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Dear Colleague,

Important information which may reduce your take home pay from July

From July 2013, all qualifying employees will be automatically enrolled into the Acromas Group Personal Pension Plan (AGPPP). If you qualify, a contribution will be deducted from your weekly / monthly salary and your employer will also pay a contribution.

You can choose to opt out of this scheme, if you wish. You will receive a pack of information from Legal and General (L&G) soon after your first deduction - the law does not permit you to opt out before receiving this pack. To get your money back, and to prevent further monies from being automatically deducted from your future pay, follow the instructions in the L&G pack within a month of the date that it is issued to you. Otherwise the money will not be refunded.

A 'qualifying employee' is anyone who meets **all** of the following criteria:

- Is not already in a qualifying workplace pension scheme
- Is aged 22 or over
- Is under State Pension age
- Earns more than a minimum amount per year (£9,440 in 2013/14)
- Works or usually works in the UK

If you meet all of the above criteria, the first deduction from your pay will take place in July 2013. If you are not sure if your current pension arrangements constitute a qualifying workplace pension scheme please refer to Appendix 2.

Automatic enrolment applies equally to full-time and part-time workers, plus individuals on short-term contracts or working through an agency that pays their wages. If you are off work on paid leave you will still be automatically enrolled into a workplace pension scheme.

For the financial year 2013/14 (from April 2013), the qualifying thresholds are:

- Annual pay - £9,440
- Monthly pay - £787
- Weekly pay - £182

These amounts are subject to an annual review by the Government.

A worked example using someone who earns £15,000 per year is shown in Appendix 1.

In order for you to understand how you are affected we have included frequently asked questions and answers with this letter. Everyone has individual circumstances so please read these to determine how you are affected.

We have grouped the questions as follows:

Appendix Topics

- 1 General questions about auto-enrolment
- 2 A list of qualifying and non-qualifying pension schemes
- 3 Further information for those not in qualifying pension schemes
- 4 Information about the Acromas Group Personal Pension Plan

If you need any more information or have some questions, there are a number of ways to find out more:

- The Group Pensions Team are supported by a dedicated person in the Payroll Team; they can be emailed at autoenrolment@theAA.com
- Write to your Pensions Team at:
Group Pensions (AE), AA Payroll, Fanum House, Basing View
Basingstoke, Hampshire RG21 4EA
- Or phone us on 0800 587 7877, option 2

You may have general questions about workplace pensions and saving for your retirement. More information can be found at: <https://www.gov.uk/workplace-pensions>

Yours sincerely



Adrian Furnell
Group Pensions Manager, Acromas

Appendix 1: General questions about auto-enrolment

1. What is included in the £9,440 threshold?

The £9,440 threshold is a gross taxable wages figure. This can include pay, overtime or a bonus. Please be aware that you may find yourself auto-enrolled if you exceed this figure.

2. What is the Acromas Group Personal Pension Plan (AGPPP)?

The AGPPP is a defined contribution scheme. This is also a qualifying scheme and will be used for all employees subject to auto-enrolment.

3. How much will I be required to pay under auto-enrolment?

The Government has set minimum pension contributions for both employees and employers. We will be using these contribution rates as set out in the table below.

Term	Minimum Employee Contribution	The AA's Contribution
1 Oct 2012 – 30 Sep 2017	1%	1%
1 Oct 2017 – 30 Sep 2018	3%	2%
1 Oct 2018 onwards	5%	3%

These percentages are linked to contribution thresholds which for the financial year 2013/14 (from April 2013) are:

- Annual: £5,668 to £41,450
- Monthly: £473 to £3,454
- Weekly: £109 to £797

The contribution thresholds are reviewed annually by the Government.

4. How do contributions to the AGPPP work?

The AGPPP will include a salary exchange arrangement, called AEPlus, in line with other AA pension schemes and approved by HMRC.

An example with and without AEPlus using a salary of £15,000 per year and 2013/14 tax and National Insurance (NI) rates, is set out below.

Without AEPlus

Annual pay before AEPlus	£15,000.00
Lower allowance	(£5,668.00)
Pensionable pay	£9,332.00
Pension contribution (1%)	(£93.32)
Taxable pay	£15,000.00
Less Income Tax (20% of £5,551.00*)	(£1,110.20)
Less National Insurance (12% of £7,248.00)	(£869.76)
Less Pension contribution (1% less basic rate tax)	(£74.66)
Net or take home pay (without AEPlus)	£12,945.38 (A)

With AEPlus

Annual pay after AEPlus	£14,906.68 (reduced by pension contribution)
Pension contribution	£0.00 (no contributions paid)
Taxable pay	£14,906.68 (reduced)
Less Income Tax (20% of £5,457.68)	(£1091.54)
Less National Insurance (12% of £7,154.68)	(£858.56) (reduced)
Net or take home pay (with AEPlus)	£12,956.58 (increased) (B)
Increase in take home pay per annum (B-A)	£11.20 (£0.93 per month x 12)

**HMRC will pay basic rate tax relief directly into your pension plan.*

If you do not opt out of the auto-enrolment scheme and wish to contribute through AEPlus you do not need to do anything. Unless you instruct us otherwise, the Company will make arrangements for you to start making pension contributions through AEPlus from July 2013.

If you do not wish to participate in AEPlus, please complete an AEPlus opt out form and send it to us. Opting out of AEPlus does not mean that you are opting out of auto-enrolment. If you are unsure what is the best option for your circumstances please seek independent financial advice.

AEPlus is designed not to impact on other contractual terms. Full details are available at www.mypensionline.com/acromas including FAQs.

5. Why is the Government making pensions ‘compulsory’?

Statistically people are living longer. The ratio of workers to pensioners has declined and it is estimated that as many as seven million people are not saving for retirement. It is against this backdrop that the Government has made the decision to ensure that employees are making a provision for their retirement.

6. How do I know if I am already in a pension scheme covered by the AA?

The best way to determine if you are already in one of our pension schemes is by looking at your payslip and seeing if there is a pension deduction. If you are still unclear, please refer to your Payroll Team.

Appendix 2: List of qualifying and non qualifying pension schemes covered by the AA

If you are in a pension scheme it will be shown on your payslip, if you are unclear please contact your Payroll Team.

Qualifying schemes – if you are currently contributing to one of the following you will not be auto-enrolled.

Company	Pension Scheme
AA	AA Pension Scheme (all sections)
AA	AA Pension Scheme (Management 1 and 2 sections)
AA	Acromas Group Personal Pension Plan (AA version)
AA	Peak Performance (Group Stakeholder with HSBC)
AA	Peak Performance (Individual plan with Scottish Widows)
AA	British School of Motoring
AA	Intelligent Data Systems

Non-qualifying schemes – if you are currently contributing to one of the following you will be auto-enrolled.

Company	Pension Scheme
AA	DriveTech (Group Personal Pension Scheme with HBOS)
AA	Drakefield (Group Stakeholder Pension Scheme with Friends Provident)

So to recap, if you are not in any AA pension scheme you will be auto-enrolled.

Appendix 3: For those who are not in qualifying pension schemes (who will be auto-enrolled)

Section 3.1 Introduction

3.1.1 I am not in a qualifying pension scheme, what happens now?

On 1st July 2013, what happens depends on how old you are and how much you are earning on that date. The different scenarios are shown below. Please read this carefully to see which situation applies to you.

Section 3.2 Scenarios

3.2.1 What happens if on 1st July 2013 I am aged 22 or over, under State Pension age, work or usually work in the UK and earn more than £9,440 per year (£787 per month / £182 per week)?

We will enrol you into the AGPPP on 1st July 2013. You do not have to do anything – it will happen automatically.

- You can choose to opt out of this scheme if you wish
- You and the AA will pay into it every month
- The Government will also contribute through tax relief
- You have the right to join the scheme before 1st July 2013 if you wish

3.2.2 What happens if on 1st July 2013 I am aged under 22, or over State Pension age (but under 75), and earn more than £9,440 per year (£787 per month / £182 per week)?

We will not automatically enrol you into the AGPPP on 1st July 2013. This is because you do not meet the criteria set by the Government. However, you have the right to join the scheme if you wish. Both you and the AA would pay into it.

3.2.3 What happens if on 1st July 2013 I am aged under 75 and earn more than £5,668 per year (£473 per month / £109 per week) but less than £9,440 per year (£787 per month / £182 per week)?

We will not automatically enrol you into the AGPPP on 1st July 2013. This is because you do not meet the criteria set by the Government. However, you have the right to join the scheme if you wish. Both you and the AA would pay into it.

3.2.4 What happens if on 1st July 2013 I am aged under 75 and earn £5,668 or less per year (£473 per month / £109 per week)?

We will not automatically enrol you into the AGPPP on 1st July 2013. This is because you do not meet the criteria set by the Government. However, if you ask us to do so, we will enrol you into the AGPPP. Only you would make contributions in this circumstance.

If your earnings increase to become over the £5,668 level, you can opt to join the AGPPP, in which case both you and the AA would pay into it.

3.2.5 What if I wish to join the AGPPP before 1st July?

We have, as allowed by law, postponed the auto-enrolment of our workers into our pension scheme until 1st July 2013. This is three months after the date we were first required by law to carry out auto-enrolment. During this period, provided you are under age 75, you have the right to join the AGPPP if you wish. If you would like to do this, follow the instructions in the “What happens if I wish to join a pension scheme now?” section of this letter below.

3.2.6 What happens if I wish to join a pension scheme now?

If you wish to join the AGPPP, contact the AE Pensions Advisor by either sending a signed letter or an email with the phrase “I confirm I personally submitted this notice to join a workplace pension scheme” to:

Group Pensions (AE)
AA Payroll
Fanum House
Basing View
Basingstoke
Hampshire RG21 4EA

Upon receipt, you will be sent a joiners pack by Legal and General and confirmation that you are being enrolled.

3.2.7 I'm younger than 22, if I don't join the pension scheme now, what happens when I reach 22?

If you are earning more than the minimum (£9,440 per year / £787 per month / £182 per week) when you reach 22, you will be automatically enrolled into the AGPPP. We will write to you again, nearer to your 22nd birthday, to give you all the information you need.

You can choose to opt out of the AGPPP if you wish. Otherwise, the AA and you will pay into it every month or week depending on when you are paid.

3.2.8 I don't earn more than £9,440 per year (£787 per month / £182 per week), if I earn more in the future, what will happen?

If you start to earn more than the minimum £9,440 per year (£787 per month / £182 per week), you will be automatically enrolled into the AGPPP, so long as you are aged 22 or over, are under State Pension age and work or usually work in the UK.

If you start to earn more than £5,668 per year (£473 per month / £109 per week) but not more than £9,440 per year (£787 per month / £182 per week), you will not be automatically enrolled but you will have the right to join the AGPPP if you wish.

If you elect to join the AGPPP in this circumstance (see above), you will be sent a joiners pack to give you all the information you need. You can choose to opt out of the scheme if you wish. The AA and you will pay into it every month.

If you are aged under 22 or over State Pension age when you earn more than £9,440 per year / £787 per month / £182 per week, you will not be automatically enrolled, but you will have the right to join our workplace pension scheme if you wish.

Section 3.3 Opting out

3.3.1 What if I do not wish to stay auto-enrolled?

You can choose to opt out of this scheme, if you wish. You will receive a pack of information from Legal and General (L&G) soon after your first deduction - the law does not permit you to opt out before receiving this pack. To get your money back, and to prevent further monies from being automatically deducted from your future pay, follow the instructions in the L&G pack within a month of the date that it is issued to you. Otherwise the money will not be refunded.

If you do opt out, you can re-join at a later date if you wish. If you do not re-join we will be required by law to re-enrol you back into the AGPPP approximately every three years, provided you continue to meet the eligibility criteria at that date.

Section 3.4 Costs and Benefits

3.4.1 How much will I get when I retire?

Legal and General 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 <https://www.gov.uk> or <https://www.moneyadvice.service.org.uk>

3.4.2 How will I know how much is in my pension pot?

You will receive a statement each year from Legal and General showing how much money has gone into your pension pot and how it's performing. You can make choices about how your pension pot is invested if you wish.

More information can be found at <https://www.legalandgeneral.com/acromasgpp> or alternatively <https://www.mypensionline.com/acromas>

Appendix 4: Information about the Acromas Group Personal Pension Plan

1. Further information about the Acromas Group Personal Pension Plan (AGPPP)

Further information on the AGPPP can be found on the AGPPP site at <https://www.mypensionline.com/acromas> or by going to <https://www.legalandgeneral.com/acromasgpp>

If you have any questions about the scheme, please contact Legal and General using the address below.

Legal and General Assurance Society Ltd,
Legal and General House,
Kingswood,
Tadworth,
Surrey,
KT20 6EU.

If you have any other queries, please contact the AE Pensions Advisor at autoenrolment@theAA.com

