

Auto Enrolment

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Every employer in the UK must put certain staff into a pension scheme and contribute towards it. This is called 'automatic enrolment'. If you employ at least one person, you have a legal duty to offer a pension scheme that can be used for automatic enrolment.

Your Staging Date is the date when the law comes into effect for you. You can check this date by entering your PAYE reference at <http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

Postponement

You can't move your staging date back but you can delay automatic enrolment by choosing the postponement option. Postponement gives you up to three months from your staging date to work out who you need to put into a pension scheme and enrol them. You can also postpone the enrolment of new employees. You will have to let your employees know you are postponing within six weeks from the date you wish to use postponement. They can still ask to join the pension during this period.

Who must be put into a pension scheme?

Employees who **must** be put into a pension scheme you pay into are:

- Aged: 22 to State Pension Age
- Earns more than: £10,000 a year / £833 a month / £192 a week
- Normally work in the UK.

Exceptions

There are a handful of employees for whom it is optional to put into the pension scheme. Among the most common are:

- directors who have a contract of employment with the company
- they're genuine partners of a limited liability partnership – those partners who are not employees for tax purposes
- notice has been given for resignation, dismissal or retirement
- employees who do not ordinarily work in the UK and are on temporary secondment from a non-UK company

You may need to check with your employees whether any of this applies to them. Find out more at <http://www.thepensionsregulator.gov.uk/en/employers/>

How much must the employer contribute?

The minimum contributions will be introduced in three stages. You have to make the 'Employer minimum contribution' shown below. Then the total contribution is reached by adding the employee's contribution (deducted from their earnings) and tax relief from the Government. However, you can choose to pay more if you want to.

Dates	Employer minimum contribution	Employee minimum contribution	Tax relief on employee contribution	Total minimum contribution
Until 5 April 2018	1%	0.8%	0.2%	2%
6 April 2018 to 5 April 2019	2%	2.4%	0.6%	5%
6 April 2019	3%	4%	1%	8%

Write to your employees

Around your staging date you have to write to your employees to explain automatic enrolment to them. You have 6 weeks from your staging date to make sure you have written to all your employees and put the right employees into your qualifying pension.

Disclaimer:
This note does not contain a full statement of the law and it does not constitute legal advice. Please seek legal advice if you have any questions about the information set out above.

How does an employee opt out?

Workers who have been automatically enrolled have the right to opt out of the pension scheme. If an employee wishes to opt out, they must notify the employer via a document called an 'opt-out notice' (this is only usually available from the pension scheme provider). When employers receive a valid opt out notice they are required to refund any contributions deducted from the worker's pay. The pension scheme provider is also obliged to reimburse the employer for any contributions they have made.

Provide a declaration of compliance to The Pensions Regulator

You're legally required to give information to The Pensions Regulator about how you've met your automatic enrolment duties. If you don't provide a declaration of compliance within five months of your staging date, you could be fined. You need to declare your compliance on The Pensions Regulator's website at www.autoenrol.tpr.gov.uk

Fines

The Pensions Regulator will initially just tell you to put things right. Any further failure may lead to the government fining you a lot of money. And ultimately you could face criminal prosecution and even imprisonment. Find out more at <http://www.thepensionsregulator.gov.uk/en/employers/what-happens-if-i-dont-comply>

Ongoing duties

Once you have completed your declaration of compliance you still have ongoing duties towards your staff. .These include

- paying money into their pension scheme
- dealing with requests to join and leave the pension scheme
- monitoring the ages and earnings of your staff
- keeping accurate records of what you have done

For more information on these tasks go to: www.tpr.gov.uk/continue-tasks