PENSION POLICY

AUTO-ENROLMENT PENSION SCHEME

To help people save more for their retirement, the government requires employers to enrol their workers into a workplace pension scheme. This applies to those workers who:

- earn over £10,000 a year (£833 a month)
- are aged 22 or over; and
- are under State Pension age.

From 1st October 2014 YCL will operate an auto-enrolment pension scheme with the National Employment Savings Trust (NEST).

Contributions to this scheme are based on the ‘earnings’ of the worker each month and the percentage of this amount which is classed as ‘qualifying earnings’.

- A worker’s earnings are defined as the combination of standard basic annual salary together with any additional payments that may be due, such as overtime, ‘acting-up’ payments, SSP, SMP.

- The Pension Regulator defines qualifying earnings as the percentage of a worker’s gross annual earnings that fall between £5,772 and £41,865. The first £5,772 of their earnings is not included in the calculation.

Supply staff who are taken on with no guarantee of hours work but who may be offered work as and when required by YCL and who have the right to decline, do have earnings which may fall within the definition of qualifying earnings.

As a result the qualifying earnings of each employee may vary from month to month.

YCL will make employer contributions as follows:

1.10.2014 to 30.09.2017	1% of qualifying earnings above £5,772 pa
1.10.2017 to 30.09.2018	2% of qualifying earnings above £5,772 pa
1.10.2018 onwards	3% of qualifying earnings above £5,772 pa

Employer’s contributions are paid each month but are not shown on the Payslip. NEST will issue an annual statement to the employee that will confirm the payments made

Employees will make contributions as follows:

1.10.2014 to 30.09.2017	2% of qualifying earnings above £5,772 pa
1.10.2017 to 30.09.2018	5% of qualifying earnings above £5,772 pa
1.10.2018 onwards	8% of qualifying earnings above £5,772 pa

Employees may make higher contributions if they so wish.

Employee’s contributions are paid net of basic rate tax to NEST. Deductions paid on behalf of an employee are shown in the Payslip each month being paid out of net pay. NEST will collect the basic rate tax from the Inland Revenue for the benefit of the employee.

The company has arranged that the pension deductions for each month be paid to NEST from YCL’s bank account using Direct Debit at the end of each month.

Whilst staff are on Statutory Maternity Leave (SML), or Statutory Adoption Leave (SAL) or Statutory Paternity Leave (SPL), both employee and employer pension contributions will continue to be made based on the qualifying earnings.
Employer contributions and employee contributions will cease when staff are on any unpaid leave because their qualifying earnings are nil.
During a period of unpaid leave staff may make arrangements directly with NEST to continue making contributions from their own bank account.

For staff on long term sick leave, then YCL will make payments of the employer contribution and the employee contribution based on the qualifying earnings which are likely to be SSP, until the employee has their sickness benefit paid directly by the Benefits Agency (SAP) at which point the contributions will cease.

Staff must give 4 weeks written notice to the General Manager of any requests to amend or cancel any voluntary contributions.

The company has no obligation to provide financial advice to employees in respect of their auto-enrolment pensions.

Employees must notify NEST when they cease working for YCL.

Under current regulations all qualifying staff must be auto-enrolled into the NEST pension scheme every three years.

OPTING OUT

Staff who do not wish to remain in the NEST pension scheme will have opportunity to opt out once they have been auto-enrolled. This applies to new members of staff and also to existing staff who are auto-enrolled every three years.

For further information about NEST pensions please see: www.nestpensions.org.uk

STANDARD LIFE STAKEHOLDER PENSION SCHEME

Prior to the introduction of auto-enrolment during 2014, employees of YCL had the option to join the Stakeholder Pension Scheme provided by Standard Life. This scheme is now closed to new employees.

Contributions to this scheme are based on pensionable earnings, defined as the combination of standard basic annual salary of each member of staff together with any additional payments that may be due, such as overtime, 'acting-up' payments.

YCL currently pays an employer contribution of 2% of pensionable salary into the scheme on behalf of any member of staff who joined the Stakeholder Pension Scheme prior to July 2014.

Employer's contributions are paid each month but are not shown on the Payslip. Standard Life will continue to issue an annual statement to the employee that will confirm the payments made, although employees can track the progress of their pension fund on-line at any time.

Employees may continue to choose the level of contributions they make into the scheme which may be nil, a fixed monthly sum such as £10 per month, or a percentage of monthly salary such as 5% per month.

Employee contributions are paid net of basic rate tax to Standard Life. Deductions paid on behalf of an employee are shown in their Payslip each month being paid out of net pay. Standard Life will collect the basic rate tax from the Inland Revenue for the benefit of the employee.

A combined minimum contribution equivalent to 2% of salary must be made into each employee's Stakeholder Pension Policy.

The company has arranged that the pension contributions by both employer and employee for each month be collected by Standard Life from YCL's bank account using Direct Debit at the end of each month.

Whilst staff are on Statutory Maternity Leave (SML), or Statutory Adoption Leave (SAL) or Statutory Paternity Leave (SPL), both employee and employer pension contributions will continue to be made.
Employer contributions by YCL will be based on the pensionable salary prior to the start of the SML, SAL or SPL.
Employer contributions will cease when staff are on any unpaid leave.
Employees must decide whether they wish to continue their employee pension contributions at the same level as before their period of SML, SAL or SPL. They must notify Standard Life directly as well as informing YCL of their decision.
Employee contributions will cease when staff are on any unpaid leave.
During a period of unpaid leave staff may make arrangements directly with Standard Life to continue making contributions from their own bank account.

For staff on long term sick leave, then YCL will make payments of the employer contribution based on the pensionable salary prior to the period of illness, until the employee has their sickness benefit paid directly by the Benefits Agency (SAP) at which point the contributions will cease. During this period of time staff must decide whether they wish to continue with their employee contributions.

Employer contributions are reviewed annually for 1st April.

Staff can choose to increase the amount annually for 1st April. Staff must give 4 weeks written notice to the General Manager of any other requests to amend or cancel contributions. The amount contributed by the government in the form of tax relief increases / decreases correspondingly.

The company has no obligation to provide financial advice to employees in respect of their Stakeholder pensions but understand that Standard life will provide the advice.

Employees must notify Standard Life when they cease working for YCL.

FAQ's

Q: Can I stay in the Standard Life Stakeholder Pension Scheme and also stay in the NEST scheme?

A: Yes. However, as YCL will only contribute to one pension scheme, under auto-enrolment regulations YCL would need to contribute to the NEST scheme. This would mean that you would have to meet the minimum payment requirements of the Standard Life Stakeholder Scheme entirely yourself (currently 2% of salary).

Q: If I inform you that I want to opt out <u>before</u> I am auto-enrolled into the NEST pension scheme because I am a new member of staff or because it is 3 years since I was last auto-enrolled, can I avoid having any deductions from my salary?

A: No. Auto-enrolment regulations require that all staff who qualify MUST be auto-enrolled with effect from 1st October 2014. You can opt out immediately afterwards though and can be refunded the amount deducted within 10 days.

Q: I am younger than 22 - if I don't join the pension scheme now, what happens when I reach 22?

A: If you are earning more than the minimum (currently £10,000 a year, £833 a month) when you reach 22, you will be automatically enrolled into our workplace pension scheme. We will write to you again, nearer to your 22nd birthday, to give you all the information you need.

Q: If I am under 22 years, or over State Pension age (but under 75), or earn more than £5,772 (£481 a month) but not more than £10,000 a year (£787 a month) as of 1st October 2014 , can I still join the NEST scheme?

A: Yes. We will not be automatically enrolling you into the NEST pension scheme because you do not meet the criteria set by the government. However, you do have the right to join the NEST scheme if you want to. Both you and YCL would pay into it.

Q: If on 1st October 2014 I am under 75 and earn £5,772 or less a year (£481 or less a month), can I join the NEST scheme?

A: Yes. YCL will not be automatically enrolling you into the NEST pension scheme 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 NEST pension scheme.

Q: I don't earn more than £10,000 a year (£833 a month) - if I earn more in the future, what will happen?

A: If you start to earn more than £481 a month but not more than £833 a month, you will not be automatically enrolled but you will have the right to join the NEST scheme if you want to.