

## AUTO ENROLMENT – EMPLOYER RESPONSIBILITIES AT A GLANCE

Many employers will now be finding that the time for implementing Auto Enrolment legislation is 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.

### Find out who to enrol

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

Annual earnings (2018-2019)	Age		
	16-21	22 – state pension age	state pension age - 74
£6,032 or below	Entitled Worker*	Entitled Worker*	Entitled Worker*
Over £6,032 to £10,000	Non-Eligible Jobholder**	Non-Eligible Jobholder**	Non-Eligible Jobholder**
Over £10,000	Non-Eligible Jobholder**	Eligible Jobholder***	Non-Eligible Jobholder**

### 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.

### 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 05/04/18	1%	0.8%	0.2%	2%
06/04/18 to 05/04/19	2%	2.4%	0.6%	5%
From 06/04/19	3%	4%	1%	8%

Please note these percentages may differ depending upon the definition of pensionable earnings

### **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.

### **Fulfil 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 and complete a re-declaration of compliance.
- 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.

---

This Mercer & Hole Insight is a short selection of items extracted from complex legislation. Further specific advice on any matters referred to must be taken at all times. The information is given for general guidance only and publication is without responsibility for loss occasioned to any person acting or refraining from acting as a result of the information given. No part of this publication may be reproduced without the prior permission of Mercer & Hole.

---