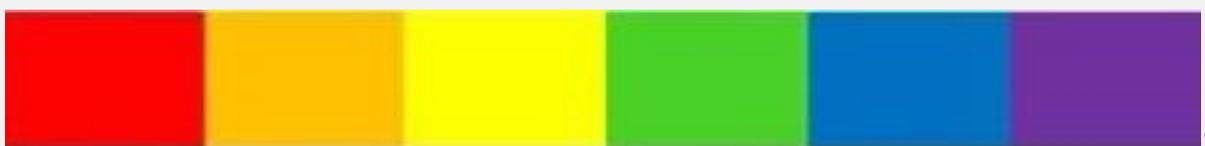




Guide to the new Pensions Enrolment



Pension auto enrolment

A new law means that every employer must automatically enrol workers into a workplace pension scheme if they:

- Are aged between 22 and State Pension Age (SPA)
- Work in the UK
- Have tax & National Insurance (NI) contributions deducted from their wages.

This is called 'automatic enrolment'.

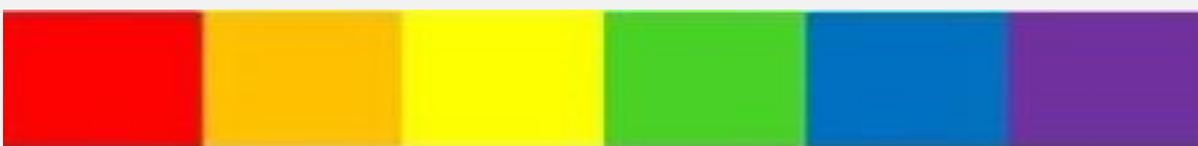
- Every employer has a duty to check which employees are eligible.
- If you already contribute to a pension scheme for your staff, **you still need to check the scheme is suitable for automatic enrolment.**
- Contributions to the scheme come from three places:
 - Deductions you make from staff pay
 - Employer contributions you pay
 - Government contributions via tax

You should ensure you're contributing the right amount (see table, p4.)

If you employ your own care & support

These new regulations apply to you as an employer if:

- You directly employ one or more people to help you, even if they work in your home
- You are funded by the NHS, your local authority or council through a direct payment or you're self-funding



- Your staff are aged between 22 and SPA, and you pay them over £192 a week/£833 a month, you'll need to provide them with a pension.
- Your staff are aged under 22 or above SPA, or you pay them less than £192 a week, they don't have to be part of a pension scheme but you still need to give them the option of joining one (unless they're aged under 16 or over 74).
- Part-time workers can also opt in, with employers obliged to make a contribution if they earn more than £463.67 a month
- If employing more than one personal assistant (PA), these duties apply to each of them individually
- Just as you have employer responsibilities to pay NI on your carer's earnings and deduct PAYE (Pay As You Earn) tax, depending on circumstances, you must fulfil your pension auto enrolment obligations as applicable.
- As set out by law, you'll need to pay a minimum contribution of 1% of your carer's earnings (see 'Work out your costs', p5).

If you use an agency to provide your care, the agency is the employer and you don't need to do anything.

Finding a pension scheme for my PA

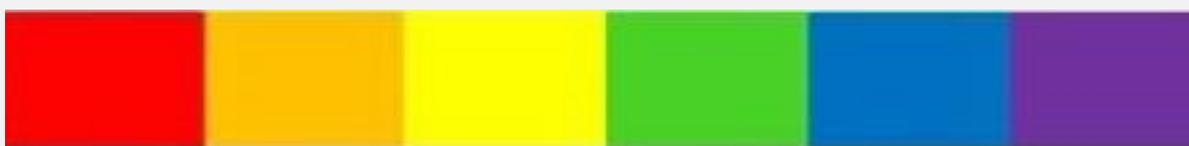
The **National Employment Savings Trust (NEST)** is a pension scheme set up by the Government which must accept all employers wishing to use it for automatic enrolment. You can sign up to use their services at:

https://www.nestpensions.org.uk/schemeweb/NestWeb/faces/secure/USER_REG/pages/signupAsEmployer.xhtml

There are other providers available. **However, if you need to set up a pension scheme for your carer, you shouldn't leave it until the last minute as not all pension providers will work with you and you may struggle to meet your obligations on time.** (See 'Choose a pension scheme', p8.)

Meeting the cost of pension contributions to my PA

If you're funded by your local authority or council, the budget you receive from them should cover the total cost of employing them, including NI contributions.



If you have queries regarding the money you receive, these should be directed to your local authority or council.

If you need guidance to comply with your automatic enrolment duties, The Pensions Regulator can help.

The following guide summarises the guidance above:

[The essential guide for people who employ their own care and support \(PDF, 96kb, 6 pages\)](#)

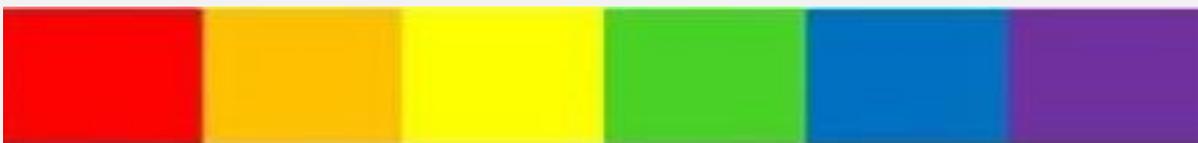
GETTING STARTED

To prepare for auto-enrolment you need to:

- Know your staging date - find out when auto enrolment duties start. Even if your staff aren't eligible, you still need to act.
 - Should be done around a year in advance so you can prepare by budgeting & finding the right pension scheme if applicable.
 - Your staging date can be found on letters sent to you about auto enrolment. It can also be found using your PAYE reference, if relevant, using the following online tool:
<http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

There are some exceptions not accounted for by the online tool eg:

- If you bring your staging date forward in agreement with The Pensions Regulator
 - Your business came into existence **after 1 April 2012** - refer to table on the back page for alternative dates.
 - If you've changed or acquired a new PAYE reference since this date, you'll need to enter your old reference.
 - Your staging date will be **1 April 2017** if you have certain types of staff but don't have a PAYE scheme.
 - **1 April 2017** also applies if you had fewer than 30 staff on 1 April 2012, had no staging date associated with your PAYE reference and none of the above exceptions apply.
 - If you don't use a PAYE scheme, your staging date is **1 April 2017**.
- Provide a nominated contact
 - You'll be asked to confirm the most senior person/business owner
 - They will be the '**primary contact**' who is sent relevant info.
 - If someone else is responsible for auto-enrolment (eg. payroll provider, accountant, financial advisor), they can be nominated as the '**secondary contact**'.



- To nominate, you'll need your PAYE reference & letter code, then go to: <https://automation.thepensionsregulator.gov.uk/Nomination>

- Check who you need to enrol - do a quick review of your staff.
 - Assessment is based on **earnings & age**, not hours worked, as set out on the following page.

| Monthly gross earnings | Age | | | Weekly gross earnings |
|--------------------------|---|----------------------------------|-----------------------|-----------------------------|
| | From 16 to 21 | From 22 to SPA | From SPA to 74 | |
| £486 & below | Has a right to join a pension scheme ¹ | | | £112 & below |
| Over £486 to £833 | Has a right to opt in ² | | | Over £112 up to £192 |
| Over £833 | Has a right to opt in | Automatically enrol ³ | Has a right to opt in | Over £192 |

Figures correct as of 2014/2015.

¹ Has a right to join a pension scheme

If they ask you to, you must provide a pension scheme for them, but you don't have to pay contributions.

² Has a right to opt in¹

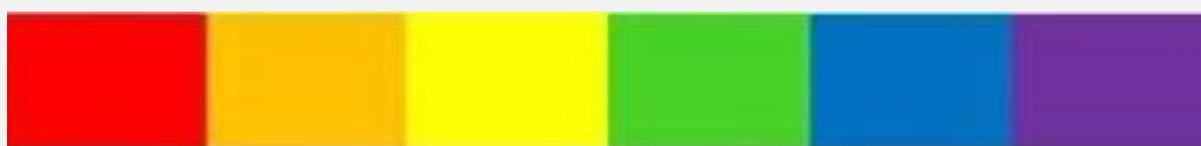
If they ask to be put into a pension scheme, you must put them in your automatic enrolment pension scheme and pay regular contributions.

³ Automatically enrol

You must put these members of staff in your automatic enrolment pension scheme and pay regular contributions. You don't need to ask their permission.

It is against the law to try to influence your staff into opting out of your pension scheme.

You must carry out a full assessment of all your staff when you reach your staging date.



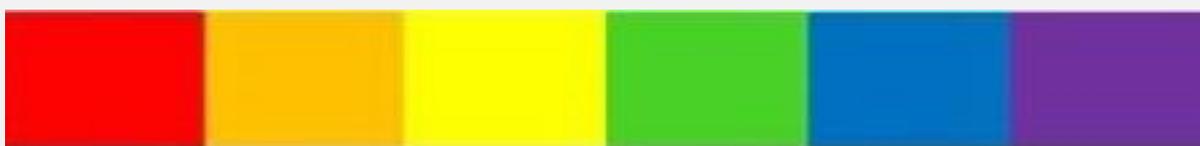
Work out who:

- **Needs to be automatically enrolled**
- Can **choose to opt in**.
- Has a **right to join a pension scheme**.
- For those not eligible now, those aged between 22 and state pension age will become eligible if they go on to earn over £192 a week (£833 a month). This also applies to anyone who starts working for you after your staging date.
- Create your action plan - helps you prepare even if your staff aren't eligible.
 - Set aside a day for this, again about 9 months in advance.
 - **If left too late, could be costly & complicated**
 - If you want to consult a financial advisor, you should do so at this stage.
 - External providers eg. payroll bureau, may complete some or all of the process on your behalf, **but remember these are legal duties YOU'RE still responsible for & liable for any fines if you don't comply** (see p15 / 16)
 - There is an online tool for creating actions plans at:
<http://www.thepensionsregulator.gov.uk/employers/planning-for-automatic-enrolment.aspx>
 - Useful if you employ less than 30 staff, all UK-based, you have one PAYE scheme, or you have/are planning to have a defined contribution (DC) scheme (where the employer and/or employee makes regular contributions).

GETTING READY

- Work out your costs
 - Takes up to a day, 9 months in advance
 - You'll need to pay a **regular contribution** into your staff pension scheme as follows:

| Date | Employer minimum contribution | Total minimum contribution |
|-----------------|-------------------------------|--------------------------------------|
| Before 30/09/17 | 1% | 2% (including 1% staff contribution) |



| Date | Employer minimum contribution | Total minimum contribution |
|------------------------|-------------------------------|--------------------------------------|
| 01/10/17 — 30/09/18 | 2% | 5% (including 3% staff contribution) |
| 01/10/18 onwards | 3% | 8% (including 5% staff contribution) |

Once you know the **gross earnings** for individual staff, an online contributions calculator can be found at:

<http://www.thepensionsregulator.gov.uk/employers/employer-contributions.aspx>

This tool will show you:

- Which elements you must include when working out each individual's gross earnings (basic salary/wages, commission & overtime)
- The minimum amount your contribution will be for that individual, which can be shown as an annual, monthly or weekly figure.
- Statutory sick pay & maternity/paternity/adoption pay

NOTE: This tool is for guidance only; exact amounts will be determined by your pension scheme

Following your staging date, contributions should be calculated & deducted as part of your payroll process.

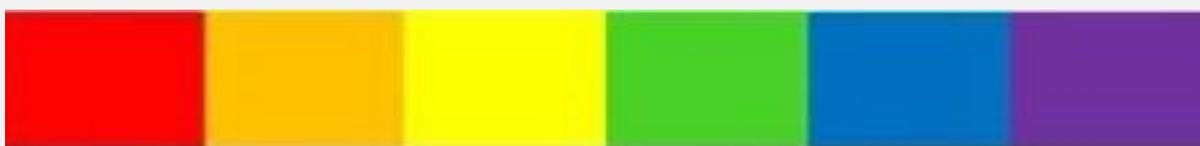
One-off costs you might also incur include:

- Setting up your scheme
- Getting payroll software to manage automatic enrolment
- Any independent advice as necessary.

You should plan your finances accordingly.

Check your records & payroll process

- 9 months in advance, time needed depends on circumstances.



- Ensure staff records are updated including
 - Date of birth
 - Salaries
 - NI number
 - Contact details
 - Amounts paid into the scheme each period
- **Payroll software** can assist in giving staff details to your pension provider
 - Check it's designed to perform all the auto enrolment tasks required. If not, you may need to consider a software update.
 - Your payroll provider may have a checklist of info needed.
 - Payroll software should also be compatible with your chosen pension scheme so data can be transferred between the two. Ask your payroll provider to confirm this.
 - Once set up, this should enable regular contribution payments, as well as **automatic enrolment of staff as they become eligible**.

If someone else does your payroll for you

- You'll need to check if they can complete auto-enrolment tasks for you, if so which ones?
- If not, you may be able to find alternative providers or software/ additional software tools that can assist with auto-enrolment.
- Your pension provider may also be able to help. Some offer assessments, can write to staff or handle opt-outs, for example.

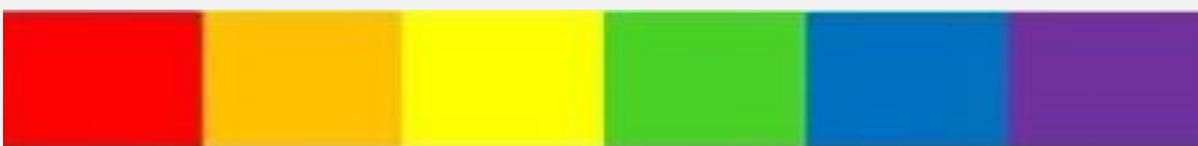
Does my payroll software fully support automatic enrolment?

You need to check your payroll software or provider can complete the following tasks each pay cycle:

- Assess staff for anyone who needs to be automatically enrolled
- Hold the information needed for automatic enrolment ie. staff names, addresses, dates of birth & earnings, ensuring accurate pension contributions are paid at the right time for the right people.
- Calculate how much you & your staff need to pay.
- Generate & send the correct staff data, including information on pension contributions, to your pension provider in the correct format.
- Generate timely communications for your staff.

CHOOSE A PENSION SCHEME (or check your existing one)

- About six months in advance, allow a couple of months to check it's well run, value for money for you & your staff, & compatible with your payroll process or software.
- You'll need to provide your chosen scheme with the required staff information to set up scheme membership.



- Check with your pension provider whether any existing scheme can be used for auto enrolment, or see:
<http://www.thepensionsregulator.gov.uk/employers/does-your-existing-scheme-qualify.aspx>
- Any employer can use the government-run pension scheme **National Employment Savings Trusts (NEST)** for automatic enrolment (legally obliged to accept all employers), or for alternatives see <http://www.thepensionsregulator.gov.uk/employers/finding-a-provider.aspx>
- A financial adviser may be able to point you in the direction of a pension provider. To find a financial adviser, check out www.unbiased.co.uk
- Key questions you should be asking

To check the **legal compliance** of a pension provider, ask the following:

- Does the scheme allow at least the minimum contributions
- Does the scheme allow staff to join it without providing any information?
- Does the scheme allow staff to join it without making any choices, eg about where their money is invest

And about **quality**:

- Do you ensure that the investments on offer are appropriate now and in the future?
- Will you regularly review costs and charges to ensure they are still value for money?
- Is compensation available if anything goes wrong?
- Are members' options clearly communicated as they approach retirement?

A booklet offering further guidance on selecting a good quality pension scheme can be found at:

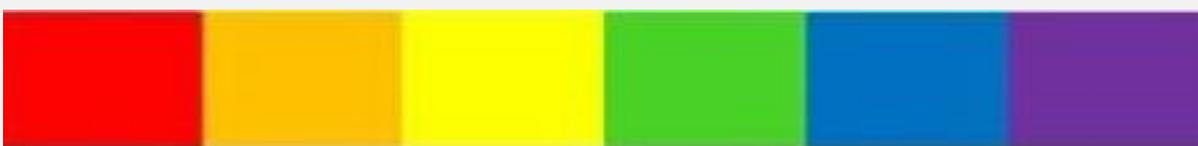
<http://www.thepensionsregulator.gov.uk/docs/employer-select-pension-automatic-enrolment.pdf>

Does your existing scheme qualify?

If you wish to continue using your existing scheme, you need to check it qualifies. If so, continue as normal for existing members.

To automatically enrol new members, it will have to meet new criteria.

If already using a Defined Contribution (DC) scheme (where the employer and/or employee makes regular contributions), you can see if it qualifies using the online tool found at:



This tool is generic - you'll still need to work out if your particular scheme qualifies. If in doubt, ask the trustees or scheme provider.

Defined Benefit (DB, which identifies the specific amount payable to the employee at retirement) and hybrid schemes are more complex - speak to your trustees for guidance.

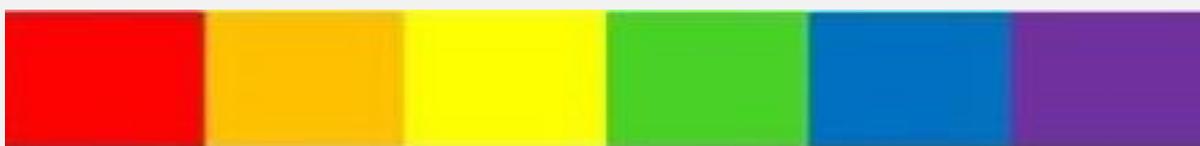
AT YOUR STAGING DATE & BEYOND

Assess & enrol your staff

- You should now be ready to enrol your staff
- With your payroll system & pension provider set up & tested, you should be able to calculate & deduct pensions from your staff's pay.
- A formal assessment of staff is needed to determine your duties towards each of them.
- You then need to send your pension provider the data it needs to make staff active members of your scheme. **You have 6 weeks from your staging date to do this.**
- If staff/you give notice to leave employment before this process is complete, it's your choice whether to automatically enrol them.
- Everyone who is eligible to opt to your automatic enrolment pension scheme should be given the chance to do so.
- Your **declaration of compliance** (see p11) should be started by now.

Making contributions

- You must make & pay deductions from your staff's pay, as well as paying over your employees' contributions, to the pension scheme every time you run your payroll from your staging date.
- Your software should calculate eligibility on an ongoing basis, but if in doubt contact your pension scheme provider.
- Contributions are determined by the pension scheme rules & are usually a fixed sum or percentage of earnings. See table on p4 for minimum contributions.
- If a percentage of earnings, you'll need to keep salaries updated with your pension provider.
- Contributions must be paid on time in agreement with your pension provider.
- By law, when contributions are deducted, they must be paid to your scheme by the 22nd (19th if by cheque) of the following month.



Write to your staff

- Explain how auto enrolment applies to them & that contributions will be deducted from their pay.
- Provide details of the chosen pension scheme.
- Explain their right to opt out of a pension scheme if automatic enrolment applies to them. If not, it should be explained that they still have the right to opt in. (See below)
- Inform staff if postponing auto enrolment (for up to 3 months, see below)
- This must be in writing **within 6 weeks of your staging date**.
- See <http://www.thepensionsregulator.gov.uk/employers/write-to-your-staff.aspx> for letter templates. NB check these are up to date in line with the earnings threshold coming into effect on **6th April 2015**.
- The following templates can be used:

<http://www.thepensionsregulator.gov.uk/docs/Letter-template-for-employees-who-are-being-automatically-enrolled.doc>

Please include the following insert for those being automatically enrolled:

<http://www.thepensionsregulator.gov.uk/docs/Insert-to-accompany-letter-template-for-those-automatically-enrolled.doc>

For those not automatically enrolled:

<http://www.thepensionsregulator.gov.uk/docs/Letter-template-for-those-not-automatically-enrolled.doc>

Please note these templates are up to date as of **6th April 2015**. You must ensure they are up to date in line with the **automatic enrolment earnings threshold** found at:

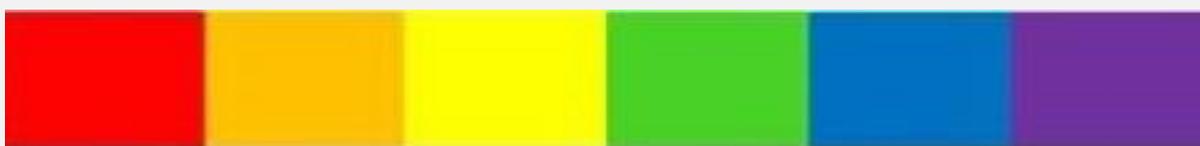
<http://www.thepensionsregulator.gov.uk/employers/automatic-enrolment-earnings-threshold.aspx>

See p13 for further guidance on raising awareness about automatic enrolment.

Postponement

Can be done for some or all staff for up to 3 months, providing you inform staff, due to:

- having short-term or temporary staff due to leave within this time.

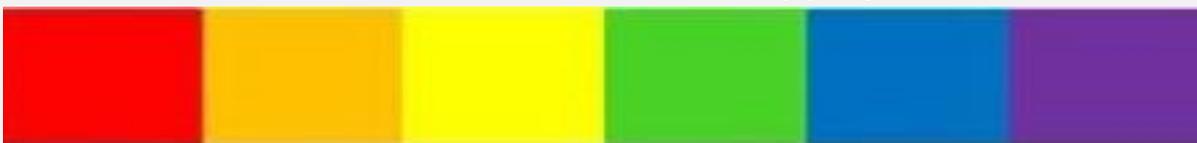


- bringing it in line with other business processes
- any other business reason.
- use the following template to inform staff you are postponing:

<http://www.thepensionsregulator.gov.uk/docs/Postponement-letter-template-for-all-employees.doc>

Complete your declaration of compliance (registration):

- Needs to be done within 5 months of your staging date, even if none of these duties applies to you. If not, you could be fined.
- Shows how you have complied with your duties, including how many staff you've automatically enrolled & into which pension schemes.
- Make sure you keep accurate staff records as you'll also need to show how many staff you employed on & numbers already in a pension scheme with you on your staging date.
- Details required about the pension scheme(s) you're using for automatic enrolment include the employer pension scheme reference (EPSR) or pension scheme registry number (PSR number). If you need to check these, make sure you contact the scheme managers/trustees in good time.
- Your declaration of compliance can take just 15 minutes if you have all the relevant information to hand.
- Can be done online at: <https://www.autoenrol.tpr.gov.uk/>
 - This is a secure government site accessed via Government Gateway, a single point of access for various government transactions. You'll need to use your Government Gateway User ID if you've already used it, for example to submit tax returns. If not, you'll be given one when you first access the site.
 - If you're completing the declaration on behalf of an employer, you can do so under one login, using your unique employer agent reference. When you first log in you will be asked to provide contact details & this will be emailed to you.
 - You'll need your PAYE letter code (found on a P6/P9 coding notice) & your unique 10-digit reference beginning with 't' found on all written correspondence from The Pensions Regulator. If you don't know your letter code you can email customersupport@autoenrol.tpr.gov.uk, providing your employer name & address, PAYE scheme reference(s) & your contact details.



- Because the declaration accounts for all staff on your staging date (or after the postponement period if applicable), you won't be able to submit ahead of time. HOWEVER, it is recommended you fill in details as you go otherwise you will run out of time.

Supporting resources for completing your declaration of compliance:

[Declaration of compliance checklist \(PDF, 86kb, 1 page\)](#)

[The essential guide to accessing our online service for declaration of compliance \(PDF, 704kb, 23 pages\)](#)

[Complete your declaration of compliance online: employer guide \(PDF, 523kb, 23 pages\)](#)

[Declaration of compliance webinar](#)

[Declaration of compliance video demonstration](#)

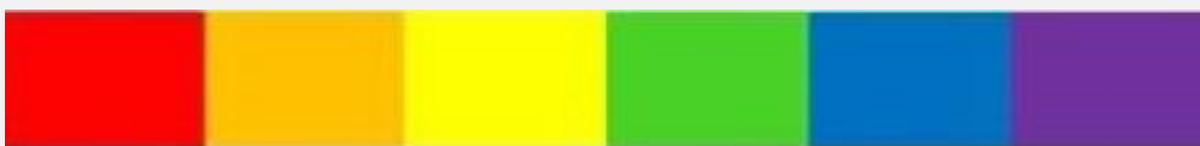
YOUR ONGOING AUTO ENROLMENT DUTIES

From your staging date, you have ongoing responsibilities to:

- **Keep records including:**
 - Staff details (as listed on p6)
 - Contributions showing date of payments
 - Any opt-in/opt-out requests
 - Pension scheme reference or registry number
 - Any info sent to your pension provider.

These records must be kept for six years, opt-out notices for four years.

- **Automatic re-enrolment**
 - The above process should be repeated every three years & eligible staff re-enrolled into an automatic enrolment pension scheme if not active members of one.
 - Even if an employee isn't eligible now, this could change in the future so make sure you or your payroll provider monitors employee age and earnings. Staff must be written to within 6 weeks of becoming eligible.
 - Eligible new starters should be enrolled after three months of starting work with you.
- **Manage opt-out requests:** If any staff choose to opt out within one month of being enrolled, you then have one month to stop deducting



contributions from their pay, refunding in full any deductions taken to date.

- or - If they choose to opt out after this, contributions won't be cancelled added to. The small amount built up will just sit there until retirement.
- They will still be re-enrolled every three years so will need to opt out each time.

RAISING AWARENESS ABOUT AUTOMATIC ENROLMENT

The law requires you to write to all staff between the ages of 18-75 informing them of how automatic enrolment affects them & their rights.

Your staff have probably heard of automatic enrolment through the media & may want more information beyond what is legally required. Now would be a good time to do this.

A series of short, simple messages across different channels is recommended.

These could include:

- Employer and government contributions, along with facts & figures, see <https://www.gov.uk/workplace-pensions>
- Engaging staff with the issue of workplace pensions by stressing the need to save for retirement.
- Explaining how automatic enrolment applies to staff eg. how much they need to contribute and when. Staff will be keen to be kept informed.
- Where staff can find out more, either internally or at: <https://www.gov.uk/browse/working/workplace-personal-pensions>

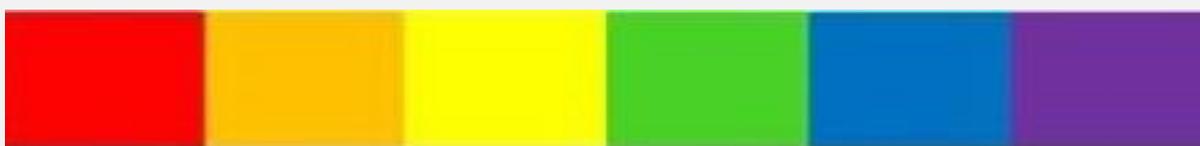
ARTICLES in newsletters or on the intranet could appear at various times with simple messages & where to find out further information. Example content can be found at: <http://www.thepensionsregulator.gov.uk/docs/wpp-news-in-brief.rtf>

More detailed information can be found at: <http://www.thepensionsregulator.gov.uk/docs/bl-pensions-intranet.rtf>

OR

<http://www.thepensionsregulator.gov.uk/docs/bl-pension-newsletter.rtf>

(both 2 pages)



TEXT & EMAIL can give quick updates about when automatic enrolment is happening in your organisation. (Just be aware that emails can go astray by being marked as spam so shouldn't be relied on as the sole communication method.)

For example:

Text alert

From [*insert your automatic enrolment date*], [*insert name of your organisation*] will automatically enrol you into a workplace pension. It's a simple step towards saving for your future.

More info: www.gov.uk/workplacepensions [*or insert details of your organisation's information point*]

Email alert

From [*insert your automatic enrolment date*], [*insert name of your organisation*] will automatically enrol you into a workplace pension. It's a simple step towards saving for your future. When you contribute so will [*insert name of your organisation*] and the government.

To find out what it means to you, take a look at the letter/ email [*delete as appropriate*] we sent to you on [*insert date letter was sent*]. You can also find out more about workplace pensions and the benefits of staying enrolled by visiting www.gov.uk/workplacepensions

[*or insert details of your organisation's information point*]

POSTERS can also help with raising awareness, with the following template being tailored to your own organisation:

<http://www.thepensionsregulator.gov.uk/docs/wpp-poster.doc>

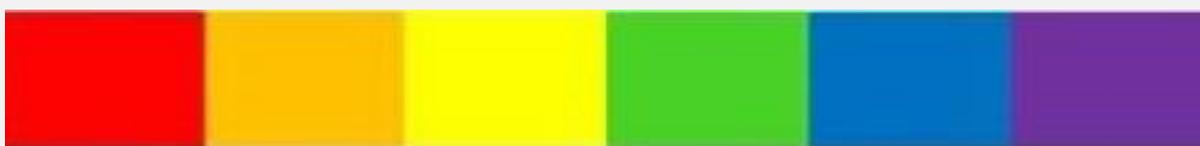
FREQUENTLY ASKED QUESTIONS as below might resolve initial inquiries from staff.

<http://www.thepensionsregulator.gov.uk/docs/workplace-pensions-faqs.pdf>

OR

<http://www.thepensionsregulator.gov.uk/docs/workplace-pensions-faqs-penreg.rtf> (Word version)

The following link gives further guidance on how to talk to your pension scheme members and staff about retirement options, investment choices, contributions, costs & charges:



NON-COMPLIANCE

- The overall approach is to **educate & enable** employers to comply with legislation, encouraging them to make the right decisions & choices.
- Checks will be made to ensure the legislation is applied fairly, making compliance easier.
- Support towards compliance is available where employers misunderstand or aren't able to fulfil their duties.
However:
- The **employer** is ultimately responsible for complying with these duties.
- If you deliberately ignore them, you'll face **enforcement action** for non-compliance, starting with statutory notices requesting information and inspections being carried out.
- Enforcement will be through civil or criminal measures as appropriate, in line with the better regulations principles ensuring action is proportionate, accountable, consistent, transparent & targeted. This could be as follows:

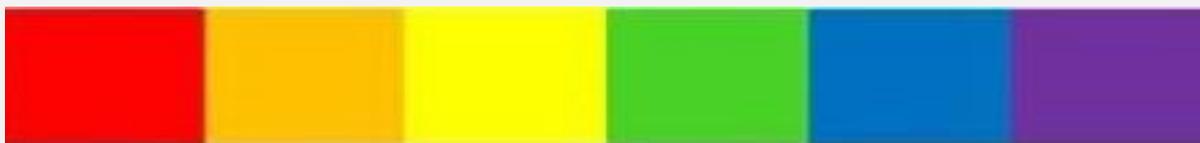
Informal action

Guidelines & instructions, or a warning letter setting out a time frame for compliance.

Statutory notices directing you to comply with your duties or pay any missed contributions. **These could include interest charges.**

Penalty notices for persistent & deliberate non-compliance as follows:

- A fixed amount of £400 paid in a specific time period.
 - An escalating penalty, with daily rates of £50-£10,000 depending on how many staff you have.
 - Civil penalties if contributions aren't paid, up to £5,000 for individuals, £50,000 for organisations.
 - Prohibited recruitment conduct penalty notices at £1,000-£5,000 depending on number of staff.
- Penalty notices can be paid online at:
<https://ip.e-paycapita.com/AIP/accountSearch.do?link=showAccountSearchPage&requestId=irvxq38wmaq2k3tae3z16yec4o9lb6i>



- you should have your notice reference (shown on front of notice) to hand.
- If you fail to pay penalties, legal proceedings will be enforced to recover penalties, which could include prosecution or confiscation of goods/restraint of assets during criminal investigation.

Appealing an enforcement notice

Applications for a review, supported by evidence, should be made within 28 days of the notice being issued. For more information, go to:

<http://www.thepensionsregulator.gov.uk/employers/appealing-an-enforcement-notice.aspx>

