

Auto Enrolment - Factsheet

Starting from October 2012 there are new duties on employers to help more people save for their retirement. The purpose of this factsheet is to give you an overview of the new employers obligations. Auto enrolment is being phased in between October 2012 and February 2018 depending on the size of your workforce. The Pension Regular will write to you 12 months before to confirm your 'Staging Date' for Auto Enrolment.

Even if you already offer a pension scheme to your workers under the new regulations you will still have new obligations to meet. As an employer you will be required to automatically enrol 'Eligible Jobholders' into a qualifying pension scheme and to make employer contributions towards it.

Employer requirements

As an employer you will be required to:

- Provide a qualifying pension scheme for your workers
- Complete an assessment of your current workforce into 3 worker categories.
- Automatically enrol 'eligible jobholders' into the scheme
- Pay employer pension contributions in to the scheme
- Tell eligible jobholders they have been automatically enrolled and they have the right to opt out.
- Tell other workers they can opt into the pension scheme
- Register with the Pensions Regulator and give them details of your qualifying pension scheme and the number of people that you have automatically enrolled

Qualifying Pension Scheme

If you have an existing pension scheme it may meet The Pension Regular's criteria for a qualifying pension scheme. Many occupation and group personal pension scheme may qualify if they meet the criteria but you should review your existing scheme with your trustees or pension provider. Please see attached web link for further details.

<http://www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf>

Staging Dates

Your staging date is based on your employee headcount in April 2012 held by HM Revenue & Customs. Please see below chart as a rough guide of your staging date.

PAYE Scheme Size (Employees)	Staging Date
800- 1249	October 2013
500 - 799	November 2013
350 - 499	January 2014
250 - 349	February 2014
160 - 249	April 2014
90 - 159	May 2014
62 - 89	July 2014
58 - 61	Between August 2014 - January 2015
54 - 57	March 2015

50 - 53	April 2015
40 - 49	August 2015
30 - 39	October 2015
Less than 30 employees	Between June 2015 - April 2017 (Depending on PAYE reference)

You can now check your staging date on The Pension Regulators website by entering your PAYE reference. Please follow the attached web link

<http://www.thepensionsregulator.gov.uk/employers/tools/staging-date.aspx>

Workers

The Pension Regulator uses the phrase 'worker' as this is a wider category than just your employees and can include some contractors or agency workers. Please see attached web link for further clarification.

<http://www.thepensionsregulator.gov.uk/docs/pensions-reform-employer-duties-defining-workforce-v4.pdf>

Worker Categories

Workers are split into 3 categories

Worker	Criteria	Action
Eligible Jobholders	<ul style="list-style-type: none"> Age 22 - State Pension Age Working in the UK Qualifying earnings above the auto enrolment trigger currently £10,000 per annum 	Auto-enrolment
Non-Eligible Jobholders	<ul style="list-style-type: none"> Age 16 - 74 Working in the UK Qualifying earnings between £5,876 - £10,000 	Can choose to opt into a Qualifying Pension Scheme
Entitled Worker	<ul style="list-style-type: none"> Age 16 - 74 Working in the UK Qualifying earnings currently below £5,876 	Entitled to join a pension scheme

For an example, Ben is currently 20 and earns 12,000 per annum. He currently comes under the category non-eligible jobholder so his employer does not need to auto-enrol him into the pension scheme. However Ben can still choose to opt into the pension scheme. When Ben turns 22 his employer will need to auto enrol him as he will be come an eligible jobholder.

Minimum Pension Contributions

Duration	Employer Minimum	Total Minimum
Up to 31 March 2018	1%	2%
1 April 2018	2%	5%
1 April 2019	3%	8%

Communication to your workers

Under the new regulations you are required to write to all your employees individually and advise them if you will automatically enrol them if they meet the criteria or are able to opt in to the scheme. Please see attached web link for further details.

<http://www.thepensionsregulator.gov.uk/employers/writing-to-staff-about-automatic-enrolment.aspx>

Pensionable Pay

The Pension Regulator defines all elements of pay as pensionable i.e. including bonus & commission etc. If you have an existing scheme you may currently only calculate pension on salary. An employer can certify to calculate pension contributions on the employees contractual elements of pay subject to meeting certain conditions set by the Pension Regulator.

As an employer you may consider self certification to ensure that your scheme complies subject to it meeting one of three tests which is explained below and further in the web link.

Tier	Up to 31/03/18	01/04/18 to 31/03/19	From 01/04/19	Pensionable Salary (Basis of % contributions)
1	2% Er / 3% Total	3% Er / 6% Total	4% Er / 9% Total	Scheme definition (base salary plus any other elements of pay chosen by the employer)
2	1% Er / 2% Total	2% Er / 5% Total	3% Er / 8% Total	Pensionable pay must constitute at least 85% of Total pay
3	1% Er / 2% Total	2% Er / 5% Total	3% Er / 7% Total	Pensionable pay must be 100% of Total pay

<http://www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf>

Opting Out

Workers who have been automatically enrolled have the right to opt out of the pension scheme. There is an initial opt-out period of 1 month where any deductions made can be refunded to the employee. The employee can choose to cease membership at any time, although they may not be entitled to a cash refund after the end of the 1 month opt out period.

For workers to opt out they must give an opt out notice to their employer which is issued by the pension scheme provider. However the employer is obliged to auto re-enrol every 3 years if the worker is still eligible.

<http://www.thepensionsregulator.gov.uk/docs/pensions-reform-opting-out-v4.pdf>

Postponement

Employers can choose to postpone workers auto enrolment for up to 3 months. However please note employees still have the right to opt in to the scheme during this time. Please see attached web link for further details

<http://www.thepensionsregulator.gov.uk/docs/pensions-reform-postponement-v4.pdf>

Statutory Pension Schemes

There are a number of pension schemes that have been established to meet employers statutory pension obligations:

Under these schemes the Minimum pension contributions must be calculated on the employees gross pay between the Lower Earnings Limit and the Upper Earnings Limit (Currently £5,668 - £41,450 per annum)

NEST (The National Employment Savings Trust)

NEST is the National Employment Savings Trust which is a non profit trustee corporation regulated by the Pensions Regulator. Its intention is to provide pension arrangements for low earners who do not have access to a company pension scheme. Employers can choose to use NEST as its pension scheme for all workers or for a particular group of workers to ensure compliance with the new employer duties.

Please see attached web link for further details

<http://www.nestpensions.org.uk>

The Peoples Pension

<http://thepeoplespension.co.uk/>

NOW: Pensions

<http://www.nowpensions.com/>

Further details

The Pension Regulator - <http://www.thepensionsregulator.gov.uk/employers.aspx>

The information contained in this factsheet must not be relied on as giving sufficient advice in any specific case.