



## AUTO-ENROLMENT – NEWSLETTER The Basics

### What you must do as an employer

By Law (under the Pensions Act 2008) you must automatically enrol your employees into a pension scheme and make contributions to their pensions if they are:

- aged between 22 and State Pension age
- earn at least £10,000 per year
- work in the UK

If you don't have to enrol your employees by law, see below, they can still join your pension scheme if they want to. You cannot refuse.

You don't have to contribute if your employees currently earn these amounts or less:

- £486 per month
- £112 per week
- £448 per 4 weeks

When your employees are enrolled into the pension scheme, you must:

- let employees leave the pension scheme (called 'opting out') if they ask - and refund money they have paid if they opt out within 1 month
- let employees rejoin the scheme at least once a year if they have opted out
- enrol employees back in once every 3 years if they have opted out and they are still eligible for automatic enrolment

### What as an employer you can't do

You cannot

- encourage or force employees to opt out of the scheme
- unfairly dismiss or discriminate against employees for staying in a workplace pension scheme
- imply someone's more likely to get a job if they choose to opt out of the pension scheme
- close a workplace pension scheme without automatically enrolling all members into another one

### What you must tell your employees

When you automatically enrol employees into your workplace pension scheme, you must write to them.

In the letter, you must tell them:

- the date you have added them to the pension scheme
- the type of pension scheme and who runs it
- how much you will contribute and how much they will have to pay in
- how they can leave the scheme if they want to

You can delay the date of enrolment by up to 3 months or longer if you have chosen a 'defined benefit' scheme or a 'hybrid' pension scheme (a mixture of defined benefit and defined contribution schemes), but you must tell your employees about the delay in writing and let them join in the meantime if they ask to.

### Salary sacrifice

You and your employees may agree to use 'salary sacrifice' (sometimes known as a 'SMART' scheme).

If you do this, your employees give up part of their salary and you pay this straight into the employees' pension. In some cases, this will mean you and your employee pay less tax and National Insurance.

**P.T.O.**



## General Information

The new law means that a small percentage of your employees wage will be paid into a pension scheme with extra money added on top by you, the employer. This is then used to build up a pension pot which can be used to pay an extra income on top of the State Pension when your employees reach pension age. Your employees will have the option to 'opt out'.

Your business must set up a workplace pension scheme; when you need to start doing this (known as a 'staging date') depends on how many people you have on your payroll. Check your staging date with The Pensions Regulator: ([www.thepensionsregulator.gov.uk/employers](http://www.thepensionsregulator.gov.uk/employers)).

If you don't already offer a pension scheme you must set up one up before your staging date. If you already have a workplace pension scheme, check if you can use it for automatic enrolment. Visit [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

If you run your own pension scheme you must keep its assets separate from your business assets.

## Providing information

You'll need to give your pension provider information about your employees to enrol them. Check exactly what information your provider needs - as a minimum, for each of your employees you'll need their:

- name
- address
- date of birth
- National Insurance number

## Paying contributions

You must pay any pension contributions you take from your employees into your staff pension scheme by the date you've agreed with your provider.

This date must be no later than the 22nd day (19th if you pay by cheque) of the following month.

You may be fined by The Pensions Regulator if you pay late or don't pay the minimum contribution for each member of staff.

## Next Steps

If you already run a pension scheme, or if you need to set one up, you will have to discuss this with your Financial Advisor at least 6 months before your staging date to ensure that the current/new scheme meets the needs of both you and the Pension Regulator.

You will also need to check that your payroll software will work with a pension scheme.

Act now and don't leave it until the last minute.

**For more information please go to [www.thepensionsregulator.gov.uk/employers](http://www.thepensionsregulator.gov.uk/employers)**

Disclaimer: This newsletter is issued to draw your attention to future changes. We do not accept any responsibility for its content, and you should seek professional advice from a pension advisor.