

## Demo Company's pension scheme - A change in the law that affects you

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Dear Mr. Robert Redford,

To help people save more for their retirement, the government now requires employers to enrol their workers into a workplace pension scheme. This applies to those who aren't already in one and who:

- earn over £9,440 a year (£787 a month)
- are aged 22 or over; and
- are under State Pension age.

We therefore are enrolling you into our pension scheme on Monday 7 April 2015 (your automatic enrolment date). The scheme is provided NEST.

- You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension which you get when you retire
- Demo Company Ltd. and you will both pay into it every month
- The government will also contribute through tax relief
- Your pension belongs to you, even if you leave us in the future

### Why is this happening?

The government's aim is for more people to have another income, on top of the State Pension, when they come to retire. The full basic State Pension in 2015-16 is £110.15 a week for a single person. This is intended to be a foundation - you may want more.

Employers are enrolling their workers automatically into a scheme to make it easier for people to start saving.

### What does this mean for you?

The payments into your pension will be/are:

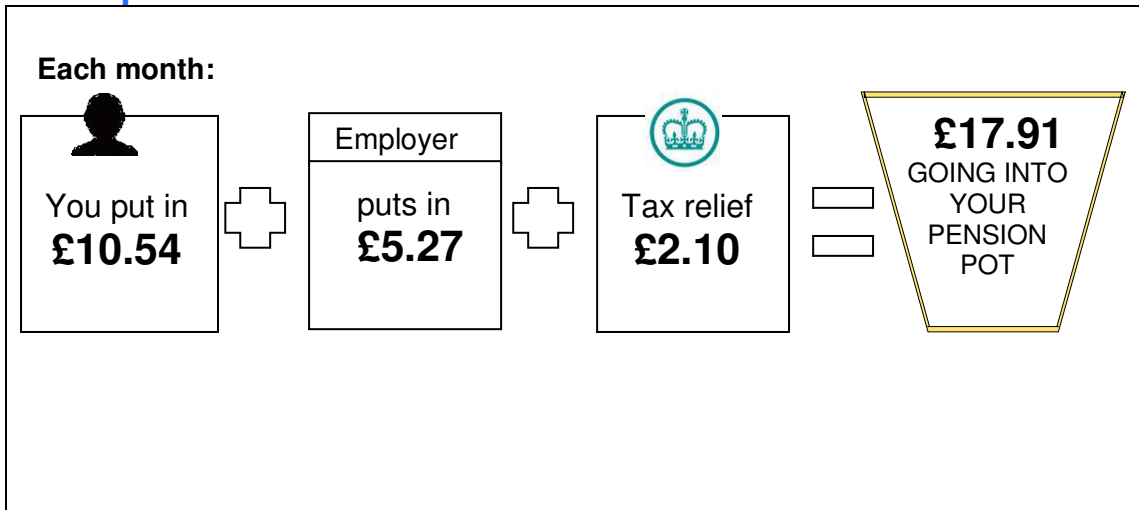
- Your contribution – **2%** of **£527**. This will be taken directly from your pay.
- Our contribution – an amount equal to **1%** of **£527**.
- Tax relief – an amount equal to **0.2%** of **£527**.

This means, **for example**, if you earn **£6,324** a year:

- You will pay in **£10.54** a month. This will be taken directly from your monthly pay.
- We will pay in **£5.27** a month.
- The government, in the form of tax relief on your payment, will pay in **£2.10** a month.

Therefore, although you put in **£10.54**, the total contribution to your pension pot will be **£17.91** a month.

### Example:



**Remember, if you earn more or less than £6,324 a year, the actual contributions for you will be higher or lower.**

#### **Please note:**

**On your payslip**, you will see your contribution. You won't see the tax relief – it is added to your pension separately. You will also see our contribution on your payslip.

And please note: the percentage of tax relief might not be exactly as shown here, as other factors might affect it. For example, if your earnings are close to one of the tax band levels.

#### [How much will you get from this pension when you retire?](#)

NEST can provide you with an estimate of the income you might get once you reach pension age.

You can also see how a pension builds, using an online pension calculator, at <http://www.nestpensions.org.uk/schemeweb/NestWeb/public/NESTforSavers/contents/pension-calculator.html>

#### [What you need to do now](#)

**If you want to opt out of the pension scheme**, follow the instructions below.

**If you want to stay in the pension scheme** you don't have to do anything. Your personal details will be passed to the pension provider, and your pension will start building/began building from 07/05/2015, when the first payments will be made. You will be able to see this on your payslip.

Yours sincerely

Mr. James Howard

### **How to opt out**

To opt out, contact the Pension provider to obtain an opt-out form, Once you have completed it, send it back to the Pension provider.

If your completed opt-out form is received before the end of the **one month “opt -out period”** you will be removed from the pension scheme. The exact start and end dates of the “opt -out period” are not yet known, but the end date will be sometime in March. Any payments you have already made will be refunded, and you will not have become an active member of the scheme on this occasion.

If you want to stop making payments after the end of the one month opt-out period you can do so. The payments you have made already will not be refunded.

### **If I opt out or stop making payments, can I re-join a workplace pension scheme at a later date?**

Yes, you can re-join a workplace pension scheme. To do so, contact your payroll department in writing by sending a letter, which has to be signed by you. Or if sending it electronically, it has to contain the phrase “I confirm I personally submitted this notice to join a workplace pension scheme. You can re-join only once in any 12 month period.

### **A regular reminder**

Anyone who opts out or stops making payments will be automatically enrolled back into a pension scheme at a later date (usually every three years). This is because your circumstances may have changed and it may be the right time for you to start saving. We will contact you when this happens, and you can opt out if it's still not right for you.

## **Questions you may have**

### **[Will the amounts paid into my pension change?](#)**

Yes, the amounts will automatically increase or decrease accordingly if your earnings go up or down.

Also, we are going to increase the amounts being paid into your pension over the next few years. This is to meet the government's minimum standards.

### **[What if I want to pay more into my pension pot?](#)**

You can increase the amount you put in if you want. The amount contributed by the government in the form of tax relief would also increase. The employer would remain the same.

### What is tax relief?

The government takes tax off your income. You can see this on your payslip. Tax relief means some of your money that would have gone to the government as tax now goes into your pension instead.

In our pension scheme, the tax relief goes into your pension through a 'relief at source' arrangement.

"This means if you're a basic rate tax payer, you don't need to do anything to get the tax relief paid into your pension. It will happen automatically.

"If you're a higher or additional rate tax payer, to get full tax relief you need to claim back some of your tax from the government. This is because tax relief is added to your pension at the basic rate of 20 per cent. To get all the tax relief that is due to you, you need to claim back the difference on your annual tax return, or alternatively, if you are a higher rate tax payer you can contact HM Revenue & Customs."

Information on how 'net pay'/'relief at source' [select as appropriate] works can be found here: <https://www.gov.uk/income-tax-reliefs>

### Where can I get more information?

If you have any questions about the pension scheme, contact:

NEST

Nene Hall

Lynch Wood Business Park

Peterborough

PE2 6FY

United Kingdom

[support@nestpensions.org.uk](mailto:support@nestpensions.org.uk)

For information on pensions and saving for later life visit:

<https://www.gov.uk/workplace-pensions>

### **A commitment from us**

If you are under 75, work or usually work in the UK, and earn over £5,668 a year (the amount set by the government for this):

- we must by law continue to maintain your membership of a scheme that meets certain government standards; and

- if your membership of such a scheme ends (and it is not because of something you do or fail to do), we must by law put you into another scheme that meets government standards straightaway.