Navigating your way through Auto Enrolment

Yung Tran, Head of Member Services and Business Improvement, SMMT
Jim Ferris, Director, ELG Employee Benefits
Jonathan Roberts, Director, ELG Employee Benefits

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• During presentations (14:00 – 14:30) everyone will be muted so that only the presenters will be heard.

• The presentation will be followed by a Q&A session. Click on the hand symbol to show that you have a question.

• If you are experiencing any technical problems please call 0207 344 1611 or 07793 773391
Jim Ferris
ELG Employee Benefits
Agenda

Navigating your way through Auto-Enrolment

- What is Auto Enrolment?
- What as an employer will I need to do?
- What issues will we have to overcome to fulfil my Auto-Enrolment requirements?
- How to meet your requirements under Auto-Enrolment
- Frequently asked Questions & Answers
- Questions
Pensions Reform Act 2008

Employer Duties & Automatic Enrolment

- From October 2012 every UK employer must;
  - Register with the Pensions Regulator (TPR) & provide details of workforce and pension scheme
  - Automatically enrol certain workers
  - Arrange membership of a pension scheme for other workers
Staging Date

- Always 1\textsuperscript{st} of a month
- Company holding contract of employment
- Based on PAYE scheme size on 1 April 2012
  - Single PAYE scheme, determined by size
  - Multiple PAYE schemes, determined by largest PAYE scheme
  - Shared PAYE scheme, all employers have same staging date, determined by total PAYE scheme
- Can be brought forward

*Exemptions for certain small employers – if on 1 April 2012 had fewer than 50 workers, and part of one or more PAYE schemes in which there were 50 or more persons

<table>
<thead>
<tr>
<th>Employer payroll size</th>
<th>Staging date</th>
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<tbody>
<tr>
<td>250 or more</td>
<td>Between 1 October 2012 and 1 February 2014</td>
</tr>
<tr>
<td>50 to 249</td>
<td>Between 1 April 2014 and 1 April 2015</td>
</tr>
<tr>
<td>30 to 49</td>
<td>Between 1 August 2015 to 1 October 2015</td>
</tr>
<tr>
<td>Fewer than 30</td>
<td>Between 1 January 2016 and 1 April 2017</td>
</tr>
<tr>
<td>(per last two characters of PAYE reference number)</td>
<td></td>
</tr>
<tr>
<td>New companies established on/after 1 April 2012</td>
<td>1 May 2017 and 1 February 2018</td>
</tr>
<tr>
<td>(per date of first PAYE income)</td>
<td></td>
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</tbody>
</table>
Workforce Assessment

Who?

- Entitled worker
- Foreign nationals (inc. US citizens)
- Agency workers
- Fluctuating jobholder
- Seafarers & offshore workers
- Flexible drawdown jobholders
- Seasonal workers
- Fixed protection jobholders
- Zero-contract hour workers
- Eligible jobholders
- Over SPA
- Over 74
- Age 16-21
You’ll have separate duties for three different types of worker:

- Eligible jobholders
- Non-eligible jobholders
- Entitled workers
The different categories of worker are determined by their age and how much they earn:

1 These figures are for the 2013/14 tax year.
Employer duties: eligible jobholders

✓ Provide certain information to the pension scheme and eligible jobholder

✓ Automatically enrol them into an automatic enrolment scheme

✓ Deduct any jobholder contributions from salary and make contributions on their behalf

✓ Process any opt-out notices and refund contributions paid
Employer duties: eligible jobholders

You must also:

✓ Every three years re-enrol those who have previously opted out, stopped making contributions or ceased membership more than 12 months before each re-enrolment date

✓ Keep records of the automatic enrolment and opting out processes and provide to TPR if requested

✓ Provide certain information to the eligible jobholder within two months if they’re already in a qualifying pension scheme
Employer duties: non-eligible jobholders

You must:

✓ Provide certain information to the non-eligible jobholder including their right to opt in to an automatic enrolment scheme

✓ Arrange pension scheme membership

✓ Deduct any jobholder contributions from salary and make contributions on their behalf

✓ Process any opt-out notices and refund contributions paid
Employer duties: non-eligible jobholders

You must also:

- Re-assess worker type every three years and re-enrol those who have previously opted out, stopped making contributions or ceased membership more than 12 months before each re-enrolment date

- Continue to assess the non-eligible jobholder in case they change category depending on age and earnings

- Keep records of the enrolment, opting in and opting out processes and provide to TPR if requested

- Provide certain information to the non-eligible jobholder within two months if they’re already in a qualifying pension scheme
Employer duties – entitled workers

You must:

✓ Provide certain information about their right to join a pension scheme

✓ Arrange pension scheme membership (the scheme does not have to be an automatic enrolment scheme)

✓ Deduct contributions from their salary and pay these into the scheme (you are not required to make contributions although you can choose to do so)
Employer duties – entitled workers

You must also:

- Continue to assess the non-eligible jobholder in case they change category depending on age and earnings

- Keep records of the joining process and provide to TPR if requested

If the entitled worked is already in a pension scheme run by you, you don’t have to.
Qualifying Worksite Pension Schemes (QWPS)

Automatic enrolment schemes must meet three sets of criteria:

1. Automatic enrolment criteria
2. Qualifying criteria
3. Quality requirements
Contribution Requirements

The minimum contribution level to meet the contribution quality requirement is based on qualifying earnings:

Qualifying earnings are a band of earnings of more than £5,668 and £41,450 or less\(^2\)

\(^2\) These figures are for tax year 2013/14 and are expected to change each year
The minimum contribution level can be phased in over six years:

<table>
<thead>
<tr>
<th>Date</th>
<th>Total must be at least</th>
<th>Employer must contribute at least</th>
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<tbody>
<tr>
<td>October 2012 to September 2017</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>October 2017 to September 2018</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>October 2018 onwards</td>
<td>8%</td>
<td>3%</td>
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3 Agreement must be in place for jobholder to make up at least any difference between the total and the employer amount.
Scheme Certification

You can certify that your scheme meets the quality requirement.

The certificate can cover all workers or groups of workers in your scheme.

The contribution levels for certification can be phased in over six years from October 2012.
Contribution Levels

There are four certification options available;

- 9% of pensionable salary
- 8% of pensionable salary
- 7% of total earnings
- 8% of qualifying earnings
The Pensions Regulator

- Informs employers when their staging date is
- Provides guidance and information about the employers duties
- Has the power to impose penalties on employers
Failure to comply – Stage 1

Compliance/unpaid contributions notice

- You are given a specific timescale to put things right
- You may also need to make backdated contributions with
- the addition of interest

Stage 1

Stage 2a
Failure to comply – Stage 2

**Fixed penalty notice - £400**

- You need to correct the breach identified in the previous compliance notice
- You’ll be given at least four weeks from the date of the fixed penalty notice to put things right
- The penalty will be applied if the breach is not corrected by the specified date
**Stage 3**

**Escalating penalty notice**

You’ll face daily escalating penalties in addition to any fixed penalty if you fail to comply with the notices issued in stages 1 and 2.

<table>
<thead>
<tr>
<th>Number of people</th>
<th>Daily rate</th>
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<tbody>
<tr>
<td>1 – 4</td>
<td>£50</td>
</tr>
<tr>
<td>5 – 49</td>
<td>£500</td>
</tr>
<tr>
<td>50 – 249</td>
<td>£2,500</td>
</tr>
<tr>
<td>250 – 499</td>
<td>£5,000</td>
</tr>
<tr>
<td>500 or more</td>
<td>£10,000</td>
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Employer Planning Timeline

1. Know your staging date
2. Assess your workforce
3. Review existing pension scheme
4. Create then test processes
5. Clean employee data
6. Develop an employee comms strategy
7. Issue pre-staging comms
8. Auto-enrolment

-12 months  -12 months  -10 months  -6 months  -5 months  -5 months  -3 months  Auto-enrolment
Questions and Answers

Please click on the hand symbol to raise your hand if you have a question.

Please ensure that you are connected to the audio to ask a question.

Alternatively, you can type your question.

Email: memberservices@smmt.co.uk with your questions after this session.

Slides emailed to participants after this session.
Additional Information

Jim Ferris : 01273 900645

Jonathan Roberts : 01273 900995

enquiries@elgassetmanagement.com
Important notes

Please remember that benefits are not guaranteed and the value of investments can go down as well as up.

All of the information in this presentation is based on our current understanding of the relevant legislation and regulations (including drafts) and may be subject to change.

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