



IN BRIEF

THE GOVERNMENT HAS ANNOUNCED A RECORD INCREASE IN THE NATIONAL MINIMUM WAGE AND NATIONAL LIVING WAGE RATES.

NATIONAL MINIMUM WAGE

From 1 April 2020, the NMW rates will increase by up to 6.5% for all eligible staff. For those employees 25 or over, please see the section below.

For a full time employee, working 40 hours per week, the change will see their wages rise by an average of £1,040 per year.

** Please also note that the apprentice rate of £4.15 applies only to apprentices under 19 years of age, or apprentices aged 19 or over and in their first year of apprenticeship.*

	Current	New	Rise
21-24 years old	£7.70	£8.20	6.5%
18-20 years old	£6.15	£6.45	4.9%
Under 18's	£4.35	£4.55	4.6%
Apprentices*	£3.90	£4.15	6.4%

NATIONAL LIVING WAGE

From 1 April 2020 the National Living Wage (NLW) for employees over 25 years of age will be increased to £8.72 per hour. This represents an increase of 6.2% over the current rate of £8.21 per hour.

For an employee working 40 hours per week, this will be an increase of £1,060 per year, which represents a significant additional burden to small employers.

ACTION POINT

The new rates of pay will come into force from 1 April 2020, and will see a marked increase in payroll costs for most businesses

We can advise on what the changes mean for you, including providing calculations of the additional wage, national insurance and pension costs that will arise.

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