

Auto enrolment - Are you ready?

During the 5½ years which follow 1 October 2012, almost all UK businesses will pass their auto enrolment staging date. You will be required to enrol certain employees in a pension scheme and to pay contributions in respect of those employees.

Do you know your staging date?

Have you begun to plan for auto enrolment?

Do you know what to do?

We set out below some information, hints and tips to help you prepare for the impact of the auto enrolment legislation.

When do the auto enrolment obligations apply?

A business' staging date depends on the number of employees who were in its PAYE scheme as at 1 April 2012. 18 months before your staging date, the Pensions Regulator will write to you to give you further information. You can also look on the Regulator's website to find out your staging date.

What do I have to do?

How you will have to treat your employees depends on the category into which they fall. You will be obliged to enrol eligible jobholders into an auto enrolment scheme and pay contributions in respect of them. Non eligible jobholders can opt in to pension saving and if they do, you will have to pay a minimum level of contributions. Entitled workers can opt in too, but you will not have to use the same scheme for them, nor will you have to pay contributions. You can use your existing pension scheme, if it meets certain criteria, you can set up a new scheme, you can use a central scheme such as National Employment Savings Trust (NEST), or you can use a combination of these. To find further information on the defined terms used in this paragraph, see the contact details at the end of this piece.

You will have to communicate with your employees; what you say will depend on the category into which they fall. On the Regulator's website you will find template letters.

Jobholders can opt out of the pension scheme once you have enrolled them within one month. Every three years you must re enrol them. They can opt out again if they wish.

You will find below a checklist of matters which you should consider in advance of your staging date.

Why might I need legal advice?

You might want to speak to us about:

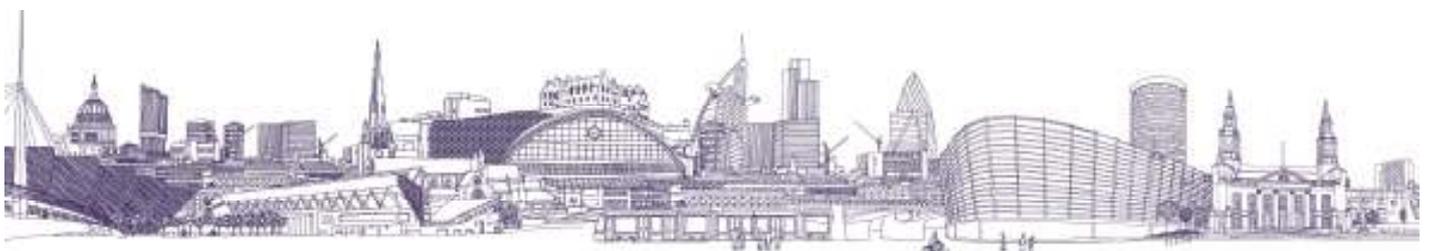
- postponing auto enrolment for up to three months;
- employment protection measures (for example, you can't give employees incentives to opt out);
- is my current pension scheme a 'qualifying scheme' for auto enrolment?
- takeovers/mergers within your business;
- TUPE transfers;
- definitions within the legislation, such as 'worker' or what constitutes 'pensionable pay'.

What else do I need to consider?

If you employ high earners with significant pension savings, they may have registered with HMRC for fixed or enhanced protection. When they are auto enrolled, this protection could be jeopardised. The government is likely to change this position so that they can be excluded for auto enrolment but for the moment, they remain at risk. However, employers must not induce eligible jobholders to opt out of an auto enrolment scheme, so be careful in dealing with this issue.

Review and update your contracts of employment.

If you use salary sacrifice, consider whether your auto enrolment plans fit in with this.



Auto enrolment - Are you ready?

Auto enrolment checklist

1. Who is your auto enrolment point of contact within the business?
2. When is your staging date?
3. Assess your workforce (now and continually after you pass your staging date: people will become eligible jobholders as their pay increases and/or they reach certain ages).
4. Which pension scheme(s) will you use for auto enrolment? Do they qualify?
5. Is your 'team' in place - payroll provider, pensions consultant etc.
6. Communicate with your employees, before and after your staging date (as you take on new hires and as employees come up for re-enrolment).
7. As you pass your staging date, enrol eligible jobholders. You will need to ensure the correct contributions are made within the correct timescales.
8. Register with the Regulator within four months of your staging date. Keep records.

Where do I find more information?

On the Regulator's website (www.thepensionsregulator.gov.uk) or please contact Michael Collins on 0121 234 0236 or MCollins@gateleyuk.com or your usual contact in the Gateley Pensions department.