

Workplace pensions reform

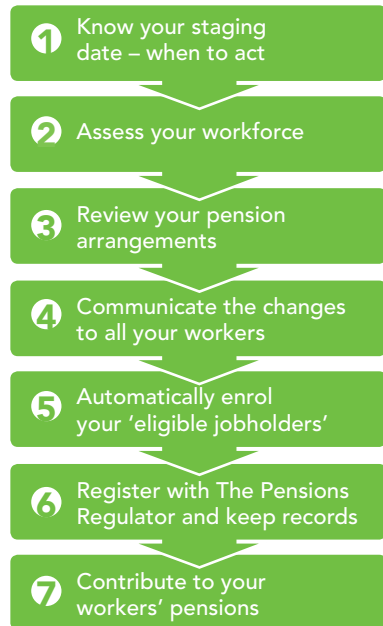
Preparing for automatic enrolment

A quick guide

Workplace pensions law is changing and every employer will have to act to fulfil their new legal duties. This leaflet summarises the 7 main steps towards achieving compliance and provides a quick introduction to what you may need to consider whilst preparing for automatic enrolment.

More detailed information about each of the 7 steps to prepare for automatic enrolment can be found on our website at: www.tpr.gov.uk/7-steps

7 steps to prepare for automatic enrolment



1 Know your staging date – when to act

The date that the new law applies to your company is known as your **staging date**. This date is determined by the size of your largest PAYE scheme. Companies that have PAYE schemes that are shared by multiple employers will have the same staging date in most cases. For more information about staging dates, please visit our website at: www.tpr.gov.uk/7-steps

2 Assess your workforce

Workers who will need to be automatically enrolled in a pension scheme are called 'eligible jobholders'. An eligible jobholder is:

- aged between 22 and state pension age
- working or ordinarily working in the UK
- earning above £7,475*

You will need to assess who in your workforce is an eligible jobholder. You must automatically enrol eligible jobholders into a qualifying pension scheme and make contributions on their behalf to that pension scheme.

Workers who are not eligible jobholders will still have a right to opt into a pension scheme or a right to join one.

You will need to assess who in your workforce is an 'eligible jobholder'

* This amount will be reviewed annually by the Government.

3 Review your pension arrangements

A Review your existing pension scheme

If you have an existing pension scheme for your workers, you may wish to consider enrolling all eligible jobholders into this scheme. To do this, your existing scheme will need to qualify as an automatic enrolment scheme (please see the information on qualifying schemes in section B).

If your existing scheme does not qualify, you may be able to change the scheme rules or amend the terms of the policy so you will be able to use it for automatic enrolment.

If you do not have an existing pension scheme or you cannot use your existing pension scheme(s) for automatic enrolment, you will need to choose another pension scheme. In this case, all eligible jobholders will need to be automatically enrolled in your new pension scheme.

B Choosing a qualifying pension scheme

If you need to select a qualifying pension scheme, you can choose from a number of pension providers including the **National Employment Savings Trust (NEST)** which has a public service obligation to accept all employers that apply to join it. For a list of pension providers, please refer to the **Where can I find more information?** section on page 7 of this leaflet.

To be a qualifying scheme, minimum contributions must be made or it must provide a minimum rate at which benefits will build up. A scheme suitable for automatic enrolment must also **not**:

- impose barriers to joining the scheme, such as probationary periods or age limits for members
- require staff to make an active choice to join or take other action prior to joining
- require the provision of extra information in order to stay in the scheme.


3B Choosing a qualifying pension scheme continued...

It is important that the pension scheme you choose will deliver good outcomes for your workers' retirement savings. A financial adviser can offer advice on the available pension schemes which are suitable for your company.

4 Communicate the changes to all your workers

Employers must inform all their workers in writing about the changes detailing how they are affected by the changes. This communication must be provided in writing (which can include being sent by email) and must be specific to the individual.

The duty is on the employer to provide the right information to the right individual, at the right time.



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5 Automatically enrol your eligible jobholders

There is a process that employers will need to follow in order to make an eligible jobholder a member of an automatic enrolment pension scheme. Certain information about your eligible jobholders will also need to be supplied to pension scheme managers for example at specific points in the process.

Further information about the automatic enrolment process is available on our website at:
www.tpr.gov.uk/7-steps

6 Register with The Pensions Regulator and keep records

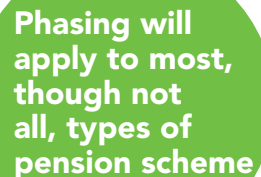
You are required to inform us how you have fulfilled your new automatic enrolment duties by registering this information online with us shortly after your staging date. You will also need to maintain specified records about enrolled workers, their status within the scheme, the payment of contributions and the qualifying scheme itself. Records will also need to be kept for those enrolled workers that opt out of your pension scheme.

You will need to monitor the age and earnings of all workers who are **not** eligible jobholders and **not** already in a qualifying scheme on an ongoing basis. If any worker's circumstances change in a pay period so that they become an eligible jobholder, they will need to be automatically enrolled.

7 Contribute to your workers' pensions

After your staging date, you must contribute to your chosen pension scheme on behalf of your workers. The minimum contribution rates that an employer must pay into their workers' pension scheme will be introduced gradually. This is known as 'phasing'. The **minimum** employer contribution will change from 1% to 3% over time. The exact timing of phasing will be confirmed by the Government in early 2012.

Phasing will apply to most, though not all, types of pension scheme (your scheme provider will be able to tell you if phasing applies to you).



Phasing will apply to most, though not all, types of pension scheme

Where can I find more information?

To access more detailed information about each of the 7 steps to prepare for automatic enrolment, please visit: www.tpr.gov.uk/7-steps where all the relevant information for employers and their pension professionals can be accessed.

The following links may be useful if you are looking for a pension provider that offers pension schemes that can be used for automatic enrolment:

The Association of British Insurers (ABI)

www.abi.org.uk/pensionproviders

NEST

www.nestpensions.org.uk

To find a financial adviser, you can contact:

IFA Promotion

www.unbiased.co.uk

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