

- **Money from your employer**
Your employer contributes to the pension scheme along with your contributions. Your employer cannot contribute to an alternative pension arrangement.
- **Tax free savings**
Your contributions are taken from your salary before you are assessed for tax which means that you get tax relief on your contributions
- **Flexibility to pay more or less**
You can boost your pension by paying more contributions, which are also subject to tax relief or if you are an LGPS member you can pay half the contributions by opting into the 50:50 Scheme
- **Increased quality of retirement**
The earlier you start to contribute, the better your pension will be on retirement. You can draw your pension any time from age 55 to 75.
- **No risk investment**
Your benefits are calculated based on your pensionable pay and are not affected by the performance of the Pension Fund investments
- **Protection and security**
Your pension provides protection in cases of retirement due to ill health and redundancy (subject to certain conditions)

- **Life cover**
A lump sum death grant would be payable should you die in service and for a guaranteed period after you have retired, along with dependents benefits
- **No hidden fees or charges**
There are no management fees or charges. You simply contribute a percentage of your salary
- **Tax free lump sum**
You can take part of your pension as a tax free lump sum when you retire
- **Pensions increased with inflation**
Once in payment, your pension will be increased each April in line with the consumer price index.

Further information on automatic enrolment itself can be found on the Pension Regulators website www.thepensionsregulator.gov.uk including a definition of technical terms for all types of workers.

Further information on automatic enrolment can be found at: <http://www.direct.gov.uk/workplacepensions>, however you need to be aware that this is not LGPS and Teachers Pension specific.

If you want more information on your qualifying pension schemes, please visit the websites shown below:

- For information on the LGPS 2014 scheme, including explanatory videos, various modellers and online calculators, please visit our administrator's website www.lppapensions.co.uk
- You can also visit www.lgpsmember.org
- For information on the Teachers Pension Scheme, please visit the pension's website www.teacherspensions.co.uk