

Draft Order laid before Parliament under section 143(4) and (5)(c) of the Pensions Act 2008, for approval by a resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2020 No. 000

PENSIONS

The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2020

Made - - - -

Coming into force - -

6th April 2020

The Secretary of State for Work and Pensions has considered whether any of the amounts in sections 3(1)(c), 5(1)(c) and 13(1)(a) and (b) of the Pensions Act 2008(a) should be increased or decreased, as required by section 14(1) of that Act(b).

A draft of this Order was laid before Parliament in accordance with section 143(4) and (5)(c) of that Act(c) and approved by a resolution of each House of Parliament.

The Secretary of State for Work and Pensions makes the following Order in exercise of the powers conferred by sections 14(2), 15A(1) and 144(4) of that Act(d).

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2020.

(2) This Order comes into force on 6th April 2020.

(3) In this Order, “the Act” means the Pensions Act 2008.

Increase of amount

2. In section 13(1) of the Act, (which deals with qualifying earnings and the amounts constituting the lower and upper thresholds of the qualifying earnings band), in paragraph (a), for “£6,136” substitute “£6,240”.

(a) 2008 c. 30. Sections 3(1) and 5(1) were substituted by section 5(1) and (3) respectively of the Pensions Act 2011 (c. 19) (“the 2011 Act”). Relevant amendments were made by S.I. 2012/1506, 2013/667 and 2014/623. Section 13(1) was amended by S.I. 2012/1506, 2013/667, 2014/623, 2015/468, 2016/435, 2017/394, 2018/367 and 2019/374.

(b) Section 14 was substituted by section 8(1) of the 2011 Act.

(c) Section 143(5)(c) was amended by section 8(3) of the 2011 Act.

(d) Section 15A was inserted by section 9 of the 2011 Act.

Rounded figures

3. For the purposes of sections 3(6B), 5(7B) and 13(2) of the Act a pay reference period referred to in an entry in column 1 of the table—

- (a) the amount of a jobholder’s earnings which triggers the automatic enrolment, or as the case may be, the automatic re-enrolment of the jobholder pursuant to sections 3 and 5 respectively of the Act, is the rounded figure(a) in the corresponding entry in column 2 of the table;
- (b) the lower amount of qualifying earnings (see section 13(1)(a) of the Act), is the rounded figure in the corresponding entry in column 3 of the table(b);
- (c) the upper amount of qualifying earnings (see section 13(1)(b) of the Act), is the rounded figure in the corresponding entry in column 4 of the table(c).

Table

<i>Column 1</i> <i>Pay Reference Period</i>	<i>Column 2</i> <i>Automatic enrolment and automatic re-enrolment earnings trigger: rounded figure</i>	<i>Column 3</i> <i>Lower amount of qualifying earnings: rounded figure</i>	<i>Column 4</i> <i>Upper amount of qualifying earnings: rounded figure</i>
1 week	£192	£120	£962
2 weeks	£384	£240	£1,924
4 weeks	£768	£480	£3,847
1 month	£833	£520	£4,167
3 months	£2,499	£1,560	£12,500
6 months	£4,998	£3,120	£25,000

Revocation

4. Articles 2(a) and 3 of the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2019(d) are revoked.

Signed by authority of the Secretary of State for Work and Pensions

Date

Name
Parliamentary Under Secretary of State
Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes provision under sections 14 and 15A of the Pensions Act 2008 (c. 30) (“the Act”).

For the purposes of the Act, a jobholder who earns qualifying earnings of a specified amount is automatically enrolled or, as the case may be, re-enrolled into a pension scheme. The figures which “trigger” automatic enrolment or re-enrolment for pay reference periods of less than 12

(a) See sections 3(6B), 5(7B) and 15A of the 2008 Act. Sections 3(6B) and 5(7B) were inserted by section 5(2) and (4) respectively of the 2011 Act and deal with pay reference periods of less, or more, than 12 months. Section 15A provides for the specification of rounded figures in respect of specified pay reference periods.

(b) See section 13(2) and 15A of the 2008 Act. Section 13(2) deals with pay reference periods of less, or more, than 12 months in connection with the amounts constituting the lower and upper amounts of the qualifying earnings band.

(c) See footnote (b) relating to article 3(b).

(d) S.I. 2019/374.

months can be found in article 3 of this Order. Once in the scheme, the pension contributions of such a jobholder are calculated by reference to qualifying earnings.

Section 13 of the Act provides that a person's qualifying earnings are earnings of more than the amount specified in subsection (1)(a) of that section but not more than the amount specified in subsection (1)(b) of that section. Article 2 increases the amount referred to in section 13(1)(a). The amount in section 13(1)(b) remains at £50,000 as provided for in article 2(b) of the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2019 (S.I. 2019/374).

The amounts specified in sections 3(1)(c), 5(1)(c) and 13(1) of the Act are in relation to a pay reference period of 12 months. Sections 3(6B), 5(7B) and 13(2) provide that, where a pay reference period is less or more than 12 months, the amounts specified in sections 3(1)(c), 5(1)(c) and 13(1) apply as if they were proportionately less or more. Article 3 prescribes rounded figures in respect of pay reference periods of less than 12 months for the purposes of sections 3(6B), 5(7B) and 13(2). Rounding caters for different types of worker and for pay periods other than 12 months used by employers and enables the pay reference period to be tailored to their specific circumstances.

Article 4 revokes articles 2(a) and 3 of the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2019.

A full impact assessment has not been produced for this instrument. The Secretary of State has considered the impact of the various options for each of the thresholds and an analysis of the volumes and costs was published on 27th February 2020 and is available electronically at <https://www.gov.uk/government/publications>. Paper copies can be obtained from the Department for Work and Pensions, First Floor, Caxton House, Tothill Street, London SW1H 9NA.

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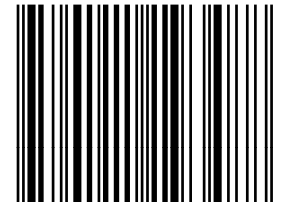
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