



Your company pension scheme: the questions answered

Offering my employees a pension. What's in it for me?

- Pension and retirement. Words that conjure up thoughts of finishing work and hopefully enjoying a long and fulfilling part of your life, which for many is something that feels a lifetime away. But the reality, is that even though there may be many years between the here and now and then, it has never been more important for employees to start saving into a pension early, not just for the individual, but the employer too.
- Most people reading this article will be aware of auto enrolment, which was introduced by the government back in 2012. In a nutshell it is legislation put in place which means that all employers must offer a workplace pension scheme and enrol eligible employees into it. By February of this year, all employers, including those with even just one employee should have signed up. Simple? Yes and no. While there are certain criteria that employees must meet in order to be eligible, it becomes an altogether more complex matter when it comes to the maritime industry, and this is something that the Ensign Retirement Plan is working with the Department for Work and Pensions to help explore.
- For now though, it is still crucial that employers try to grasp some understanding of pensions, such as the need to provide a pension, and the need to help your employees engage and not opt out of what is a critical opportunity to really help shape their financial future. Historically many maritime employees have benefited from being part of the defined benefit Merchant Navy Officers Pensions Fund (MNOF) and so didn't need to think too much about their pensions. This is no longer the case and the need for individuals to take more financial responsibility combined with the auto enrolment legislation has changed this and we all need to sit up and take notice of the changes already underway.
- A pension is a core part of any benefits package and by expressing to employees that you are investing into their pension shows that you care about their future savings. This will enable you to engage with your employee, gain employee retention and at the same time, help attract new talent.

Why do your employees need a pension?

- There are two main reasons. From a legal perspective all employers must comply with auto enrolment legislation put in place in 2012, which means employees must be offered a workplace pension. Your employee needs a pension because at some point they will reach retirement age and need to be able to support themselves financially. While people may be entitled to the State Pension, whether it offers enough for a person to comfortably live on is a different story. It is widely agreed that it will be wholly inadequate. There is also no guarantee of what may become of the State Pension in twenty or thirty years' time. Far better to help and encourage your employee to build a workplace pension that will help guarantee a much better quality of life in the future, than leaving them to rely solely on the state.



What benefits does a pension offer your employees?

- It could be argued that the term pension is somewhat redundant nowadays, because what a pension now offers is much more than the perception many people have. Quite simply, for UK taxpayers, it is the best later life savings vehicle we have available to us in the UK. The type of pension that is offered by employers to employees has one key benefit over and above all other savings vehicles, and that is the way that contribution into it works – for there are three lots of contributions making their way into the pot: Yours, your employees, and the governments via tax relief.

What benefits does offering a pension give you as an employer?

- The face of retirement is changing. Many, many people work for much longer than they ever did, and not just because the compulsory age to retire was removed back in 2011. While many people carry on working because they enjoy it, many only continue to work because they have not prepared properly financially, and because the rising state retirement age impacts when they will be able to access their State Pension. All of these factors contribute to having an increasingly ageing workforce, which in some cases can be a risk for individual companies. This is one area that can be managed through offering a good workplace pension.
- A pension is an integral and highly valuable part of an overall compensation package. It not only helps attract good people to the workforce, it can help retain them. A financially prepared workforce tends to be a happier one, as they will not be as concerned about their future financial situation and be more focused on the job in hand as a result. Employers do, however have a large role to play in helping to educate and engage their employees about the need to save for their retirement and not opt out of the benefits they will get from being part of their workplace pension. In turn, as employees will be more financially ready to retire, the employer will be able to ensure an age diverse workforce is in place to manage its business successfully into the future.

Offering a good pension, that is well communicated, is a significant benefit to any business. Yes there are a lot of factors to consider when it comes to what you choose to offer your employees but there is also a lot of support out there to help you through the process. By investing in your people, and helping them save for their future, you are helping to create a happy and secure workforce, which in turn is an investment in your own company's success.