

Review of the Automatic Enrolment Earnings Trigger and Qualifying Earnings Band for 2026/27

Background

Automatic enrolment (AE) obliges all employers to enrol all eligible workers into a qualifying workplace pension, provided that they ordinarily work in Great Britain and satisfy the age and earnings criteria.

The AE earnings trigger determines who is eligible to be automatically enrolled into a workplace pension by their employer based on how much they earn. There is also a qualifying earnings band in respect of which contributions are made – the band is defined by the lower earnings limit (LEL) and the upper earnings limit (UEL). The LEL is also relevant to defining who falls into the category of ‘non-eligible jobholders’. People in this group can opt-in to their employer’s workplace pension and will receive a mandatory employer contribution if they earn between the LEL and the earnings trigger.

The earnings trigger and the LEL and UEL are often jointly referred to as the AE earnings thresholds. They are set in legislation and reviewed annually. It is a statutory requirement that the Secretary of State reviews all three thresholds within each tax year.

Annual Review 2026/27

Section 14 of the Pensions Act 2008 places a duty on the Secretary of State to consider every tax year whether the threshold amounts should be changed. Historically, the government has discharged this duty by carrying out a yearly review that takes into account the factors listed in Section 14(4) which the Secretary of State may consider. However, the legislation also allows for the review to be based on other factors where the Secretary of State feels these are relevant. For the review for 2026/27 the Secretary of State believes that it is important to provide continued policy stability during the period of the Pensions Commission, which was launched on 21 July 2025 to consider a wide range of topics relating to pension adequacy, including AE. The Secretary of State has therefore decided to maintain the existing threshold values for 2025/26 into the 2026/27 tax year. This approach will avoid prejudicing the work of the Pensions Commission and provide stability for employers, individuals and providers. The Secretary of State has assessed the equality impacts associated with this decision.

Earnings Trigger

The Secretary of State has concluded that the existing threshold of £10,000 for the earnings trigger should be retained for 2026/27. As earnings continue to grow, keeping the earnings trigger at £10,000 is estimated to see private sector pension participation at 16.9 million in total, an increase of around 39,000 when compared to 2025/26.

Qualifying Earnings Band - Lower Earnings Limit (LEL)

The Secretary of State has decided to maintain the LEL at the 2025/26 level. Therefore, the value of the LEL for 2026/27 will continue to be set at £6,240.

The decision to maintain the LEL at the existing level supports the principle of ensuring that everyone who is automatically enrolled would continue to pay contributions on a meaningful proportion of their income. It is consistent with the Government's ambitions to improve financial resilience for retirement, in particular among low and moderate earners. Maintaining the LEL helps ensure that pension savings in 2026/27 will be broadly maintained – and slightly increased – compared to 2025/26. The total amount saved by private sector employees (including employee and employer contributions and tax relief) in 2026/27 is estimated to be £91 billion, up from an estimated £89 billion in 2025/26.

Qualifying Earnings Band – Upper Earnings Limit (UEL)

The UEL caps mandatory employer contributions. It aims to distinguish the AE target group of low to moderate earners and the statutory minimum contributions from higher earners. These higher earners might reasonably be expected to have access to a pension scheme that offers more than the minimum and are more likely to make personal arrangements for additional saving. The Secretary of State has concluded that mandatory employer contributions should remain capped and that the value of the UEL for 2026/27 will continue to be set at £50,270.

Proposed Thresholds for 2026/27

The current (2025/26) and proposed (2026/27) AE thresholds are displayed in Table 1.

Table 1 – Current and proposed automatic enrolment thresholds (annual)

	Trigger	Lower limit qualifying earnings band	Upper limit qualifying earnings band
Current (2025/26)	£10,000	£6,240	£50,270
Proposed (2026/27)	£10,000	£6,240	£50,270