

A guide to Automatic Enrolment

Automatic enrolment

The law on workplace pensions has changed. You are legally required to put certain staff into a pension scheme and make contributions. You will also have to tell your staff about the scheme you put them in.

The Pensions Regulator is the UK regulator of work-based pension Schemes

It is called automatic enrolment because it is automatic for your staff – they don't have to do anything to be enrolled into your pension scheme, but it is not automatic for you. You need to take steps to make sure your eligible staff is enrolled into a pension scheme. Even if you already pay contributions into a pension scheme for your staff, you still need to check if it is suitable for automatic enrolment.

Automatic enrolment – the main steps

Now:

- Know your staging date

12 months before staging:

- Provide a point of contact
- Check who you need to enrol
- Create your action plan

9 months before staging:

- Work out your costs

6 months before staging:

- Check your records and payroll process
- Choose a pension scheme
(Or check your existing one)

On your staging date:

- Assess and enrol your staff
- Write to your staff
- Your ongoing duties

After you're staging date:

- Complete your declaration of compliance

What if I don't have any staff

If you don't have any staff other than the directors, you may not have any automatic enrolment duties. You won't have any duties if the only people working for you are:

- You as the sole director
- A number of directors, none of whom has an employment contract, or
- A number of directors, only one of whom has an employment contract.

If you believe that you don't have employer duties, we shall inform the Pension Regulator accordingly.

Know your staging date:

Your staging date is set in law and is the date your automatic enrolment duties come into effect for you. You must be prepared for this date.

You will see your staging date on the letters that you receive from The Pensions Regulator.

This is an important date and your duties as an employer start from your staging date.

Provide a point of contact

Tell the Pensions Regulator who will be responsible for managing the automatic enrolment process in your organisation. The Pensions Regulator will send help and guidance to this person by email.

Check who you need to enrol

Carry out review of your staff to get an idea of whether it's likely that you'll need to automatically enrol anyone.

| Gross monthly earnings | Age | | | Gross weekly earnings |
|-------------------------------|---|---------------------|-------------------------|------------------------------|
| | 16 to 21 | 22 to SPA* | SPA* to 74 | |
| £686 and Below | Has the right to joining a pension scheme | | | £112 and below |
| Over £486 up To £833 | has the right to opt in | | | £112 up to £192 |
| Over £833 | Has the right to opt in | Automatically enrol | Has the right to Opt in | over £192 |

- State pension age. Figures valid until 2016
- (1) Has the right to join a pension scheme. The employer does not have to pay contributions into a pension scheme.
- (2) Has a right to opt in if they ask to be put into a pension scheme
- (3) Must be enrolled into a pension scheme. The employer doesn't need to ask their permission.

Create your action plan

It can take considerable time to prepare for automatic enrolment, so start making plans in good time. If you leave it until the last minute, you may find it more costly and complex.

You should let us know about your auto enrolment plan and we shall select a suitable pension provider and register you before the staging date.

Work out your costs

Use the following guideline to get an idea of how much you will need to pay in contributions:

| Minimum contributions are being increased gradually over time. | | |
|--|-------------------------------------|-------|
| Date | Employer Minimum Contribution | Total |
| Minimum Contribution | | |
| Employer Staging date to 30.09.17 | 1% | 2% |
| 01.10.2017 to 30.09.2018 | 2% | 5% |
| 1 October 2018 Onwards | 3% | 8% |

There are others costs to consider, such as setting up your pension scheme and processing it as part of your ongoing duties.

Your records and payroll process

The records that we hold about your staff, such as date of birth, national insurance number and contact details, must be accurate. These are some of the details that the pension scheme will need.

The payroll software that we use to process your payroll is designed to carry out automatic enrolment tasks and to help you to comply with your ongoing duties. Our payroll software works with most pension schemes that are currently available.

Choose a pension scheme

If you already have a pension scheme for your staff, check with your pension provider to see whether you can use it for automatic enrolment. If you can't then you'll need to setup a new one that meets the requirements of automatic enrolment.

The government has set up a pension scheme called the National Employment Savings Trust (NEST). Other providers are also available.

On your staging date

Assess and enrol your staff

From the Automatic Enrolment Employee Assessment Guide you will see the number of staff that will be enrolment for automatic enrolment from your staging date. We shall generate letters on your behalf to your staff who will be enrolled from your staging date. You will send these letters to your employees.

Your ongoing duties

Once you have enrolled your staff into your pension scheme, you will have ongoing responsibilities. These should become part of your 'business as usual' and include:

- Keeping records of your automatic enrolment activities for six years and opt-out notices for four years
- Monitoring the age and earnings of staff and checking their automatic enrolment eligibility every month (we shall keep track of the information within our payroll software)
- Enrolling staff and writing to them to let them know how automatic enrolment applies to them as they become eligible
- Paying contributions to the pension scheme before the statutory deadline your provider gives you. We shall set up a direct debit in favour of your pension provider and they will collect the contributions when we file the information with them.

Every three years you will need to re-enrol eligible staff into your pension scheme and complete a re-declaration of compliance. The Pension Regulator will write to you to inform you of your duties nearer the time.

Complete your declaration of compliance

You must complete your online declaration of compliance within five months from your staging date. This is to confirm that you have complied with law.

From the information that we hold for payroll and pension we shall complete this declaration.

Completing your declaration is a legal duty and, if you fail to complete yours within five months you could be fined.

How to contact us

M.A. Ahmad Accountants
Office Unit 68
Birmingham Wholesale Market
Pershore Street
Birmingham
B5 6UN
Telephone: 0121 622 5793
Mobile: 07980 757 311
Email: maahmad@hotmail.co.uk

This guide is designed to assist you in complying with your duties as an employer. This is not intended to be a definitive way of complying with the duties. If you have doubts of your legal rights or obligations please seek relevant advice.