

Updated July 2017

Auto Enrolment for Pensions

What are your duties?
How can Base52 help you?



What is happening?

New legislation has been introduced to encourage more people to save in pension schemes. The government has placed greater responsibility on employers to provide access to pension provision.

Until 1 October 2012 there was no requirement for an employer to pay employer contributions into a scheme.

There was also no requirement for the employee to enter an employer provided scheme.

Auto Enrolment places new legal duties on employers to automatically enrol employees into a work based Auto Enrolment compliant Pension Scheme. The main duties of the employer are:

- assess the types of workers in their business
- provide a compliant Auto Enrolment Pension Scheme for the relevant workers
- write to their workers explaining what Auto Enrolment into a workplace pension means for them
- automatically enrol all eligible jobholders into the scheme and pay employer contributions
- complete the Declaration of Compliance and keep records.

When does it happen?

The law came into force for very large employers on 1 October 2012. The implementation for all other employers has been staggered, largely dependent on number of employees.

Your Staging Date (the date by which you must either introduce an Auto Enrolment Pension Scheme or comply in another way) depends on both the number of employees you have and your company's PAYE reference.

The latest staging date is February 2018. After this, all new employers will have immediate auto enrolment duties from the date they become an employer. After 1 October 2017, new employers will not be given a staging date and their duties will begin immediately.

To find out your Staging Date:

- refer to any correspondence you have received from The Pensions Regulator
- visit The Pension Regulator's website (you will need your PAYE reference)
- [contact](#) Base52. We will be able to advise you of your Staging Date

How does it affect me and my business?

From your Staging Date, you may need to introduce an Auto Enrolment Pension Scheme and make monthly contributions into the scheme for each employee. If you have an existing scheme, this can be used if it satisfies the Auto Enrolment rules. To find out more about this, please contact us <insert link> at Base52 or follow this link to The Pensions Regulator's website:

<http://www.thepensionsregulator.gov.uk/employers/reviewing-a-scheme.aspx>

To find out whether you need to introduce a scheme, you (or Base52 on your behalf) will need to assess which category your employees fall into. Under Auto Enrolment, there are three categories of employees:

1. Eligible
2. Non-Eligible
3. Entitled Worker

Eligible Jobholders

Eligible Jobholders earn £833 or more per month and are aged between 22 and the state pension age. They must be enrolled in an Auto Enrolment Pension Scheme, even if they immediately choose to opt out of the scheme (different rules apply to Eligible Jobholders who are also directors of the company).

Non-Eligible Jobholders

Non-Eligible Jobholders earn between £486 and £832 per month and are aged between 22 and the state pension age. They can ask to be enrolled into a Pension Scheme. If enrolment is requested, you must enrol Non-Eligible Jobholders into a Pension Scheme.

Entitled Workers

Entitled Workers are employees who either:

- earn less than £486 per month and/or
- are aged between 16 and 21 or between state pension age and 75

Entitled Workers can ask to be enrolled into a scheme. If you already have an Auto Enrolment scheme in operation, you must enrol them but if you do not need to introduce a scheme solely for Entitled Workers. Additionally, the employer does not need to make any contributions into the scheme for this category of employee.

If you have Eligible Jobholders (or Non-Eligible Jobholders who ask to be enrolled into a scheme), you must choose and set up a Pension Scheme prior to your Staging Date and enrol these employees. Both you, as the employer, and your employees must contribute into the scheme each month (unless the employee earns less than £486 per month)

The minimum contributions (calculated on gross salary) are:

Date	Employer's Contribution	Employee's Contribution
Staging Date before 6/4/18	1%	1%
6/4/18 – 5/4/19	2%	3%
6/4/19 onwards	3%	5%

What steps do I need to take to make sure I am compliant?

The Pensions Regulator recommends that you start to address your Auto Enrolment obligations at least 12 months prior to your Staging Date. Base52 can assist you with all of the following stages.

You will need to take the following steps:

- Assess all your employees to determine whether they must be auto enrolled into a Pension Scheme or can request enrolment into a scheme

If you need to introduce a scheme:

- Communicate with your employees to explain what will happen to them when Auto Enrolment is introduced into your company
- Choose and set up an Auto Enrolment compliant Pension Scheme
- From your Staging Date, on a monthly basis, calculate employer and employee pension contributions
- Upload a file containing details of the contributions to your pension provider and pay your contributions
- Administer all 'opt-ins' and 'opt-outs' as requested by your employees
- Communicate with your employees regarding any changes to the Pension Scheme
- Complete a Declaration of Compliance to tell The Pensions Regulator how you have complied with your duties

How can Base52 help you?

Here at Base52, we have helped many of our clients comply with their Auto Enrolment duties.

Initially, we can let you know when your Staging Date is and assess your workers to find out whether or not you need to introduce an Auto Enrolment Pension Scheme.

If you do not need to introduce a scheme, we can liaise with The Pensions Regulator on your behalf to let them know that you are exempt from this duty. This can be done either before your Staging Date via a simple form or after, via the Declaration of Compliance, depending on your circumstances.

If you need to introduce a scheme we can:

- set up a Pension Scheme on your behalf and act as your delegate in the scheme
- send the statutory letters to your employees as required
- carry out the monthly administration associated with Auto Enrolment
- complete the Declaration of Compliance which tells The Pensions Regulator how you have complied with this legal duty.

If you would like Base52's advice and assistance with any aspect of compliance with Auto Enrolment, just contact Delyth:

Email: admin@base52.co.uk

Telephone: 01462 423152