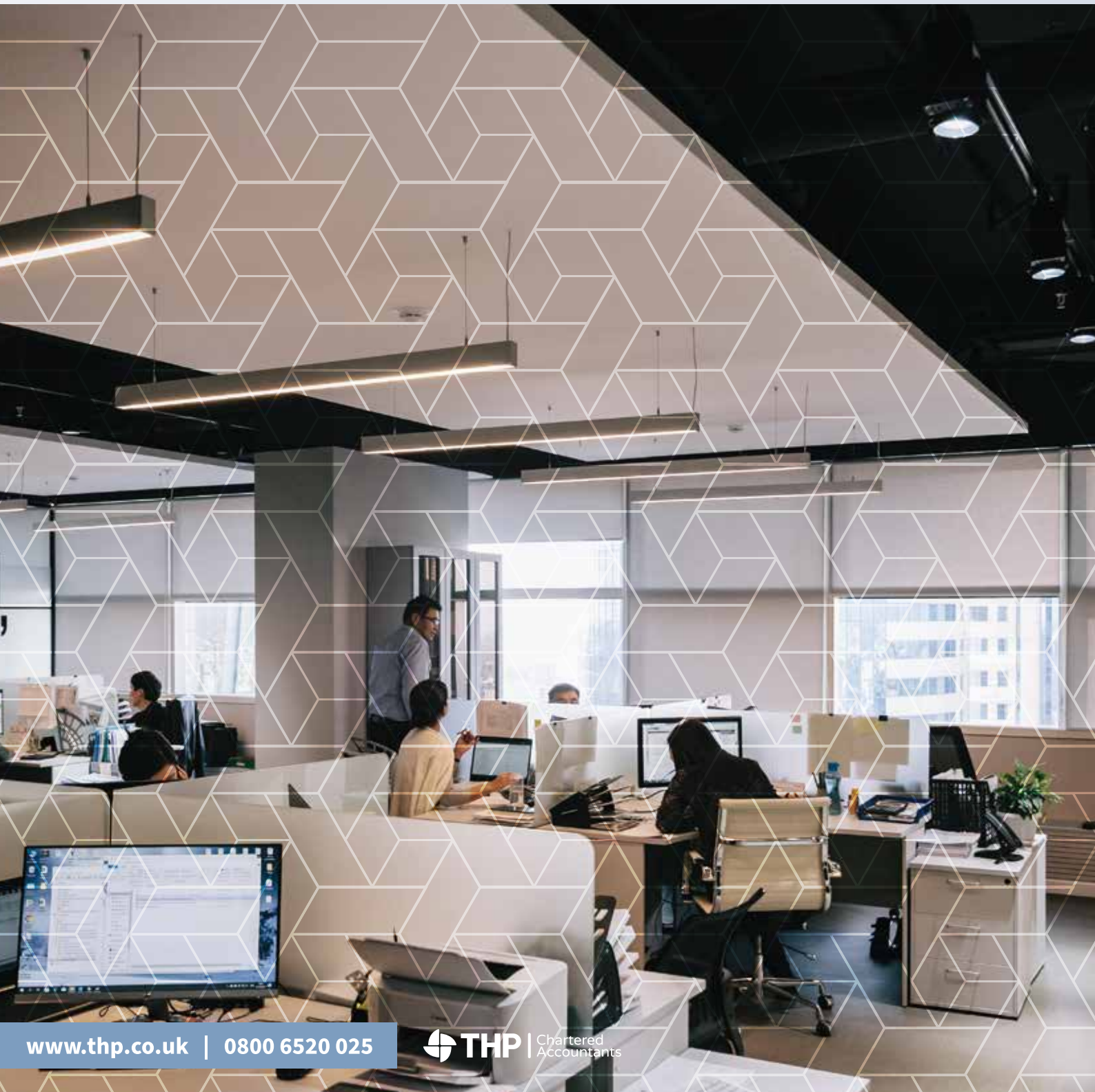


AUTO ENROLMENT

A HELPFUL GUIDE FOR EMPLOYERS



What is Auto Enrolment?

If you're an employer you need to know about Auto Enrolment. As soon as you have employees, you'll need to set up a workplace pension – even if you've only hired one person.

Since the Pensions Act passed into law in 2008, employers have had to enrol certain staff into a workplace pension scheme. They have also had to make contributions to these pensions.

If you aren't currently obliged to enrol anyone in a pension scheme, and then you employ someone new at a later date, do let us know – you can be fined for non-compliance with Auto Enrolment. Penalties can range from £400 fixed penalties to escalating fines of up to £10,000.

Which staff do I have to enrol in a pension scheme?

Whether or not you have to enrol someone in a pension scheme depends on their age and their gross earnings. This table clarifies which employees you should enrol and which ones have a right to opt in to your pension scheme.

Gross Earnings per Calendar Month	Age			Weekly Gross Earnings
	16-21	22 to State Pension Age	State Pension Age to 74	
£520 or under	Has a right to join your pension scheme, but you don't have to contribute to it.			£120 or under
£520.01 - £833	Has a right to opt in to your pension scheme. If they do, you must contribute.			£121.01 - £192
£833.01+	Has a right to opt in. You must contribute if they do.	Must be enrolled. You must contribute.	Has a right to opt in. You must contribute if they do.	£120 or under



Do I have to enrol company directors?

If a director of your company meets the age and earnings criteria, it's up to you whether you enrol them in a workplace pension scheme. This means that, if your only employees are directors, you are not legally obliged to auto enrol them in a pension scheme.

However, if you subsequently employ someone else or add someone to your existing PAYE scheme, you will need to auto-enrol them if they meet the criteria above (or have the right to opt in to your pension scheme).

Can employees opt out of a workplace pension scheme?

Yes, but it is against the law for you to try and persuade an employee to opt out of a pension scheme.

Once a staff member has been enrolled in a pension scheme, they have one calendar month in which to opt out and get a refund of their contributions (where postponement not used – see below). If they leave after one month, they are considered to have ceased active membership. The pension scheme rules will determine whether they get their contributions refunded.

What kind of pension scheme should I offer?

Your pension scheme needs to meet a wide range of criteria. These include automatic enrolment criteria, qualifying criteria and minimum requirements that differ according to the type of pension scheme you offer. It's a complex topic, so if you haven't already set up a pension scheme, we recommend you talk to an Independent Financial Advisor (IFA).



How do I enrol staff in my pension scheme?

When a staff member becomes eligible for joining your pension scheme, you must write to them within six weeks. You must send these letters to:

- **Employees who are being enrolled.** You need to explain that they have been enrolled and pension contributions will be deducted from their wages. You also need to provide details of the chosen pension scheme and tell staff they have the right to opt out.
- **Employees who are not being enrolled.** You need to let these employees know they have the right to opt in or join your pension scheme. You should explain how the scheme would apply to them.

It is also permissible to delay auto-enrolment for up to three months (known as postponement). This gives you flexibility if you employ temporary, seasonal staff, or use probation periods meaning you won't need to auto-enrol them if they leave before the end of three months. If you decide to postpone auto-enrolment, you need to write to each staff member within six weeks from the start of the postponement period. In this letter you need to say you have delayed working out who to put into a scheme and how auto-enrolment applies to them.

However, do note that if a staff member writes to you during the postponement period and asks to join a pension scheme, you must put them in once you've received the request.





Declaring compliance with Auto Enrolment

Once you are meeting your Auto Enrolment duties, you need to make a declaration of compliance to the Pensions Regulator. You need to do this within five months of the start of your legal duties. The Pensions Regulator will write to you and supply you with a letter code and a PAYE reference. You will need these to make the declaration.

You can make your [declaration of compliance online here](#). Alternatively, we can do this for you if we process your payroll.

If you do it yourself, you will need to provide information that includes:

- Employer name
- Employer address
- PAYE scheme reference
- Your contact details (telephone number, email, job role)
- How many people were in employment on the duties start date
- How many employees have been enrolled in your pension scheme
- How many employees were already in your pension scheme
- Details of the pension scheme you are using
- Employer Pension Scheme Reference (EPSR) or Pension Scheme Registry Number (PSRN)

You can find a [Declaration of compliance checklist here](#) (PDF file).

Re-enrolment

Every three years, on the anniversary of your duties start date or staging date, you need to assess staff on your payroll. If any staff have left your pension scheme or reduced their contributions, you need to work out whether to put them back into your scheme.

In brief, you will need to put people who meet these criteria back into your pension scheme:

- Staff aged between 22 and the State Pension Age
- AND who earn over £10,000 per year, £833 per month or £192 per week.

Staff who don't meet these criteria can ask to be put into your pension scheme.

When you re-enrol staff, the process is the same as when you enrol them for a first time. You must write to staff as before and, within five months of the third anniversary of your duties start date or staging date, you need to make a re-declaration of compliance.

Where can I get help with Auto Enrolment?

The best place to learn about Auto Enrolment is on The Pensions Regulator's website at www.thepensionsregulator.gov.uk.

However, if you have any questions about your payroll, PAYE scheme or Auto Enrolment, please feel free to contact the team at THP.



GET IN TOUCH



Kirsty Demeza
Client Director

THP Wanstead

34-40 High Street
Wanstead, London
E11 2RJ

020 8989 5147
wanstead@thp.co.uk

Meet the Wanstead team



Mark Ingle
Client Director

THP Chelmsford

Waterhouse Business
Centre
Unit 53, 2 Cromar Way
Chelmsford, Essex
CM1 2QE

01245 251731
chelmsford@thp.co.uk

Meet the Chelmsford team



Lee Daley
Client Director

THP Sutton

Unit 4, Mulgrave
Chambers, 26-28
Mulgrave Road, Sutton,
SM2 6LE

020 8652 1070
sutton@thp.co.uk

Meet the Sutton team



Debbie West
Client Manager

THP Saffron Walden

24 High Street
Saffron Walden, Essex
CB10 1AX

01799 527478
saffron@thp.co.uk

Meet the Saffron Walden team

