

YOU GUIDE TO AUTO ENROLMENT

New legislation on workplace pensions will affect every employer with staff working for them in the UK. This brief guide is designed to give an overview of the new duties and spells out how Spiria can help with the process.

What to do first

Find out your 'Staging Date'

Each employer has a 'Staging Date', which is the date that the new duties come into force for that business. You can find out your staging date by entering your PAYE reference on the '[What is my staging date?](#)' page of The Pensions Regulator website. You will also begin receiving correspondence from The Pensions Regulator as your staging date approaches.

Choose a Pension Provider

When choosing a pension scheme for automatic enrolment you must make sure it meets certain criteria. You should also choose a good quality scheme that provides value for money and protects your staff's retirement savings. There are many providers offering pension schemes suitable for auto enrolment. We would recommend that you begin the process of selecting a pension provider well in advance of your staging date.

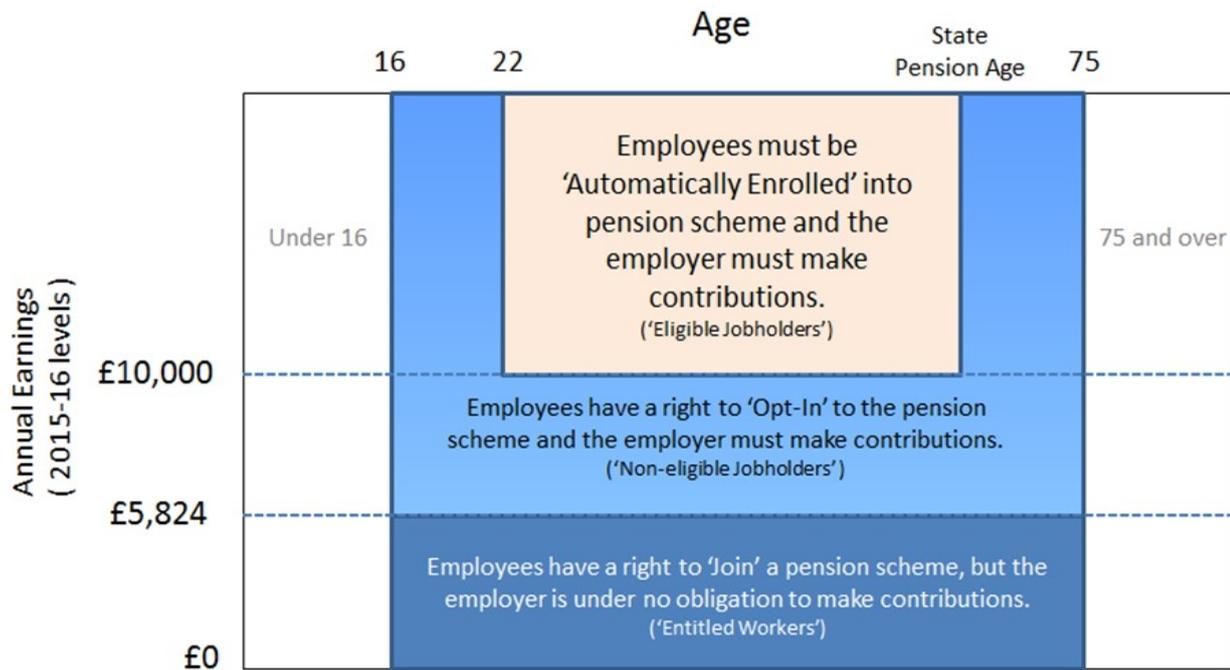
Assess workers and enrol them into the pension scheme

Some employees must be 'automatically enrolled' into your chosen pension scheme at the staging date, whilst others may have the right to 'opt-in' or 'join' the scheme. Your duty with regard to each employee is determined by their age and level of earnings, and you will need to perform an 'assessment' in order to place each employee into a particular category.

'Eligible Jobholders' are those employees between 22 and State Pension Age earning the equivalent of £10,000 or more per annum. Employees in this category must be automatically enrolled into the pension scheme. The employer must pay contributions into the scheme of these employees.

'Non-eligible Jobholders' comprise of 2 groups of employee: 1). Employees aged between 22 and State Pension Age earning between £5,824 and £10,000 per annum (i.e. their earnings are below the £10,000 'trigger' for auto enrolment), and 2). Employees earning above £5,824 that are either below or above the age bracket to be automatically enrolled (i.e. they are aged 16-21 or above state pension age). Employees in this category are not automatically enrolled but have the right to 'opt-in' to the pension scheme if they choose. If they do choose to 'opt-in' then the employer must pay contributions into the scheme.

'Entitled Workers' are those employees aged between 16 and 75 earning below £5,824 per annum. Employees in this category must be offered the opportunity to join a workplace pension scheme, but the employer is not obliged to make contributions to it.



* Earnings levels are for the 2015-16 tax year

Employees under 16 or over 75 are excluded from the auto enrolment process.

Calculate and deduct the pension contributions

The amount you must contribute to the pension scheme is determined by your particular scheme's rules. However, if you're using the scheme for automatic enrolment there are minimum contributions you must pay. Minimum contributions are shown in the table below – they're currently a total contribution of 2% with at least 1% employer contribution (some pension schemes refer to '1 and 1' levels of contribution, which means that the employee and employer are each contributing 1%).

Minimum contributions are being increased gradually over time.

Some pension schemes calculate pension deductions based on all pensionable pay whereas others use a particular band of their pay known as 'qualifying earnings' (which for 2015-16 are those earnings between £5,824 and £42,385 per annum).

Date	Employer minimum contribution	Total minimum contribution
Employer's staging date to 5 April 2018	1%	2%
6 April 2018 to 5 April 2019	2%	5%
6 April 2019 onwards	3%	8%

Communicate with each employee

You must write to each member of staff to tell them how automatic enrolment affects them and to inform them of their rights. This is a legal requirement. Following your staging date, employees that are automatically enrolled into your pension scheme (the 'Eligible Jobholders') need to be given information about their contributions and their right to 'opt-out' of the scheme. 'Non-Eligible Jobholders' must be informed of their right to 'Opt-in' to the scheme, and so on.

Some of the major auto enrolment pension providers are able to handle these employee communications for you by sending the relevant letters / emails to your employees at the correct times. Others provide letter templates which you can adapt to your own needs. You may wish to consider the issue of employee communications when making your choice of a suitable pension provider. We will produce basic letters for use when employees are automatically enrolled, for postponement, and to inform those employees that will not be enrolled.

Complete the automatic enrolment Declaration Of Compliance ('Registration') with The Pensions Regulator.

You must provide certain information to The Pensions Regulator about how you've complied with the automatic enrolment duties, such as how many people you've automatically enrolled and into which pension scheme(s). You must complete your declaration of compliance even if you don't have anyone to automatically enrol. Declaration is mandatory and you could get fined if you don't do it in time. **Your declaration deadline is five calendar months after your staging date.**

Declaration provides a snapshot of your workforce on your staging date and you'll need to account for each person. Automatic enrolment declaration of compliance (registration) is a secure, online service accessed through the Government Gateway.

Continually assess your workforce before each pay date

You must continue to assess your workforce before each pay day following your staging date. You'll need to monitor any changes in the age and earnings of your staff. You may have taken on a new employee who needs to be automatically enrolled, or perhaps one of your existing employees has reached their 22nd birthday or has received a pay rise and so becomes an 'Eligible Jobholder'. The auto enrolment 'assessment' process should therefore become part of your regular payroll routine.

Further Information

[The Pensions Regulator](http://www.thepensionsregulator.gov.uk) website gives detailed guidance on all aspects of automatic enrolment:
www.thepensionsregulator.gov.uk



We set up your workplace pension for you

To make you 100% compliant

All eligible staff enrolled

Completed on time for your staging date

How can we help you?



- ⇒ We will run an assessment report which will categorise your employees according to their age and earnings. It can also produce 'csv upload files' which can be used to send details of employees being enrolled to the relevant pension provider.
- ⇒ We will calculate and deduct the correct employer and employee deductions based on both 'all pensionable pay' and on 'qualifying earnings', whichever method is applicable to your scheme. We can also produce 'csv upload files' which are used to communicate this information to many of the major auto enrolment pension providers (including NEST, NOW: Pensions, The People's Pension, Aviva, Beaufort Consulting, Carey Pensions, Corpad, Creative Pension Trust, Friendly Pensions, Friends Life, Gen Life, Legal & General, PAPDIS, Royal London, Salvus, Scottish Widows, Simply, Standard Life, The Pensions Trust, True Potential and The Workers Pension Trust).
- ⇒ The Pensions Regulator does not have a facility to allow this information to be sent directly from your payroll software. Instead you must manually log on to the Government Gateway website and enter the relevant details there. We will produce a report which helps with the compliance process which shows which of your employees have been added to the pension scheme and which of those haven't.
- ⇒ We will run an assessment report at any point during the year to give an up to date categorisation of each employee.
- ⇒ Please note: Spiria is NOT qualified to offer advice regarding your choice of a suitable pension scheme. The Pensions Regulator guide '[How to choose a pension scheme](#)' is a good starting point. Alternately you may wish to employ the services of a Financial Advisor.