

Increase in Minimum Pension Contributions from 6 April 2018

On the 6 April 2018, by law, all auto-enrolled employers are required to increase the amount of their minimum pension contributions into their staff's auto-enrolment pension scheme.

The minimum contribution levels will rise again next year in April 2019.

The below table shows the minimum contributions levels and how they will rise in the future:-

Date	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Before 5 April 2018	1%	1%	2%
From 6 April 2018 – 5 April 2019	2%	3%	5%
From 6 April 2019 – onwards	3%	5%	8%

The above table sets out the minimum if you are using qualifying earnings. Both the employer and employee can contribute more than the minimum if they wish.

If your pension scheme uses tiered certification, then the minimum contributions will be greater:-

Date	Tier 1		Tier 2		Tier 3	
	Employee	Employer	Employee	Employer	Employee	Employer
Before 5 April 2018	1%	2%	1%	1%	1%	1%
6 April 2018 – 5 April 2019	3%	3%	3%	2%	3%	2%
6 April 2019 onwards	5%	4%	5%	3%	4%	3%

It is not a requirement to advise your staff of these proposed increases, but you may wish to do so anyway to minimise any queries the employees may have in April.

Please do not hesitate to contact us should you have any queries.

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