



Your pension eligibility

If you are someone who works under a contract of employment and receives money for the work you've carried out, then you are classified as a 'worker'. This classification is important in determining, amongst other things, your eligibility to be enrolled into your employers workplace pension, and the contributions that will be made. In 2012, a government initiative was put in place to help more people save for their retirement. This is called automatic enrolment and it requires employers to enrol their eligible workers into a pension scheme automatically.

For the purpose of automatic enrolment, 'workers', are put into three different categories. Your employer will decide which of these you fall into based on the criteria specified by The Pension Regulator, which we've outlined below. Once you've been categorised as one type of 'worker', that doesn't mean you will stay in this category forever— you can move through the categories, and back again, based on your age and earnings.

1. Eligible Jobholders

You'll be assessed as an Eligible Jobholder if you are:

- Aged at least 22 but under state pension age;
- Working or ordinarily work in the UK under your contract;
- And earning £833 or above (£10,000 a year)

In this scenario, your employer is legally required to automatically enrol you into a pension scheme, and make contributions to your pension pot. You should receive information from your employer explaining what automatic enrolment means, which scheme you have become a member of and your right to opt-out of the pension scheme should you wish. It will also tell you what your, and your employers, [contributions](#) should be. More recently, this category has also been referred to as a Type 1 employee.

2. Non-eligible Jobholders

You'll be assessed as a Non-Eligible Jobholder if you are:

- Aged between 16 and 74;
- Working or ordinarily work in the UK under your contract;
- And earning between £520 and £833 a month (£6,240 to £10,000 a year)

or

- Are aged between 16 and 21, or state pension age and 74;
- Are working or ordinarily work in the UK under your contract;
- And earning above £833 a month (£10,000 a year)

In this case, your employer *is not* legally required to automatically enrol you into a scheme, but you can choose to 'opt-in' to one if you would like. Again, the choice is yours and yours alone. Just like Eligible Jobholders, you and your employer will [contribute](#) to your pension pot. Most workers in this category are eligible for [tax relief](#) from the government. Your employer will be able to advise you if you aren't, and why. More recently this category has been referred to as Type 2 employees.

3. Entitled Workers

You'll be assessed as an Entitled Worker if you are:

- Aged between 16 and 74;
- Working or ordinarily work in the UK under your contract;
- And earning less than £520 a month

Entitled workers are another Type 2 employee and just like Non-Eligible jobholders, your employer isn't legally required to automatically enrol you into a pension scheme, but you have the right to join one if you want to. If you fall into this category, your employer has no obligation to make any contributions to your pension pot. Sometimes your employer will choose to contribute and this should be clear on your assessment letter. Most workers in this category are eligible for tax relief from the government (even though their income is below the income tax bracket, and so they don't actually pay any tax) and this goes into your pension pot.

For further information:

- [Your contributions](#) – Understanding yours, your employers, and the governments contributions to your pension.
- [The advantages of saving into a pension](#) – Why should you be saving into a pension?
- [Tax relief](#) – What is it, and how does it affect your pension contributions?