

Source: <https://www.thepensionsregulator.gov.uk/en/employers/increase-of-automatic-enrolment-contributions>

## Increase of automatic enrolment contributions

The minimum contributions you and your staff pay into your automatic enrolment workplace pension scheme will increase from **6 April 2019**. This is also sometimes known as phasing.

It is your responsibility to make sure these increases are implemented.

### Who does this apply to?

All employers with staff in a pension scheme for automatic enrolment must take action to make sure at least the minimum amounts are being paid into their pension scheme. This applies to you whether you set up a pension scheme for automatic enrolment or you decided to use an existing scheme.

However, you don't need to take any further action if you don't have any staff in a pension scheme for automatic enrolment, or if you are already paying above the increased minimum amounts.

If you're using a defined benefits pension scheme the increases do not apply.

### What are the increases?

This table below shows the minimum contributions you must pay and the date when they must increase:

Date	Employer minimum contribution	Staff contribution	Total minimum contribution
New rate: 6 April 2019 onwards	3%	5%	8%
Current rate: 6 April 2018 to 5 April 2019	2%	3%	5%

By law a total minimum amount of contributions must be paid into the scheme. You, the employer, must make at least the minimum employer contribution towards this amount and your staff member must make up the difference.

If you decide to cover the total minimum contribution required, your staff won't need to pay anything.

The amount you and your staff pay into your pension scheme will vary depending on the type of scheme you have chosen and the rules of that scheme. Your staff contribution may also vary

depending on the type of tax relief applied by your scheme. You can find this information in the scheme documents sent to you when you set up the pension scheme or you can speak to your pension provider.

Most employers use pension schemes that from April 2019 will require a total minimum of 8% contribution to be paid. The calculation for this type of scheme is based on a specific range of earnings. For the 2018/19 tax year this range is between £6,032 and £46,350 a year (£503 and £3,863 a month, or £116 and £892 a week). These figures are reviewed each year by the government.

When you are calculating contributions for this type of scheme you include the following:

- salary
- wages
- commission
- bonuses
- overtime
- statutory sick pay
- statutory maternity pay
- ordinary or additional statutory paternity pay
- statutory adoption pay

What if I am using a pension scheme which requires different minimum contributions?

You may have agreed with your pension scheme to base minimum contributions on different elements of staff pay. If this is the case, you will need to apply different increases.

Find out what increases apply to you if you are [calculating contributions using different elements of staff pay](#).

Check your scheme documents to find out what elements of staff pay your scheme uses. If you are still unsure speak to your scheme provider.

### **What you need to do**

It is your responsibility, under the Pensions Act 2008, to make sure the right minimum contributions are being paid for your staff.

## What do I need to do to set up these increases?

Follow the steps below to make sure the increases are implemented by 6 April 2019. You should allow plenty of time to put in place these increases.

### 1. Work out which increases apply to you.

If you are unsure you should check your scheme documents or speak to your pension scheme provider.

### 2. Work out which staff it applies to.

You need to make the increases in contributions for ALL staff who you had to put into a pension scheme and which you pay into, including any new staff you put into this scheme. The increases do not apply to staff who asked to be put into a scheme that you don't have to pay into.

### 3. Make sure the way you calculate contributions and pay them to the pension scheme is ready to apply these increases.

- If you use a payroll provider or payroll bureau you should speak to them to check everything is in place to process the increases.
- If you pay your staff yourself using payroll software, you must make sure it is set up to process the increases.
- If you are unsure what to do speak to the software provider.
- If you use your own process to pay your staff, you will need to ensure the increases are implemented.
- If you use HMRC basic payroll tools you will need to put in place a process to ensure the increases are implemented.

You should start this process early, as it may take some time.

You can use our [online contributions calculator](#) to help work out your costs for each member of staff.

Depending on what you have already agreed with your pension scheme, they may also be making the necessary changes to process the increases and may contact you nearer the time to tell you what is happening and what you need to do.

### Telling your staff about the 2019 increases

You should let your staff know about the increases. We have an example letter template you can amend, which shows the 2019 increases.

[Letter template for letting your staff know about the increase in contributions \(DOC, 31.7kb, 1 page\)](#)

Depending on what you have agreed with your pension scheme provider, they may also write to your staff or have letters that you can use.

**What if I haven't had to put any staff into a pension scheme?**

You still need to assess anyone who works for you each time you pay them and put them into a pension scheme if they meet the criteria for automatic enrolment. You must contribute at least the right minimum amount at the time and any further increases required. [Find out about your ongoing duties](#).

**What happens if these increases happen in the middle of a pay period?**

You must make sure the increased amount of contribution is effective from 6 April 2019. You may want to speak to your payroll provider to help with this.

**Where can I get support with these increases if I employ a personal care assistant?**

You may wish to speak with whoever provides the direct payment funding for your personal care assistant.

**What happens if I don't make the increases from April 2019?**

It is your legal duty to make sure the right minimum contributions are being paid from 6 April 2019. If you don't do this, it could result in a fine.

## Calculating contributions using different elements of staff pay

If you calculate contributions using different elements of staff pay, you will need to use the tables below to work out which minimum contribution increases apply to you.

By law a total minimum amount of contributions must be paid into the pension scheme. You, the employer, must make a minimum contribution towards this amount and your staff member must make up the difference. If you decide to cover the total minimum contribution required, your staff won't need to pay anything.

There are three ways of working out the minimum contribution increases using different elements of staff pay. These are known as sets. The staff contribution rates may vary depending on the type of tax relief applied by your scheme. If you are unsure which set applies to your scheme check with your provider.

### Set 1: contributions calculated on gross earnings

You calculate contributions based on gross earnings. You don't include bonus, overtime, commission or certain staff allowances (such as shift pay or relocation allowance) in the calculation.

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
New rate: 6 April 2019 onwards	4%	5%	9%
Current rate: 6 April 2018 – 5 April 2019	3%	3%	6%

### Set 2: contributions calculated on gross earnings based on 85% of total earnings

You calculate contributions based on gross earnings. You don't include bonus, overtime, commission or certain staff allowances (such as shift pay or relocation allowance) in the calculation. You will have checked that the gross earnings for all staff in the scheme when added together were at least 85% of their total earnings.

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
New rate: 6 April 2019 onwards	3%	5%	8%
Current rate: 6 April 2018 – 5 April 2019	2%	3%	5%

### Set 3: contributions calculated on all earnings

You calculate contributions based on **all** elements of staff pay **and** all earnings.

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
New rate: 6 April 2019 onwards	3%	4%	7%
Current rate: 6 April 2018 – 5 April 2019	2%	3%	5%

### Pension schemes that don't require an increase in minimum contributions

If you're using a defined benefit scheme, then the increases do not apply. Defined benefit schemes are mainly used by large employers and employers in the public sector and are sometimes known as 'Final Salary Schemes' or 'Career Average Schemes'. If you are unsure if this applies to you check your scheme documents or if you are still unsure speak to your scheme provider.

If you are using a hybrid scheme (a combination of defined benefit and minimum contributions) you will need to make increases to the minimum contributions section of the scheme.