

Frequently Asked Questions – Pension Auto-enrolment

What is auto-enrolment?

Under UK Government legislation, all employees must automatically be enrolled into a suitable company pension scheme. This is known as auto-enrolment. When automatically enrolled, both you and PayPal will start paying pension contributions, and you will begin to build up savings that will be used to provide you with a pension when you retire.

Why is auto-enrolment needed?

Although the majority of our employees are members of the PayPal pension Plan, over 7 million people in the UK do not have any retirement savings at all. The aim of auto-enrolment is to make sure that, in future, employees retire with a pension income in addition to State benefits. The Government wants to make it as simple as possible for employees to save money for their retirement.

What if I do not meet the criteria to be enrolled?

If you do not meet the criteria to be automatically enrolled, you can choose to opt in. If you do not choose to join and then meet the criteria in future you will be automatically enrolled at that time.

What type of pension scheme will I be enrolled into?

Employees will be enrolled into the PayPal UK Pension Plan. This is a Group Personal Pension Plan operated by Scottish Widows (formerly Zurich).

What the the contribution options?

Please reference the table below.

Your Contribution	PayPal Contribution	Total Contribution
1%	2%	3%
2%	3%	5%
3%	4.5%	7.5%
4%*	6%*	10%
5%	7.5%	12.5%
6% or more	9%	15% or more

* Default rate for employees being auto-enrolled on **1st April 2019**

I am paying into a personal pension already, what should I do?

It is possible to be in the PayPal Plan and pay in to your own separate personal pension, so you could choose to pay into both, or you might choose to continue with just one of them.

If you contribute to the PayPal Plan, you will receive a contribution from PayPal that you will not receive if you only contribute to your own personal pension.

If you are considering what to do and need more help, The Pensions Advisory Service might be a good place to start. The Pensions Advisory Service is an independent voluntary organisation which provides free information about pensions.

Further details can be found at the website: www.pensionsadvisoryservice.org.uk.

What if I cannot afford the contributions required?

For many people, paying into a company pension scheme is a good idea - even if you have other financial commitments. This is because you are not the only one putting money in, PayPal contributes too.

In addition, you receive tax relief on the contributions you make (subject to certain maximum contribution limits) and this goes into your pension instead.

Over time, this money adds up and can grow, although you should remember that any of your defined contribution pension investments can go down as well as up, and what you might get back is not guaranteed.

I am only in my 20s; do I need to start saving for my pension yet?

It may seem early to start planning for later life, but remember you could have twenty years or more of retirement for when you will need an income. A pension is just one of a number of ways of providing retirement savings and you should make sure that the pension option is considered alongside the alternatives available.

Usually, the younger you are when you start paying into a pension the better. The money will be invested for longer and has more time to grow. You should always remember, however, that any of your defined contribution pension investments can go down as well as up and what you might get back is not guaranteed.

I am in my 50s; is it too late to start saving?

Being in a company pension scheme may be worth considering, even if you think you are too old. Unless your retirement really is just a few weeks away, there is still time to build up some money.

The earlier you start putting money into your pension and the more you and your employer put in, the more money you are likely to have at the end, although how much this might be is not guaranteed.

Unlike other ways of saving, being in a company pension scheme means you are not the only one putting money in.

In addition, you receive tax relief on the contributions you make (subject to certain maximum contribution limits) and this goes into your pension.

You should think about all of the options available to you, to ensure you choose the options that are best for you.

Can I opt out before I have been automatically enrolled?

No. You can only opt out once you have been enrolled. You will receive a letter confirming that you have been enrolled and it will provide information on how you can opt out and what the deadline is for doing so.

What should I do if I have Lifetime Allowance “Protection”

The HMRC sets a pension “Lifetime Allowance” (of £1 million as at April 2019). Most people won't have pension savings worth this much, but if you do you'll have to pay the lifetime allowance tax charge on the excess unless you have some form of lifetime allowance protection.

Where I can get more information?

Further information can be found in a number of places:

- Information on **auto-enrolment** can also be found on <https://www.gov.uk/workplacepensions>
- Information on the **PayPal Pension plan** can be found on the [Retirement](#) pages of the bridge, or by visiting the Scottish Widows website <https://www.scottishwidows.co.uk/save/paypal/>
- Information on the **State Pension** is available on <https://www.gov.uk/state-pension-statement>

Please be aware that PayPal and Scottish Widows are not allowed to provide you with financial advice. If you need further assistance, we recommend that you obtain independent financial advice. If you do not have an independent financial adviser, you can find one on www.unbiased.co.uk
