



Information  
for employers

# The essential guide to talking about DC pensions with your workers

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The Pensions  
Regulator

# Introduction

Employers in the UK are now required by law to automatically enrol certain workers into a pension scheme. Whether you are choosing a new pension scheme or adapting an existing one you will need to give your workers certain information.

Workers must be told that they have been automatically enrolled into a pension scheme, or that they have the right to join it if they wish. You may not have spoken to your workforce about pensions before.

This guide sets out what help and guidance you can give your workers about pensions. It will explain:

- what information and guidance you can give your workers about pensions
- that there are rules against providing your workers with financial advice
- sources of help and information on pensions for you and your workers.

You can help your workers understand your pension arrangements. This may help them when making decisions about their pension. This guide focuses on things you may wish to do, often at little or no cost.

Some of the words and expressions used in connection with pensions can be confusing, so this guide includes a jargon buster on page 13.

## At a glance

As long as the information you provide doesn't deliberately exclude anything that might be relevant, you can give your workers the facts about the scheme and pensions in general.

Tell them:

- how much money they and you pay into the scheme
- how the investments have performed
- how much of this money has been used to pay any charges
- how investments, contributions and charges can increase or decrease the value of their pension

If you haven't yet picked a DC pension scheme for your workers, please read our essential guide to choosing a good quality DC scheme at [www.tpr.gov.uk/scheme](http://www.tpr.gov.uk/scheme).

Use the frequently asked questions in this guide to address pension issues that your workers may raise.

# Frequently asked questions

## Why should I give my workers information about pensions?

You could benefit from giving information about pensions to your workers. In addition to any information you choose to give your workers, automatic enrolment law requires you to provide some specific information in writing and within certain time limits. Find out more about these laws at [www.tpr.gov.uk/resource-info](http://www.tpr.gov.uk/resource-info). Potential benefits include:

- workers recognising the value of the scheme as part of the employment package you offer
- workers having a better understanding of pensions, which will lead to better retirement planning on their part
- workers having a better understanding of how their decisions – like how much to pay in, how to invest it and how to take a pension at retirement – will affect the income they receive at retirement
- avoiding problems arising in the future as a result of misunderstandings now.

## What can I tell my workers about my pension scheme?

In addition to the information in the 'At a glance' section, you can also:

- give them documents that relate to the scheme, such as an annual report, or the booklet that scheme trustees provide to their members
- give information about the tax relief that they may be able to receive. This can mean that an extra 20% of the worker's contribution is paid by the Government. Additional tax relief may be available for workers who pay more than the basic rate of tax. For more information on tax relief available, visit [www.hmrc.gov.uk/incometax/relief-pension.htm](http://www.hmrc.gov.uk/incometax/relief-pension.htm)
- refer them to the information available from the Government at [www.gov.uk/browse/working/workplace-personal-pensions](http://www.gov.uk/browse/working/workplace-personal-pensions)
- refer them to The Pensions Advisory Service (TPAS) or the Money Advice Service (see page 10)
- suggest they speak to a financial adviser authorised by the Financial Conduct Authority (FCA).

You should be careful not to present information in a way that persuades or incites workers to take a particular course of action, or give advice on tax or the benefits of taking a particular action.

## What can I tell my workers if they ask me whether it is a good idea for them to join or leave a pension scheme?

You must not tell your workers whether or not it's a good idea. It is illegal for you to encourage your workers to leave a scheme that you have automatically enrolled them into. However, in addition to the information in the 'At a glance' section, you can also:

- tell them that if they choose to leave your scheme they will not benefit from your employer pension contributions anymore
- point out that they normally receive tax relief on their contributions (see page 5)
- organise a presentation about the scheme – either from your trustee, pension provider, TPAS or the National Association of Pension Funds (NAPF). See 'Sources of help' on page 11.

Whether or not it's best for a worker to stay in your scheme will depend on their personal situation. However, for many it will often be in their interest to remain in the scheme

Information for workers on getting the most from their pension fund and managing their money in retirement is available from the Money Advice Service at [www.moneyadviceservice.org.uk/en/categories/pensions-and-retirement](http://www.moneyadviceservice.org.uk/en/categories/pensions-and-retirement).

## How can I make sure that I am not breaking rules on giving financial advice?

If you are doing more than providing factual or educational information you may be considered to be providing advice. This should only be done by a financial adviser authorised by the FCA.

You should focus on giving the facts and passing on information provided by your pension provider or trustee.

## Do I need any kind of authorisation or approval before I can offer membership of my pension scheme to my workers?

No. You only need to be authorised by the FCA if you're going to give financial advice.

## How far can I go in encouraging my staff to join my scheme?

You can do the following:

- Give your workers the facts on the pension scheme you offer
- Pass on any materials from the pension provider or trustee that are aimed at potential new members
- Pay a financial adviser to give your workers information and advice (this cost cannot be passed onto your workers)
- Arrange presentations for staff or have open sessions for members with questions about their scheme. If you do this, you must ensure that you don't receive any direct financial benefit for promoting the scheme. If you hire someone to promote your scheme for you, you will need to tell your workers in writing what that person will be paid for doing so.

### Providing your workers with access to financial advice

It may help your staff if you arrange for a financial adviser to speak with them. This can be cheaper when arranged for more than one member of staff. You can usually claim the cost of financial advice as a business expense if that advice is provided for the purposes of your business. Currently, you can provide £150 of pensions advice per worker before it is classified as benefit-in-kind for tax purposes.

See page 11 for details of how to find a financial adviser.

## How can I help my workers when they ask me which investment funds to choose for their pension?

You can do the following:

- Give your workers details of default investment funds and descriptions of any other fund choices available. Make sure that this information includes the charges that apply
- Point them to information available from the Money Advice Service or TPAS
- Suggest that workers consider seeing an authorised financial adviser.

A scheme used for automatic enrolment has to provide a default investment fund. Your pension provider or trustee will give you information about this which you can pass to your workers.

For more about investment choices, see [www.pensionsadvisoryservice.org.uk/my-pension/online-planners](http://www.pensionsadvisoryservice.org.uk/my-pension/online-planners) or [www.moneyadvice.service.org.uk/en/articles/pension-investment-options-an-overview](http://www.moneyadvice.service.org.uk/en/articles/pension-investment-options-an-overview).

## What about other financial queries?

Workers might ask:

- whether it would be best to increase their mortgage repayments to pay it off earlier, rather than paying into their pension
- whether they should top up their occupational pension with a stakeholder or personal pension, or by paying additional voluntary contributions
- whether they should transfer from another scheme to your scheme
- how much they should contribute to the pension scheme to get an adequate income when they retire or
- whether they should reduce or suspend their contributions.

These decisions are for the worker to make based on their own financial circumstances and you should not provide them with advice on these issues.

You should give your workers factual information to help them to make properly informed choices. This is set out in the 'At a glance' section.



## What can I say if a worker asks me how much the scheme costs?

You can do the following:

- Ask your pension provider or trustee to demonstrate how the costs and charges are value for money. This might include a summary of the scheme's features, including a statement on the scheme's objectives and other information on costs and charges
- Tell the worker about the contributions paid by them, and by you as the employer, and the types of tax relief which are generally available
- Pass on information about what the scheme charges are and how these are paid. All of this information should be available from the pension provider or trustee.

## What could I be doing when workers approach retirement?

When a worker approaches retirement they have to make important decisions. The scheme trustee or pension provider must provide them with certain information. This must include confirmation that they can buy an annuity (which normally pays them an income for the rest of their life) from the insurance company of their choice and they don't have to take the one offered by the scheme. This is called the 'open-market option'. However, there are other options that the worker will need to consider about how they want to use their retirement savings, and they may have funds in other pension schemes that they could take into account.

To help, you can:

- arrange a group presentation to tell workers about their retirement options
- encourage them to shop around different providers to get different quotes if they choose to buy an annuity
- provide a copy of **Your pension – it's time to choose** from [www.moneyadviceservice.org.uk/en/articles/free-printed-guides#pensions-and-retirement](http://www.moneyadviceservice.org.uk/en/articles/free-printed-guides#pensions-and-retirement)
- encourage workers to see an authorised financial adviser or provide them with access to one.

For more on retirement choices, including help to compare annuities go to Money Advice Service at [www.moneyadviceservice.org.uk/en/categories/retirement](http://www.moneyadviceservice.org.uk/en/categories/retirement).

## What kinds of things can I say if a worker asks me how safe their money is in the pension scheme?

If your scheme is an occupational scheme you can:

- ask the trustees, pension provider or adviser to explain the protections applicable to your scheme
- explain that the scheme has trustees to look after it and that these normally include people nominated by the scheme members, and
- mention that the scheme may be protected by the Fraud Compensation Fund or the Financial Services Compensation Scheme (FSCS).

If your scheme is a group personal pension scheme or stakeholder scheme, you should explain that the pension provider is authorised and regulated. This means that it must have proper controls in place, to manage your workers' money.

## Who regulates my pension scheme?

This depends on what type of pension scheme you have.

Trust-based occupational pension schemes are regulated by The Pensions Regulator.

Group personal pension schemes and stakeholder pension schemes are regulated jointly by The Pensions Regulator, the FCA and the Prudential Regulation Authority (PRA).

# Sources of help

## for you and your workers

You and your workers can get help and advice from the following.

### Your scheme trustees, administrator or pension provider

You'll have their contact details in your scheme literature.

### Gov.uk

The government's public information website provides information on workplace pensions at [www.gov.uk/browse/working/workplace-personal-pensions](http://www.gov.uk/browse/working/workplace-personal-pensions).

### Money Advice Service

The Money Advice Service provides help for people considering obtaining financial advice ([www.moneyadviceservice.org.uk/en/videos/when-and-where-to-get-pensions-help-and-advice-video](http://www.moneyadviceservice.org.uk/en/videos/when-and-where-to-get-pensions-help-and-advice-video)).

Independent financial advisers can be found by using the retirement adviser directory at <https://directory.moneyadviceservice.org.uk/en>

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)  
0300 500 5000

### The Pensions Advisory Service

TPAS is an independent non-profit organisation that provides free information, advice and guidance on pensions, including state, company, personal and stakeholder schemes. They also help any member of the public who has a problem, complaint or dispute with their occupational or private pension arrangement. They do not deal with problems, complaints or disputes relating to state pensions. Their service is free and independent.

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)  
0845 601 2923

## The Pensions Regulator

We are the regulator of work-based pension schemes in the UK. We have guidance for employers on our website at [www.tpr.gov.uk/employers](http://www.tpr.gov.uk/employers).

To help you select a good pension scheme, we have produced tools for you at [www.tpr.gov.uk/scheme](http://www.tpr.gov.uk/scheme).

## Pensions Force

This is an information service provided by the NAPF. This service provides a number of ways to help workers improve their understanding of pensions, including workplace presentations, normally free of charge, aimed at helping workers plan and save for their retirement.

[www.pensionsforce.co.uk](http://www.pensionsforce.co.uk)  
0207 601 1716

## Financial Conduct Authority/Prudential Regulation Authority

The FCA is an independent body set up with the aim of ensuring the integrity of the provision of financial advice or services.

[www.fca.org.uk](http://www.fca.org.uk)

The PRA is responsible for the regulation of banks, building societies, credit unions, insurers and major investment firms.

[www.bankofengland.co.uk/pr](http://www.bankofengland.co.uk/pr)

# Jargon buster

## Helping to make sense of pensions

### **Additional voluntary contributions**

Extra contributions that a worker pays into a pension scheme to boost their pension.

### **Adviser charging**

Deductions from a pension scheme to pay for the cost of advice to workers in connection with the pension scheme.

### **Annuity**

An annuity uses a member's pension fund to provide an income when they retire.

### **Automatic enrolment**

Employers must automatically enrol certain workers into a qualifying pension scheme and make contributions towards it. These duties are staggered by employer size in stages and commenced in 2012, starting with the largest employers, and will continue for five years, gradually staging medium employers and then the smaller employers.

### **Commission**

A payment by a pension provider to an adviser for recommending a pension scheme.

### **Consultancy charging**

Deductions from a pension scheme to pay for the cost of advice or services provided to an employer in connection with the pension scheme.

### **Default fund**

The investment fund(s) that contributions will be invested in by a defined contribution pension scheme if a member does not choose another fund.

### **Defined benefit (DB) scheme**

A pension scheme where the benefits the member receives are linked to some form of certainty (for example, a member's salary and/or length of service), ie the benefits are 'defined'. This is sometimes called a final salary scheme.

### **Defined contribution (DC) scheme**

A pension scheme where there is only certainty on the contributions paid into the scheme. How much the member gets when they retire depends on how much is paid in, how much the charges are, how well the investments do, and the choices they make when they retire. This is also called a money purchase scheme and may be a personal or stakeholder pension or an occupational pension scheme.

**Group personal pension scheme**

A group personal pension scheme (GPP) is a collection of individual personal pensions. Both the employer and the workers can contribute into GPPs and they are also called contract-based schemes or work-based personal pensions.

**Trust-based occupational pension scheme**

A pension scheme run under a trust by a trustee, which is set up by an employer. These may be either DC or DB schemes. There are some occupational trust-based pension schemes which are open to any employer (they do not have to be in the same corporate group) or to employers within certain industries – these are sometimes called master trusts.

**Open-market option**

The right a member of a DC scheme has to shop around at retirement to choose which pension company they buy their annuity from.

**Pension provider**

An organisation which may run a personal pension scheme (including stakeholder schemes). Pension providers are usually insurance companies but may also be firms such as investment managers or banks.

**Personal pension**

A DC pensions policy between an individual person and a pension provider.

**Staging date**

The automatic enrolment requirement on employers is being introduced over five years, which started with the largest employers in 2012. The date when the law is 'switched on' for your business is known as your 'staging date'. You can find your company's staging date at [www.tpr.gov.uk/staging](http://www.tpr.gov.uk/staging).

**Stakeholder pension**

A type of personal pension where the maximum charges are limited by law.

**Worker**

A worker or someone who has a contract to perform work or services personally, that is not undertaking the work as part of their own business. Please also see the employer guidance at [www.tpr.gov.uk/docs/detailed-guidance-1.pdf](http://www.tpr.gov.uk/docs/detailed-guidance-1.pdf).

## How to contact us

### **The Pensions Regulator**

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

[www.tpr.gov.uk](http://www.tpr.gov.uk)

### **Pension scheme regulation enquiries**

T 0845 600 0707

E [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

### **Automatic enrolment enquiries**

T 0845 600 1011

E [customersupport@autoenrol.tpr.gov.uk](mailto:customersupport@autoenrol.tpr.gov.uk)

### **Reporting a concern**

T 0845 600 7060

E [wb@tpr.gov.uk](mailto:wb@tpr.gov.uk)

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