
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 revised figures which “trigger” automatic enrolment or re-enrolment 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 amounts referred to in section 13(1)(a) and (b).

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 the Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order 2018 (S.I. 2018/367).

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 4th December 2018 and is available electronically at <https://www.gov.uk/government/publications/automatic-enrolment-review-of-the-earnings-trigger-and-qualifying-earnings-band-for-201920>.