

# INSIGHTS

## Auto Enrolment – Employer Responsibilities at a Glance

Many employers will now be finding that the time for implementing Auto Enrolment legislation will soon be upon them, and it's not simply just a case of deducting some premiums from salary and paying it into an employee's pension. Employers will need to:

### Know when you need to be ready

- Determine Staging Date – contact the Pensions Regulator with your PAYE reference or go online to:- <http://www.thepensionsregulator.gov.uk/employers/tools/staging-date.aspx>

### Provide a point of contact

- Nominate a point of contact – this could be anyone you wish to nominate within the business, but is usually a member from payroll or HR. This person will then receive all contacts from the Pensions Regulator.

### Develop your initial plans

- Decide whether to adopt postponement – you can postpone for up to three months if required. It does not mean postponement of your staging date. You still need to establish a compliant auto enrolment pension scheme, but you can postpone premium collections.
- If you intend to use postponement you will need to clarify over what time period and for whom within the business this will apply to, if not everyone.
- Decide whether to adopt postponement for new employees after initial staging date.
- Comply with postponement communications – advance communications on top of those required at the time of auto enrolment. Your chosen pension provider may be able to help with these communications.

### Find out who to enrol

- Identify exact number of workers.
- Classify workers into three categories (eligible, non-eligible and entitled):

Annual earnings (2014-2015)	Age		
	16 - 21	22 - state pension age	State pension age - 74
£5,772 or below	Entitled Worker*	Entitled Worker*	Entitled Worker*
Over £5,772 to £10,000	Non-Eligible Jobholder**	Non-Eligible Jobholder**	Non-Eligible Jobholder**
Over £10,000	Non-Eligible Jobholder**	Eligible Jobholder***	Non-Eligible Jobholder**

\* Entitled Worker – Has a right to join a pension scheme

\*\*Non-Eligible Jobholder – Has a right to opt in

\*\*\*Eligible Jobholder – Automatically enrol

### Choose a pension scheme

- Review any existing pension arrangements to see if they could be used or adapted for auto enrolment.
- Choose which type of pension scheme to use (Defined Contribution contract-based, Defined Contribution Occupational Pension Scheme etc...).
- Choose a pension provider or providers.
- Choose a default investment.
- Select the earnings definition (for Defined Contribution) – this duty may be multiplied many times for schemes with multiple categories. Each salary criteria will have a different impact on the percentage cost of scheme implementation on the business :-
  - Qualifying or Banded Earnings – salary earned between lower and upper earnings limits for NI.
  - Basic Pay Only – full basic pay.
  - Basic Pay (85% Rule) – where basic pay for all scheme members added together equals at least 85% of total pay before tax.
  - Full P60 Earnings – all earnings including bonuses and commissions.

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## Tell your staff

- Provide designated communications to all workers (eligible, non-eligible and entitled) within prescribed time limits. Again your chosen pension provider may be able to help with these communications.

## Automatically enrol your staff

- Auto enrol eligible employees.
- Deduct contributions from pay as appropriate.
- Pay contributions on behalf of eligible employees:

	Employer	Employee	Tax Relief	Total
Up to 30/09/17	1%	0.8%	0.2%	2%
01/10/2017 to 30/09/18	2%	2.4%	0.6%	5%
From 01/10/2018	3%	4%	1%	8%

These percentages are based on certain earnings criteria and do not apply to all earnings definitions.

## Fulfill on going responsibilities

- Have a process for opt-outs, including:
- Keeping auditable records.
- Reporting to the Pensions Regulator.
- Making repayments to employees if deductions have already been processed.
- Stopping future deductions.
- Re-enrolling opted-out employees every 3 years.
- Accept applications from non-eligible and entitled employees opting-in.
- Deduct contributions from pay as appropriate.
- Pay contributions on behalf of non-eligible employees.
- Provide information (as frequently as contributions are payable) to each pension provider.
- Re-assess workers at each payroll and repeat the above.

## Complete your declaration of compliance (registration)

- Register with the Pensions Regulator – complete the online declaration of compliance at: <https://www.autoenrol.tpr.gov.uk/>

## Maintain records

- Names and addresses of staff you have automatically enrolled.
- The contributions payable to the pension scheme and when they were paid.
- Any opt-in or opt-out notices you receive.
- Name and address of the pension scheme.
- Employer pension scheme reference or pension scheme registry number.

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