

Pension Auto-Enrolment Frequently Asked Questions

Workplace pension provision at Lancaster University was extended from 1st April 2013. If you are currently enrolled on a workplace pension scheme, there is no immediate change. However, there may be implications if you choose at a later date to opt out of the scheme. Workplace pension provision is now also available to temporary employees

This section aims to answer the more frequently asked questions about pension reform implementation at Lancaster University. Individual circumstances can have an impact on how it will affect you and your options. Saving for retirement is an important financial commitment and the options available will depend on your individual circumstances. You can gain further guidance on pension auto-enrolment at Lancaster University and how it might affect you from [Payroll & Pensions](#).

What is pension auto-enrolment?

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The Pensions Act 2008 aims to make it easier for people to save for their retirement. It requires all employers to enrol their workers into a qualifying workplace pension scheme if they are not already in one. Employers are also required to make a contribution to worker's pensions through this scheme.

Why is pension auto-enrolment being introduced?

People are living longer and are likely to enjoy a longer retirement. However many people are not saving for their retirement at all, and many who are saving aren't saving enough. These changes will give many more people the chance to save for when they retire. This is further explained on the [Workplace Pensions](#) web site at direct.gov.uk.

When will auto-enrolment happen?

From 1st April 2013, every Lancaster University employee not currently enrolled on a workplace pension scheme will be assessed against a set of defined criteria: age, UK working and qualifying earnings. Eligible jobholders will be informed in advance and automatically enrolled. Other staff will be informed of their opportunity to join a workplace pension scheme.

What is contractual enrolment?

The rules of the USS and Local Government Pension Schemes require the University to enrol employees into the pension scheme at the start of employment when certain contractual conditions are met. If your employment is for longer than 3 months and your hours and pay are guaranteed in the contract, then you will be contractually enrolled. If you opt out after contractual enrolment, you may - subject to your earnings level - be re-enrolled under the

automatic enrolment rules ([see joining a workplace pension scheme](#)). You can again opt out if you wish.

Benefits of a workplace pension

What are the benefits of staying in a workplace pension?

A pension is a way of saving money to provide you with an income when you retire. There are many benefits to having a pension at work.

- Your employer will pay into it. This contribution from the University means your pension can build up more quickly than if you were saving for your retirement on your own.
- If you are a tax payer, you can get tax relief on your contributions and this means it reduces the real cost to you of your pension contribution.
- Your workplace pension belongs to you, even if you leave your employer in the future. Being in a workplace pension is an important step towards giving yourself the lifestyle you would like in later life.

Further general information on [workplace pensions](#) is available from [direct.gov.uk](#)

What are Lancaster University's Workplace Pension Schemes?

Lancaster University has extended access to its current workplace pension schemes:

- [Local Government Pension Scheme](#) this is available to staff on Grades 1 to 6, and is now extended to include casual employees on an equivalent pay rate.
- [Universities Superannuation Scheme \(USS\)](#) this is available to staff on Grades 7 and above, or now includes other staff employed by the University on an equivalent pay rate.

How much will pension enrolment cost me?

Your pension contribution will be deducted from your salary and shown on your payslip. The cost of your contribution will depend on the workplace scheme and your current earnings level. Current contribute rates are:

- [Local Government Pension Scheme \(LGPS\)](#): employee contributions are based on earnings bands and vary from 5.5% to 12.5%, and the University (employer) contribution is 13.4%.
- [Universities Superannuation Scheme \(USS\)](#): employee contribution rate is 8.8%, and the University (employer) contribution is 19.5%. Employee contribution rates for returning retirees are higher.

Does it affect me?

Does pension reform affect all Lancaster University's employees?

Yes. The Pension Act 2008 requires that the University provides a workplace pension for all staff between the ages of 16 and 74, and to automatically enrol individuals aged between 22

and state pension age that have earnings over the qualifying earnings threshold. Temporary and sessional employees, including student employees, are included.

I am already in one of the workplace pension schemes: do I need to do anything?

No, as long as you remain an active member of the workplace pension scheme.

Why is the timely submission of timesheets important (casual employees)?

If you are required to submit timesheets, prompt submission ensures you are paid the appropriate amount each month – timesheets must be with payroll no later than the 15th of each month.

If you submit time sheets late, which cover more than one month, you will be paid for this work in a single aggregate amount. This may generate an earnings spike and activate auto-enrolment into a workplace pension scheme. Pension contributions will be automatically deducted from your pay at that point.

What if I have retired and I choose to return to the University?

You can rejoin a workplace pension scheme but there may be certain changes in the terms and conditions set by that scheme. Returning retirees below the age of 74 come under the provisions of the Pension Act and may elect to join the workplace Pension scheme. Those returning retirees below the state retirement age who meet the eligible job holder criteria will be automatically enrolled. You should seek further guidance from [Payroll & Pensions](#)

Joining a workplace pension scheme

Can I opt into a workplace pension scheme?

Yes. If you have not been automatically enrolled on to a workplace pension scheme and are between the ages of 16 and 74, you can still opt to join a workplace pension scheme. Further guidance can be obtained from [Payroll & Pensions](#)

Can I choose which workplace pension scheme I join?

No. The workplace pension scheme offered will depend on your contract.

What is the assessment process for pension auto-enrolment?

If you are not a member of the workplace pension scheme, the University is required under the legislation to make an assessment against a set of criteria, and inform you in advance as to whether you will be automatically enrolled:

- An 'eligible job holder' must be aged 22 or over but no more than State Pension Age, must have earnings over £10,000 pa at current rates (£834 per month) and usually work in the UK. You must be automatically enrolled into a workplace pension scheme.

- Even if you do not meet the criteria to be an 'eligible job holder', you will meet the criteria to be a 'non-eligible job holder' if you are aged between 16 and 74 with earnings between £6,136 and £10,000 (£512 and £834 per month), or you earn over £10,000 but are aged between 16 and 21 or State pension Age and 74. You will have the right to opt into a workplace pension scheme.
- If you do not fall into either of these categories, and you are aged between 16 and 74 with earnings below £6,136 (£486 per month), you will be an 'entitled worker' and will have the right to join a workplace pension scheme.

These qualifying earnings thresholds are effective from 6th April 2015 and will be reviewed by the Government periodically.

If I am hourly paid, when would I be automatically enrolled?

If your earnings are over £10,000 pa (£834 per month) and you meet the criteria as described above, you will be automatically enrolled into a workplace pension scheme. If you are hourly paid, the number of hours you are paid in a pay period will determine whether you meet this earnings threshold. Where you are required to submit a timesheet, it is important that these are submitted every month before the payroll deadline of the 15th of the month. The criteria for assessing for auto enrolment is based around the pay period (which will always be one month) and NOT for the period the work was done.

I hold more than one concurrent contract: which pension scheme can I join?

Where you hold more than one concurrent contract with the University, the level of your aggregated earnings will be a key determinant of whether you are automatically enrolled. The scheme or schemes offered to you will depend on your contracts. Further guidance is available from [Payroll & Pensions](#)

What happens if I am auto-enrolled but in subsequent months my earnings fall?

Once enrolled on a workplace pension scheme you are member of that scheme unless you choose to opt out.

Opting out of a workplace pension

Can I opt out of the workplace pension scheme?

An opt-out form cannot be submitted prior to becoming an active member of a workplace pension scheme. If following enrolment into a workplace scheme you decide you wish to opt-out, you will need to complete and submit an opt-out form to the Payroll & Pensions team within three months of your enrolment. The opt-out forms are available to download on the relevant pension scheme website. Please note, the Workplace Pensions Reform Act does not allow Lancaster University to provide you with an opt-out form.

If your opt-out form is valid, you will be refunded any contributions that you have made. However, after this opt-out period has expired, you will not receive a refund of

contributions previously made but will retain a deferred pension benefit held in that scheme.

If I choose to opt out of the scheme: can I re-join at a later date?

Yes. Further guidance is available from [Payroll & Pensions](#)

If I opt out of the scheme, will I be automatically re-enrolled?

If you have been contractually enrolled and you subsequently choose to opt out of the workplace pension scheme, you will be re-enrolled under the provisions of the Pensions Act if you meet the statutory criteria. If you are an eligible jobholder (as defined by the Act), you are automatically enrolled under the provision of this legislation only once in the three year period – either at the staging date (1st April 2013) or at the point you were assessed to be an eligible jobholder. If you opt out, the University is required to automatically re-enrol you on 1st April 2016 (and at each 3 year point beyond this), if you continue to meet the eligibility criteria.

Further information

You can obtain further guidance from [Payroll & Pensions](#)

General information is available from:

[Workplace Pensions](#)

[The Pensions Advisory Service](#)