

Ward Williams

Auto Enrolment – Frequently Asked Questions

What is auto-enrolment?

A Scheme introduced by the government requiring all employees to enrol people who work for them into a pension scheme. The aim is to help people have another income when they retire, on top of the State Pension.

The Pensions Regulator regulates workplace pensions, and the FCA regulates the providers of personal pensions.

Who needs to be enrolled?

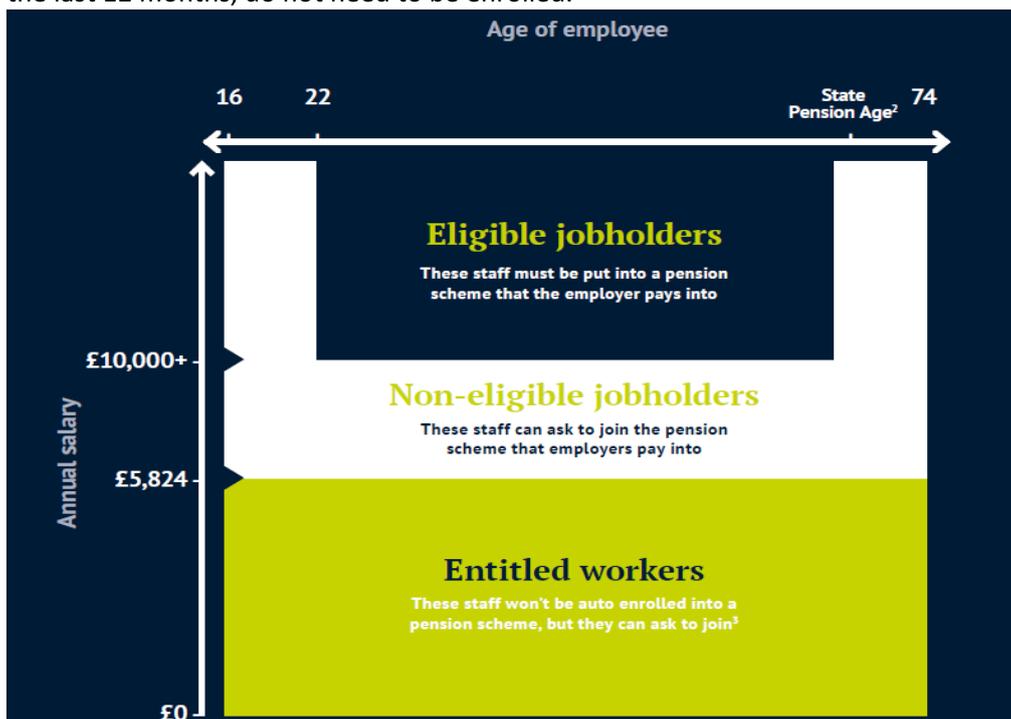
Workers who:

- Are not already in a qualifying workplace pension scheme
- Are aged 22 or over
- Are under State Pension Age
- Earn more than the minimum amount (£10,000 per annum, £833 per month, £192 per week), and
- Work/ usually work in the UK

The will usually be enrolled on the Staging Date/ Postponed Staging Date. Staging Date can also be brought forward by filling in an online form with the Pensions Regulator.

If you use postponement, workers can still opt in before the postponed auto enrolment date, if they're eligible.

Workers who have given notice/ been given notice to terminate their employment, and workers who received a winding-up lump sum from another workplace pension scheme in the last 12 months, do not need to be enrolled.



What happens to workers who don't meet the eligibility criteria?

Two categories → non-eligible workers and entitled workers.

These workers must still be given notice of the Scheme. There is no duty on the employer to enrol them.

They may choose to opt-in to the Scheme by giving the relevant notice to the employer. If non-eligible workers choose to opt in employers must also contribute to the pension Scheme. There is no duty on an employer to provide contributions for entitled workers if they choose to opt in.

How much does the employer need to pay?

	Employer contribution	Employee contribution
From enrolment	1%	1%
From October 2017	2%	3%
From October 2018	3%	5%

What if your employee has another job?

If the employee meets the eligibility criteria with each employment, they will be automatically enrolled into a workplace pension scheme by each employer.

However, if the employee works for more than one employer who uses NEST for their workplace pension scheme, the employee will have only one NEST pension pot; contributions from each employer go into the same pot.

What are the types of workplace pension?

Options:

- NEST → set up by the government specifically for auto enrolment. Free for employers to use. Ideal for smaller employers. We provide employee communications.
 - NOW! Pensions → private. Charges employers for the use of its Scheme. Provides reports for employers' information and sends all communications directly to employees.
 - Scottish Widows, Legal & General, etc. → usually for larger businesses (Financial Services)
1. DEFINED CONTRIBUTION SCHEMES. The employee pension pot is put into various types of investment, such as shares. It is expected to grow over time. The amount the employee gets at retirement is based on how much is paid in and how well the investments have performed.
 2. DEFINED BENEFIT SCHEMES. The amount the employee gets at retirement is based on various factors, including how long they've been members of the pension scheme and their earnings.

If employers already offer a workplace pension scheme, do they still have to set up a scheme and automatically enrol workers?

Employers may have to automatically enrol workers who are not currently saving in the workplace pension, depending on their age and how much they earn.

Additionally, the current scheme may not meet the standards required of an Automatic Enrolment Pension Scheme.

What is the Declaration of Compliance?

Employers must provide information to show they are meeting their automatic enrolment duties. This must be completed online within 5 months from the Staging Date. Failing to do so can result in a fine.

If the employer uses a postponement date, the Declaration of Compliance cannot be submitted until after the postponement date, but must still be submitted within 5 months of the original Staging Date.

Exemptions from automatic enrolment duties if:

- There is only one director and there are no other staff working for the company
- The only people working for the company are directors and none of them have an employment contract
- The only people working for the company are directors and only one of them has an employment contract
- The company has gone into liquidation
- The company is dissolved on the Companies Register at Companies House
- The company has permanently ceased trading (this option is for non UK registered companies and partnerships who are not registered on the Companies Register at Companies House).

What do we do for the client?

Charge a flat rate of £750 plus VAT (Dependant on the client) for a NEST set-up

- Registering the Scheme
- Assessing the workforce
- Providing employee communications
- Submitting contributions for each pay period (12 months' contributions included in the £750 fee)
- Managing opt-ins/ opt-outs/ new employees/ employees leaving
- Preparing and submitted Declaration of Compliance
- All other admin involved as and when required.
- (If we do their payroll) Transferring them onto STAR and processing their contributions in their payroll.

Information for users:

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