

**Welcome to your October newsletter. Auto-enrolment is finally kicking off and this month will see the largest employers automatically enrol their workers into a qualifying pension scheme. Do you and your employees know about the big changes that are happening?**

Meanwhile, as new employee regulations are typically brought in twice a year, October also sees a rise in the national minimum wage. Elsewhere, we touch upon the Government's initial announcement of a new state backed business bank as a solution to SMEs struggling to access finance. Finally, in Your Money, we explore why auto-enrolment is just one of many issues altering the pension landscape; other imminent changes to the state pension and child benefit may prompt you to review your retirement and pension plans.

## Auto-enrolment begins

1 October sees the first round of eligible employees automatically enrolled into a workplace pension scheme, as employers with more than 120,000 in their PAYE scheme are required to auto-enrol. These larger employers will have been working hard to put provisions in place for the change, but with smaller businesses gradually following suit, what is your business doing to prepare for the new legislation?

As an employer, it is your duty to provide workers with information about the forthcoming changes, yet according to research, up to 10 million workers – around 52 per cent of the UK's working population – are unaware of the new rules which will see both the employer and employee contributing towards a pension.

It's important to be up to speed on your duties as an employer regarding auto-enrolment, put provisions in place, and inform your staff about what is happening, or you could risk significant penalties.



**We can help you with your auto-enrolment duties and communicate with employees.**

## Minimum wage

The Low Pay Commission - the independent advisory body to the Government - reviews the national minimum wage according to inflation on an annual basis. The rates that come into force from 1 October 2012 are:

- The adult rate for workers aged 21 and above will rise 11p from £6.08 to £6.19 per hour
- The development rate for workers aged 18-20 will stay the same at £4.98 to per hour
- The 16-17 year olds rate will stay the same at £3.68 per hour
- The apprentice rate will rise by 5p from £2.60 to £2.65 per hour.

**We can help with employee issues and PAYE. Please talk to us to find out more.**



## A new Business Bank for small and medium sized businesses

The Government has launched various finance schemes in the last couple of years aiming to tackle the ongoing difficulties small businesses face when accessing finance. Last month, it announced a new £1 billion Government-backed business bank to bring together the raft of existing finance schemes, create a single port of call for information and advice, 'shake-up the market' and boost lending to small businesses, in a move that it hopes could attract up to £10 billion extra lending capital from private sector investors.

Although the scale and timing of the plans are still under discussion, the Government has indicated that the new bank will operate through existing lenders and facilitate long-term lending, possibly loans and other long-term finance with a maturity of up to ten years. High growth companies such as manufacturers and exporters will be the bank's main targets and it aims to be open for business within the next 18 months.

Although business groups have welcomed the plans, they have also speculated that the new bank will only replace schemes such as the Funding for Lending Scheme, Enterprise Capital Funds and the Enterprise Finance Guarantee scheme, and offer nothing new. Others were keen to highlight that a rebranding would not be enough to help Britain's struggling SMEs and that increased backing would be needed.

Full details are expected to be unveiled at the Autumn Statement which has now been confirmed to take place on 5 December 2012.



We would be pleased to advise regarding your business finance options.

## Your money

### The big pensions shake-up – is it time for a review?

Planning for retirement is always important, but with big changes happening this month regarding pensions in the UK, and more possibly afoot in the future, now is a particularly good time to consider or review your retirement plans.

#### What's happening?

- Auto-enrolment of employees into a pension scheme will begin for employers with more than 120,000 people in their PAYE scheme from 1 October 2012, and you may want to consider how this may affect your household's pension income. Auto-enrolment could be into a qualifying pension scheme chosen by the employer or into the default National Employment Savings Trust (NEST) which is backed by the Government. Alternatively, you could choose to opt out of auto-enrolment and invest in your own personal pension fund, but which is the best option for you? For instance, choosing a personal pension may allow you to make your own decisions about where your pension pot is invested. It could be beneficial to discuss these options with those affected.

- Will a new single tier state pension affect your income? Research from the Department of Work and Pensions (DWP) in August revealed that British pensioners receive anything from £7 to £230 a week in state pensions. The research also heightened the case for the introduction of a new single tier pensions system next year, which would take the state pension to £140 a week; a boost for some, but a loss for others. Relying on your state pension is usually not enough, and underestimating your final pension could affect your quality of life in retirement, meaning prudent pension planning is vital.
- Other recent research reveals that higher rate taxpayers may channel more money into their pension savings in an attempt to avoid losing out on child benefit payments when new rules come into force next year. The benefit will gradually be withdrawn from households where individuals earn more than £50,000, with a one per cent income tax charge of the benefit amount applied for every £100 over this income level. Depending on your earnings, some households may have their benefit cut altogether. In some cases putting more into a pension pot could be beneficial, but it's always best to seek advice.



Retirement planning is complex and will depend on your personal circumstances. Please speak to us for professional advice.

### October's Money Facts

Current bank rate	0.5%
Quantitative Easing Scheme	£375 billion
Current inflation	2.5%