

# AAT Auto-enrolment update



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**The Pensions Regulator**

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***The information we provide is for guidance only and should not be taken as a definitive interpretation of the law.***

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# Topics

- Staging dates & overall timetable
- Transitional Period
- What is a worker?
- Worker categories and the duties & rights for pension scheme enrolment
- Communicating with workers
- Qualifying Earnings and the Automatic Enrolment processes
- Postponement
- Contractual enrolment
- Opt Ins, Opt Outs & refunds
- Monitoring worker status and Re-enrolment
- Keeping records
- Registering with the regulator
- Pension schemes and Self Certification

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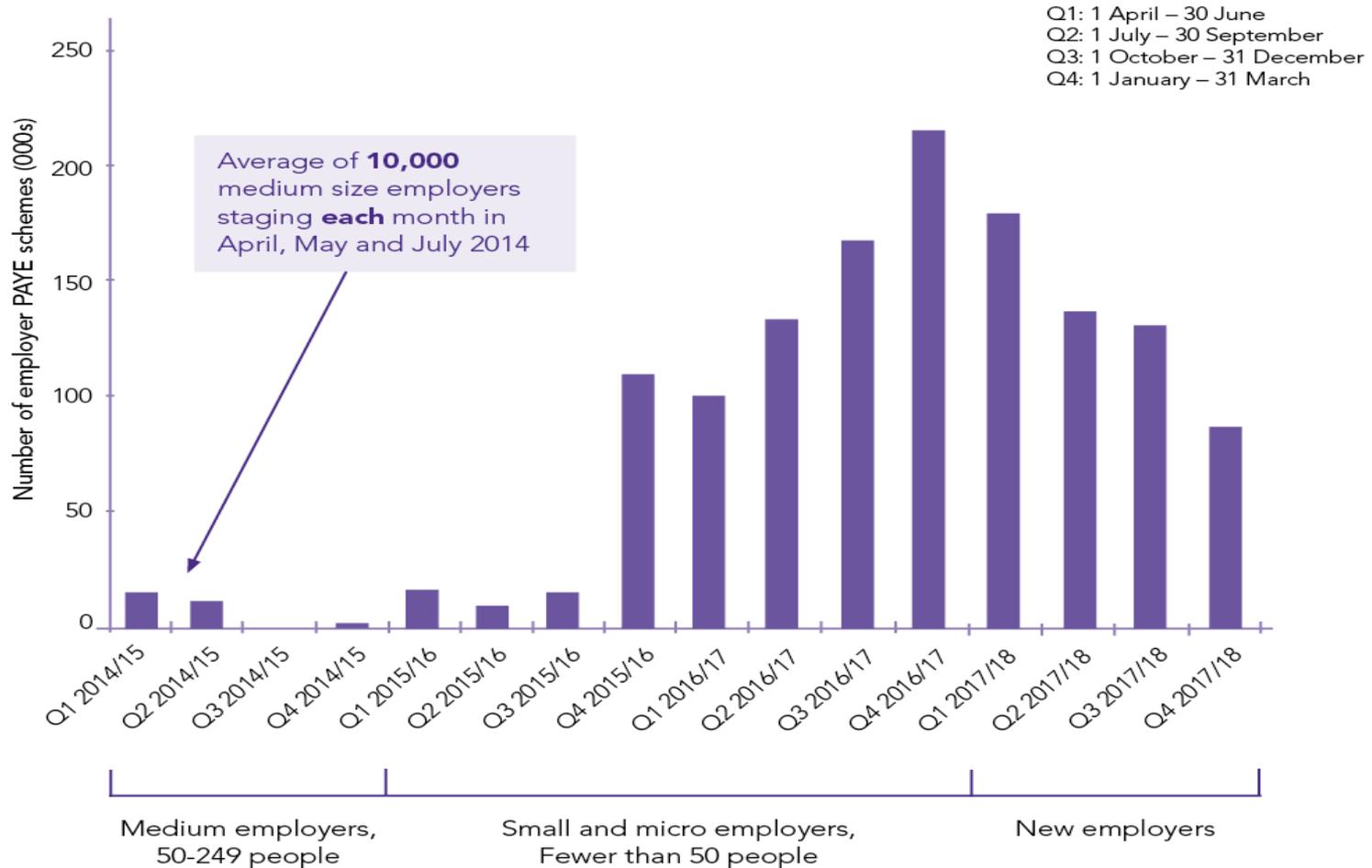
# What employers will need to do

- Nominate a point of contact
- Know your staging date and develop a plan
- Assess your workforce
- Review your pension arrangements
- Communicate the changes to all your workers
- Automatically enrol your eligible jobholders
- Register with the regulator and keep records
- Contribute to your workers' pensions



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# Staging profile (volumes of employers)



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# Determining the Staging Date

- **The Staging Date is the start date of the employer's automatic enrolment duties.**
- New employers setting up business (or using HMRC's PAYE for the first time) from 1 April 2012 to 30 Sept 2017 will have a staging date between 1 May 2017 and 1 Feb 2018.
- For employers using any PAYE with 30 or more people on 1<sup>st</sup> April 2012, the Staging Date is:
  - determined by the number of people in the ***largest*** PAYE scheme that the employer was using on 1<sup>st</sup> April 2012;
  - based on the PAYE data provided to **TPR** by HMRC on 1<sup>st</sup> April 2012;
  - the number of people in the PAYE scheme may include some staff who were no longer employed by them; and
  - the PAYE people count may also include those ***only*** being paid a pension.
  - ➔ The employer will ***not*** necessarily know their PAYE count, as it will probably **not** be equal to the number of employees.
  - ➔ An employer will have an earlier Staging Date if they have **one** or more people paid using a PAYE reference of a scheme larger than their own "main" PAYE (e.g. their 'parent' company's PAYE ref).
- For employers where all the PAYE schemes they used on 1<sup>st</sup> April 2012 had <30 people, their Staging Date will be June 2015 or later (based on the characters in their PAYE reference numbers).

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# Changing the Staging Date

- All employers in existence on 1<sup>st</sup> April 2012 now have their Staging Date set and:
  - All future fluctuations in PAYE sizes have **no** effect on the Staging Date;
  - Creating a new PAYE reference does **NOT** mean they are considered a “new employer” (unless they were not using PAYE for any of their staff as of 1/4/12);
  - The duties apply to ***all*** of the employer’s workers, irrespective of which PAYE scheme they are paid through;
  - If and when an employer has no workers, they will have no duties at that time.
- Any employer may bring their staging date forward to an ***earlier*** date, but will **need** to have a pension scheme in place and inform TPR giving at least **one month’s notice**.
- A **small** employer (with *fewer than 50* workers as of 1<sup>st</sup> April 2012) who has a staging date on or before 1<sup>st</sup> April 2015, may choose to move their staging date to a pre-prescribed **alternative** date between August 2015 and April 2017<sup>†</sup>.

<sup>†</sup> For details refer to Employer’s Detailed Guides no.2 Getting Ready, para 20

# Staging Dates - Table 1

† Staging date tool:  
[www.tpr.gov.uk/employers/tools/staging-date.aspx](http://www.tpr.gov.uk/employers/tools/staging-date.aspx)

People in <b>Largest</b> PAYE (on 1 <sup>st</sup> April 2012)	Staging Date
120,000 or more	1 <sup>st</sup> Oct 2012
50,000-119,999	1 <sup>st</sup> Nov 2012
30,000-49,999	1 <sup>st</sup> Jan 2013
20,000-29,999	1 <sup>st</sup> Feb 2013
10,000-19,999	1 <sup>st</sup> Mar 2013
6,000-9,999	1 <sup>st</sup> Apr 2013
4,100-5,999	1 <sup>st</sup> May 2013
4,000-4,099	1 <sup>st</sup> Jun 2013
3,000-3,999	1 <sup>st</sup> Jul 2013
2,000-2,999	1 <sup>st</sup> Aug 2013
1,250-1,999	1 <sup>st</sup> Sep 2013
800-1,249	1 <sup>st</sup> Oct 2013
500-799	1 <sup>st</sup> Nov 2013
350-499	1 <sup>st</sup> Jan 2014
250-349	1 <sup>st</sup> Feb 2014

Do not  
assume you  
know the  
number of  
people  
- use our tool†

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# Staging Dates - Table 2

† Staging date tool:  
[www.tpr.gov.uk/employers/tools/staging-date.aspx](http://www.tpr.gov.uk/employers/tools/staging-date.aspx)

People in <b>Largest PAYE</b> (on 1 <sup>st</sup> April 2012)	Staging Date
160-249	1 April 2014
90-159	1 May 2014
62-89	1 July 2014
61	1 August 2014
60	1 October 2014
59	1 November 2014
58	1 January 2015
54-57	1 March 2015
50-53	1 April 2015
40-49	1 August 2015
30-39	1 October 2015
Fewer than 30 (depends on the last 2 characters in PAYE reference number)	1 June 2015 to 1 April 2017
Employers who do not have a PAYE scheme	1 April 2017
<b>or</b> New employer / PAYE scheme user (depends on when PAYE income first payable )	1 May 2017 to 1 <sup>st</sup> Feb 2018

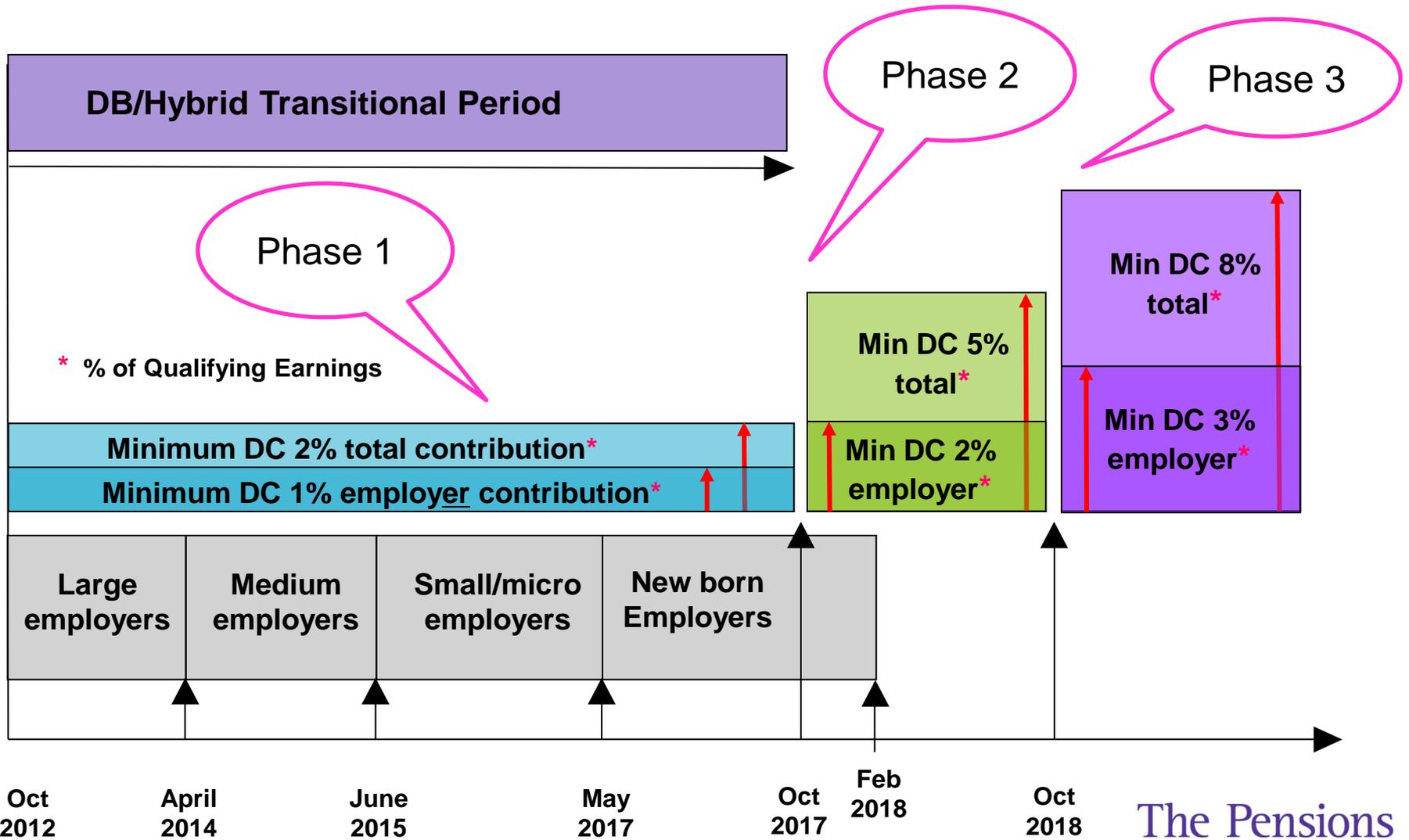
Do not assume you know the number of people - use our tool†

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# Alternative Staging Dates for Small Employers

<b>Original staging date</b>	<b>Prescribed alternative date employer can choose</b>
1 October 2012 and 1 November 2012	1 August 2015
1 January 2013 and 1 February 2013	1 October 2015
1 March 2013 and 1 April 2013	1 January 2016
1 May 2013 and 1 June 2013	1 February 2016
1 July 2013 and 1 August 2013	1 March 2016
1 September 2013 and 1 October 2013	1 April 2016
1 November 2013 and 1 January 2014	1 May 2016
1 February 2014 and 1 April 2014	1 July 2016
1 May 2014 and 1 July 2014	1 September 2016
1 August 2014 and 1 October 2014	1 November 2016
1 November 2014 and 1 January 2015	1 February 2017
1 March 2015 and 1 April 2015	1 April 2017

# DC Scheme Minimum Contributions



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# Transitional Period (Defined Benefits / Hybrid schemes only)

- The option to apply a Transitional Period can **only** be used at the employer's '**First Enrolment Date**'<sup>†</sup> for **any** or **all eligible jobholders** who:
  - i. are entitled to be (or are) an active member of a **qualifying** DB/Hybrid scheme **and**
  - ii. joined the employer **before** the staging date.
- Is until a fixed date in time → 30th Sept 2017 (**unless** the conditions above cease).
- Suspends the duty of assessment and automatic enrolment **only** for affected staff.
- Does **NOT** change the employer's staging (or re-enrolment) dates.
- Right to Opt In to **an** automatic enrolment pension scheme during period.
- Communication to affected workers – deadline of 1 month after Staging Date.
- Employer must assess on 1<sup>st</sup> October 2017 and:
  - Automatically enrol (or apply Postponement to) eligible jobholders; **or**
  - If not eligible in that Pay Reference Period (PRP), monitor each future PRP.
- If the DB/Hybrid scheme is closed, employer may have to offer retrospective membership<sup>†</sup> (backdated to the staging date).

<sup>†</sup> Typically, the employer's staging date. For full details see Employer's Detailed Guides vol 3b.

# What workers are affected?

- A worker could be subject to the Automatic Enrolment legislation if they:
  - ✓ work under a contract of employment (an employee), **or**
  - ✓ have a contract to perform work or services **personally** (and they cannot send a substitute *or* sub-contract the work unless they are unable to perform the work, e.g. due to sickness)
    - **and** are not undertaking the work as part of their own business.
- A contract does not have to be in writing, it can be a verbal contract.
- The terms of employment can be implied, rather than explicitly stated.
- Some staff are considered workers even when not carrying out work, if enduring employment relationship (e.g. some “zero-hours” contracts).
- If worker has >1 contract with one employer, the employer should make a “reasonable judgement” as to whether to aggregate or separately assess.
- Secondees would normally be the responsibility of the seconding company.
- Workers transferred-in under the TUPE regulations should be considered as new joiners by the receiving company.

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# Who is a Personal Services “worker”?

- An individual considered as self-employed for tax purposes, could still be assessed as a “worker” for the purposes of the new duties, if:
  1. the employer expects them to perform the work themselves and
    - ✓ they cannot sub-contract the work or send a substitute, unless they are unable to perform the work (e.g. due to sickness)

and:

  2. they are not undertaking the work as part of their own business, so:
    - ✓ most, or all, of the following statements are true:- if the employer ...
      - has control over an individual’s method of work (e.g. hours worked);
      - provides employee benefits;
      - bears all the significant financial risks in carrying out the work (e.g. the worker is not financially responsible for faulty work);
      - provides what is required for the individual to carry out the work.

... but this list is not exhaustive, an employer must take into account all relevant considerations and make a reasonable judgement.

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# Who is the worker's "employer"?

For a worker who:

- i. works under a contract of employment (an employee); ***or***
- ii. is ***directly*** contracted to perform work personally to the company who pays them (a 'personal services contract'):
  - ➔ the employer will be the legal entity named in the contract.

***Otherwise (if neither of i or ii above applies)***

- iii. For a worker who is supplied by an agent to a third party (the principal), to perform work personally, under a contract or arrangement between the agent and the principal:
  - the agent or principal will be the agency worker's employer depending on which is **responsible for paying** the worker under any arrangement between the agent and the principal; or
  - if it cannot be determined who is responsible for paying the worker, then whichever **actually pays** the worker will be the employer.

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# Wholly or Ordinarily Working in UK<sup>†</sup>

A worker can be considered to be **wholly working in the UK**:

- ✓ if a worker's contract specifies that the work is to be done in the UK; **or**
- ✓ if they are an “offshore worker” and work in the territorial waters of the UK (or in the UK sector of the continental shelf – please see Employer's Detailed Guides); **and**
- ✓ there is **no** simultaneous employment relationship between the worker and a non-UK employer for the same work.
- ✗ It does not matter whether the worker is a UK national.
- ✗ It does not matter whether they make occasional business trips outside the UK.

➔ Or, if they are **not** wholly working in the UK (e.g. an airline pilot), do they **ordinarily work in the UK**?

➔ What does the employment contract specify & how does it work in practice:

- where the worker begins and ends their work;
- where their private residence is, or is intended to be;
- where the worker's headquarters is;
- whether they pay income tax and National Insurance contributions in UK;
- whether their work has a sufficiently strong connection to the UK; and
- what currency they are paid in.

<sup>†</sup>excluding the Channel Isles and the Isle of Man

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# Secondments into and out of UK

- Individuals working on secondment from another company will usually remain a worker for the company ***from*** which they are seconded.
- If a UK-based employer makes a short term placement of a worker **outside the UK** they will need to consider whether the worker's base remains in the UK despite their placement overseas, so:
  - ✓ if the worker's contract remains with the employer located in the UK; and
  - ✓ there is an expectation on the part of the employer that the worker will resume working in the UK for the UK-based employer at the end of the placement; and
  - ✓ that worker would be, were it not for the placement, assessed as working or ordinarily working in the UK;
  - ➔ then the worker ***is*** likely to be considered to be **ordinarily working in the UK**.
- If a non-UK employer sends a worker on secondment **to a UK organisation**, the non-UK employer will need to consider whether the worker's base remains outside the UK despite their secondment to the UK, so:
  - ✓ if the worker's contract remains with the employer located outside the UK; and
  - ✓ there is an expectation on the part of the employer that the worker will return to work for their employer outside the UK at the end of their placement;
  - ➔ then the worker is ***unlikely*** to be considered to be **ordinarily working in the UK**.

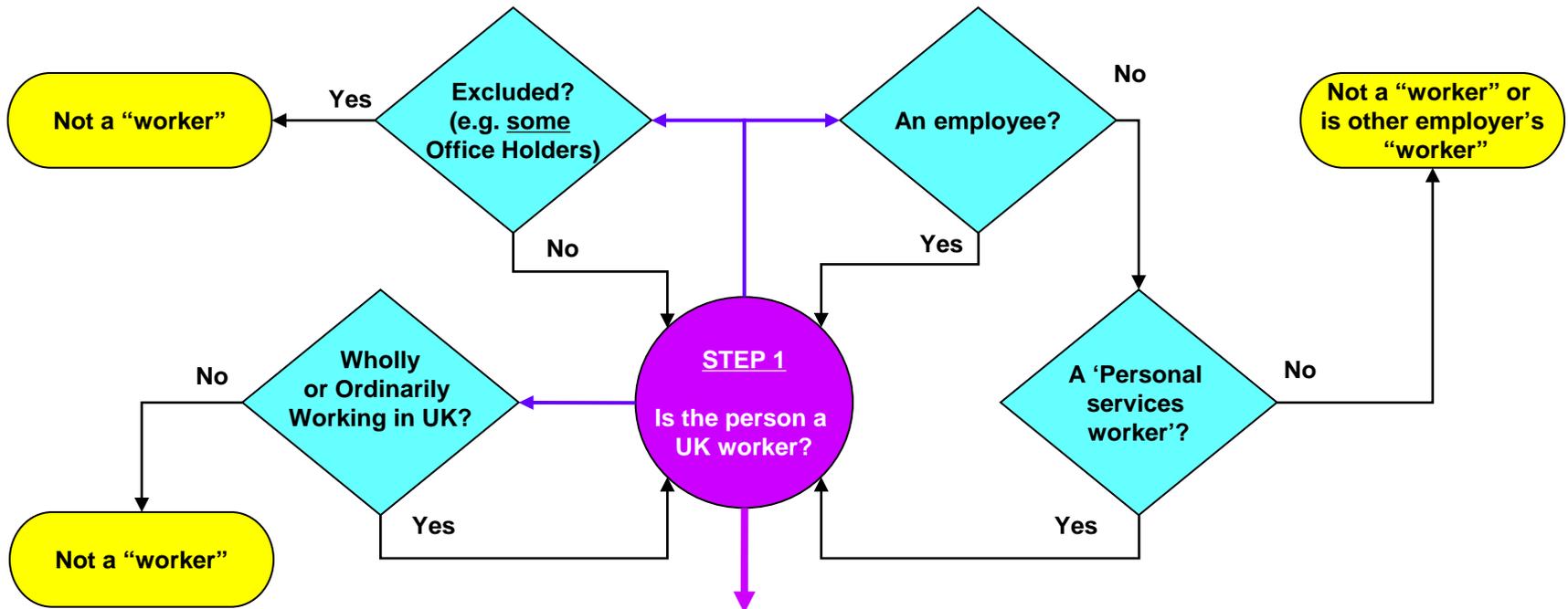
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# Office Holders & other exclusions

The following people are not classified as workers:

- ✘ Some **office-holders** (e.g. non-executive director, trustee) who are not also workers
  - ✘ Any serving member of the military, naval or air forces of the Crown (or Cadets or ATC);
  - ✘ If an individual is a **director** of a company and the company has **no other employees**, that individual is not a worker by virtue of any work they do for that company.
- An office is a post which only exists because a law or charter etc says it must exist or it is an ecclesiastical appointment, an appointment under the internal constitution of an organisation or under a trust deed.
- However, a person may be classified as **both** an office-holder and a worker (in which case, their earnings solely by reason of holding an office would be disregarded).

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Answered all possible questions above?  
Then go to STEP 2

In Step 1, determine if the person is covered by the automatic enrolment legislation (you can answer the questions in the diamond boxes in any order):

→ If you reach a yellow lozenge, then the person is either not a "worker" and does not have to be assessed for eligibility and/or is not your responsibility.

Otherwise, if you have answered all possible questions and not come to a yellow lozenge, proceed to Step 2.

Please refer to the Employers Detailed Guides ...

**Vol 1 – Employer Duties & Defining the Workforce:**

- Personal services workers
- Office Holders

**Vol 3 – Assessing the Workforce:**

- Ordinarily working in UK

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In Step 2, is the person your responsibility as the 'employer'?

Answer the questions, in order, to see if the person is your "worker" - and if you therefore have a duty under the automatic enrolment legislation.

Please refer to the Employers Detailed Guides ...

Vol 1 – Employer Duties & Defining the Workforce:

- Personal Services contracts
- Agency Workers

## STEP 1

Is the person a UK worker?

Yes

## STEP 2

Who is worker's "employer"?

Is worker an employee?

No

Other employer's "worker"

No

Yes

Employment contract with you?

Your "worker"

Are they responsible for paying the worker?

Yes

No

Other employer's "worker"

No

You pay the worker?

Yes

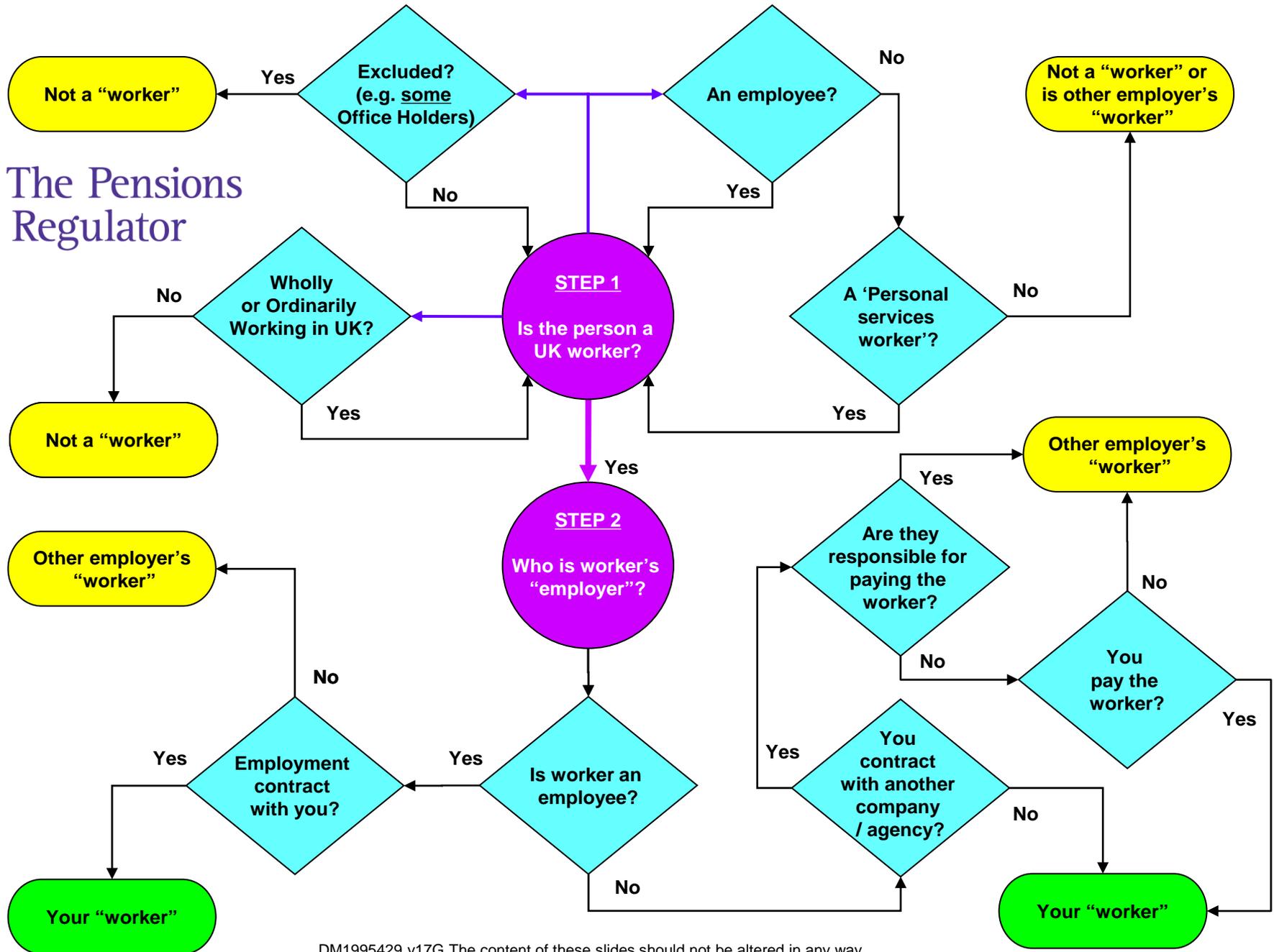
You contract with another company / agency?

Yes

Your "worker"

No

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# “Qualifying Earnings”

- ‘Qualifying Earnings’ (QE) used for two purposes:
  1. Assessments → to determine worker category / eligibility;
  2. Definition of pensionable earnings for a Qualifying Pension Scheme.
- Qualifying Earnings is defined as **all** of the following items paid to a worker:
  - salary
  - wages
  - commission
  - bonuses
  - overtime
  - statutory sick pay
  - statutory maternity pay
  - ordinary or additional statutory paternity pay
  - statutory adoption pay; **and**
    - any pay element which could be considered as any of the above.
- If Qualifying Earnings used for pension scheme rules, only Qualifying Earnings between £5,772<sup>†</sup>pa and £41,865<sup>†</sup>pa used for calculation of pension contributions (e.g. for 1 week Pay Reference Period, if QE ≤ £111.00 in PRP in 2014-15 then contribution = £0).

<sup>†</sup> Pro-rata of annual amount used in each Pay Reference Period. These figures are for 2014-2015. The Secretary of State will review this amount each tax year.

# Categorisation of Workers †

<b>Earnings†</b>	<b>Age Range →</b>	<b>16-21</b>	<b>22-SPA*</b>	<b>SPA*-74</b>
Under lower earnings threshold (<£5,772 pa) (in 2014-15)		Entitled Worker <i>(can request to join a scheme)</i>		
Between £5,772 pa and up to £10,000 pa (in 2014-15)		Non-eligible Jobholder <i>(can Opt In to an autoenrolment scheme)</i>		
Over earnings trigger for automatic enrolment >£10,000 pa (in 2014-15)		Non-eligible Jobholder	<b>Eligible Jobholder</b> <i>(must autoenrol)</i>	Non-eligible Jobholder

† Qualifying Earnings contractually due to be paid in Pay Reference Period

\* SPA = State Pension Age

‡ Who work / ordinarily work in the UK (excluding the Channel Isles and Isle of Man)

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# Thresholds v Pay Reference Periods (PRP) 2014-15

## Subject to parliamentary approval

Pay Reference Period <sup>†</sup>	Lower Earnings Threshold (LET)	Earnings trigger for automatic enrolment	Upper Earnings Limit
Annual	£5,772 pa	£10,000 pa	£41,865.00 pa
Bi-annual	£2,886.00	£4,998.00	£20,933.00
1 quarter	£1,443.00	£2,499.00	£10,467.00
<b>1 month</b>	£481.00	£833.00	£3,489.00
4 weeks	£444.00	£768.00	£3,221.00
Fortnight	£222.00	£384.00	£1,611.00
<b>1 week</b>	£111.00	£192.00	£805.00

<sup>†</sup> For other PRP durations, multiply the number of weeks in the PRP by the weekly amount (eg £192.00) or number of months by the monthly amount (eg £833.00) etc  
- or pro-rata if not an exact multiple of any of the above.

**N.B.** The Secretary of State will review these figures each tax year.

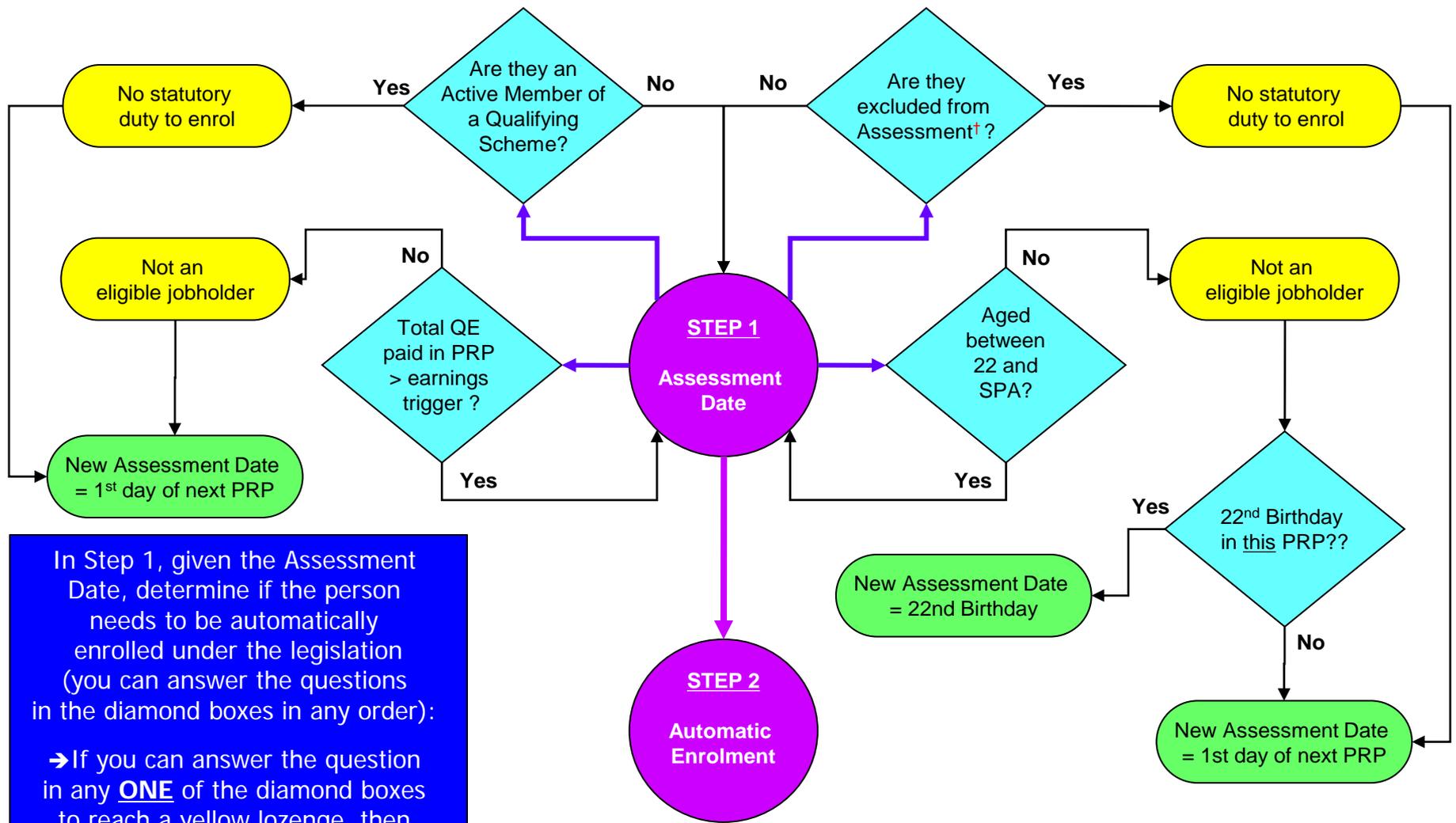
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# Automatic Enrolment Process

- The **Assessment Date** is either:
  - The employers **Staging Date** for any existing workers;
  - The **first day of employment** for any new joiner after the staging date;
  - The **birthday** of someone turning 16 or 22 years old; **or**
  - The **first day of the Pay Reference Period** for any other worker assessed after the employers staging date; **or**
  - If Postponement has been used, the **last** day of the Postponement period.
- The **total Qualifying Earnings** - paid in the **Pay Reference Period** (PRP) in which the Assessment Day falls – is compared to the Earnings Thresholds.
- The PRP is either based on tax weeks or months<sup>†</sup> - or is the *“period of time by reference to which the employer pays the worker their regular wage or salary”*.
- Eligible Jobholders will need to be automatically enrolled in the “joining window” of 6 weeks from the Assessment Date (1 month for joining windows starting on or before 1<sup>st</sup> March 2014) - unless it is possible to use Postponement.
- The first employee contribution **must** be taken on the **first** payday on or after the Assessment Date.
- Scheme membership will be dated and contributions calculated **from** the Assessment Date.

<sup>†</sup> If the normal interval between paydays is a whole number of weeks or months.

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In Step 1, given the Assessment Date, determine if the person needs to be automatically enrolled under the legislation (you can answer the questions in the diamond boxes in any order):

→ If you can answer the question in any **ONE** of the diamond boxes to reach a yellow lozenge, then the person does not have to be automatically enrolled under the legislation (yet).

Otherwise, if you have answered all possible questions and not come to a yellow lozenge proceed to Step 2.

† A person would be **excluded** if they:

- are **not** a UK worker; or
- are under 16 or aged 75 or over; or
- do not need to be assessed **yet** (e.g. subject to Postponement, Transitional Period or only need to be assessed on Re-enrolment dates).

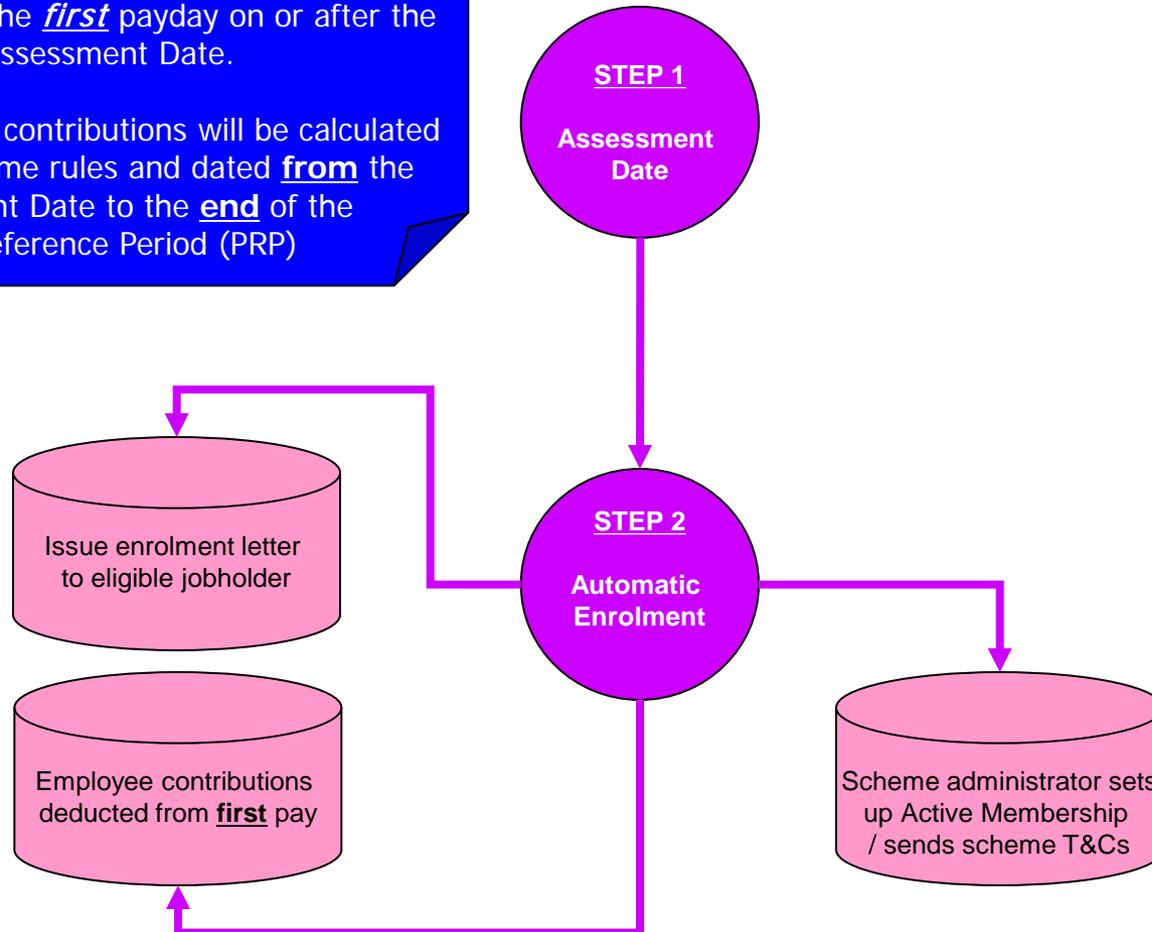
**SPA** – State Pension Age  
**QE** – Qualifying Earnings  
**PRP** – Pay Reference Period

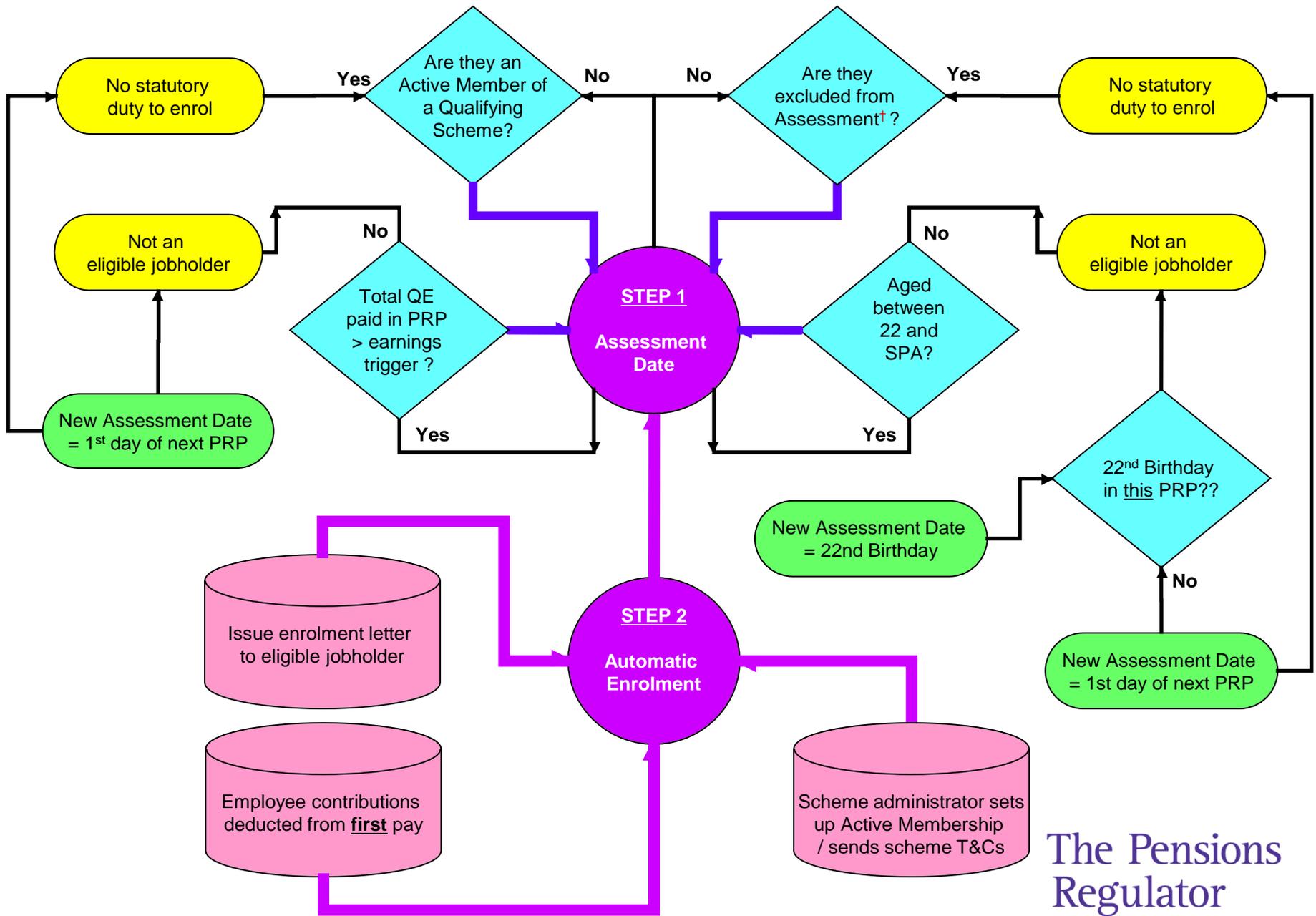
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In Step 2, the employer needs to carry out automatic enrolment.

The **deadline** for all activities is **six weeks** from the Assessment Date (or **one month** if the Assessment Date is on or before 1<sup>st</sup> March 2014), but the **employee** contributions need to be taken on the **first** payday on or after the Assessment Date.

Pension scheme contributions will be calculated based on scheme rules and dated **from** the Assessment Date to the **end** of the Pay Reference Period (PRP)





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# Postponement (Waiting Period)

- Postponement can be used:
  - At the employer's Staging Date for any existing workers;
  - The first day of employment for any new joiner after the staging date;
  - The date a worker meets the criteria to be an eligible jobholder after the employer's staging date.
- Postponement suspends the duty of assessment and automatic enrolment and can be from 1 day up to max of 3 months - and can vary by individual.
- Employer must notify postponed workers (with General notice A or B or Tailored notice) - by midnight six weeks<sup>†</sup> after the Assessment date (*e.g. before midnight of Tue 13<sup>th</sup> May, if postponement applied on Tue 1<sup>st</sup> April*).
- Workers have the right to Opt In or Join during postponement.
- Employer must assess on the **last** day of postponement and:
  - Automatically enrol eligible jobholders; or
  - If not eligible at that point, monitor each future pay reference period.
- Only one postponement at a given time per worker
  - ➔ cannot overlap two postponement periods for a worker.

<sup>†</sup> or within one month, if the Assessment Date is before 1st March 2014

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# Opting Out

- Employers should not induce workers to Opt Out or cease membership or not join.
- For statutory Opt Outs (ie under the AE legislation, not contractual enrolments):
  - Employer MUST ***NOT*** handle pre-‘Opt Out’ process or send out Opt Out forms:
    - Opt-Out process should be managed by pension scheme administrator;
    - Completed forms normally sent to the employer.
  - Employer **MUST** inform staff of right to Opt Out and how to opt-out.
  - A 1 calendar month Opt-Out Window starts on the latter of two dates:
    - ✓ when Active Membership is achieved; and
    - ✓ when the employer issues a letter/email to the jobholder.
  - Employee/worker and employer will get **full** refund of **all** contributions.
  - Employee/worker to be paid refund in next payday (unless past payroll cut-off).
  - Early Opt Outs (before the Opt Out Window starts) - are not allowed.
  - If invalid Opt Out received in Opt Out Window, will extend to 6 weeks in total.
  - Late Opt-Outs – employer choice: can reject or treat as ‘request to cease membership’ under normal scheme rules.

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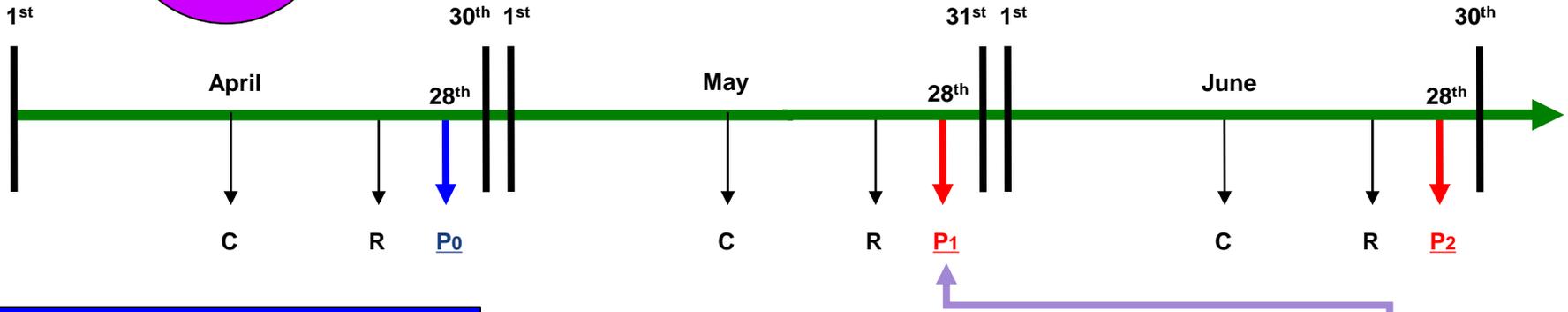
**Scenario 1**

Assessment Date on first day of PRP

**Assessment Day**

Monthly Pay Reference Period (PRP)

**Key:**  
 C – Payroll cutoff  
 R – Payroll run  
 P – Payday

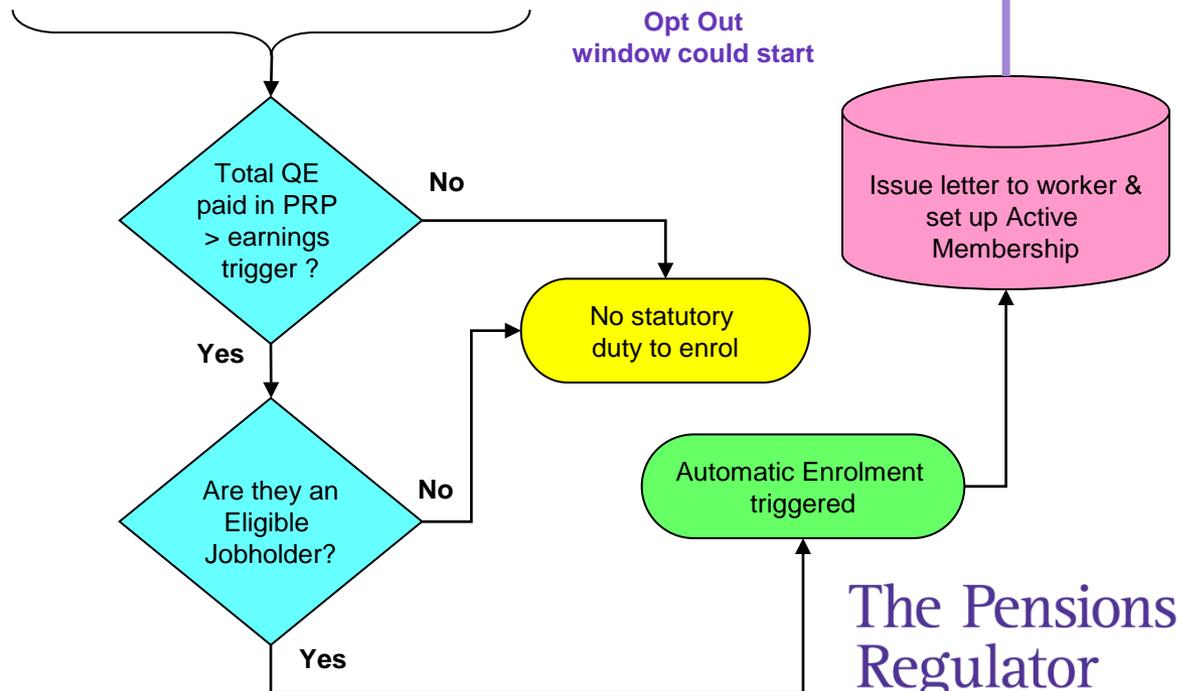


**Scenario 1**

- Pay Reference Period runs from 1<sup>st</sup> to last day of each month;
- Assessment date is the **1<sup>st</sup> May**;
- Total Qualifying Earnings may not be known until payroll cutoff or later.

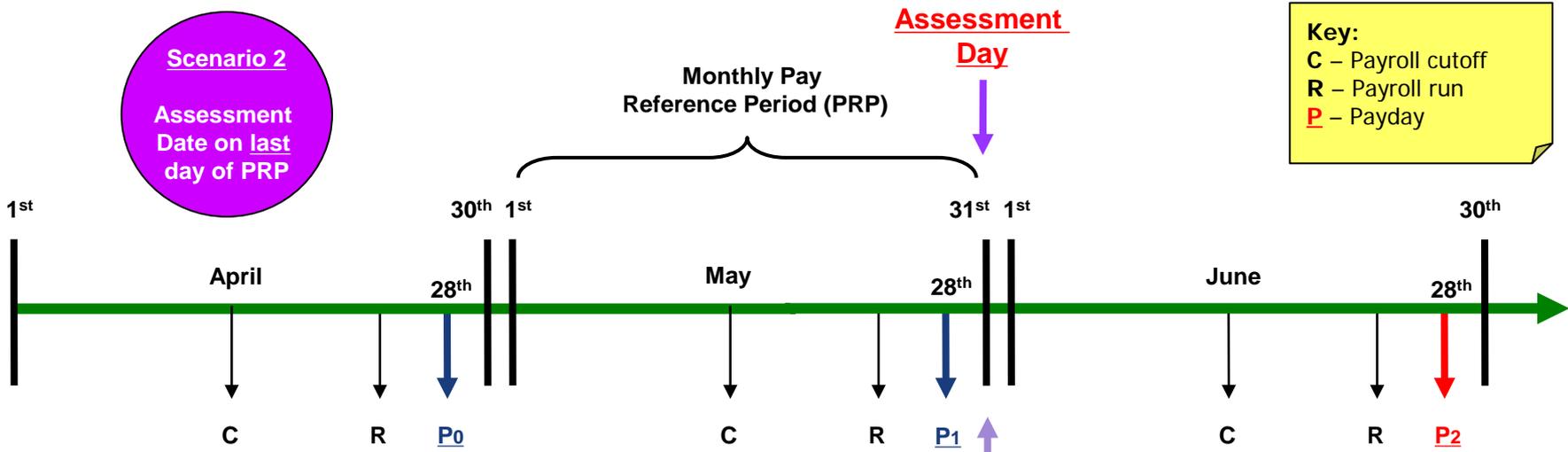
If the worker needs to be automatically enrolled:

- First deduction needs to be made in payday P1 on **28<sup>th</sup> May**;
- Opt Out window may not start until *after* deduction taken;
- Scheme contribution based on 100% of May pensionable pay.



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**Scenario 2**  
Assessment Date on last day of PRP



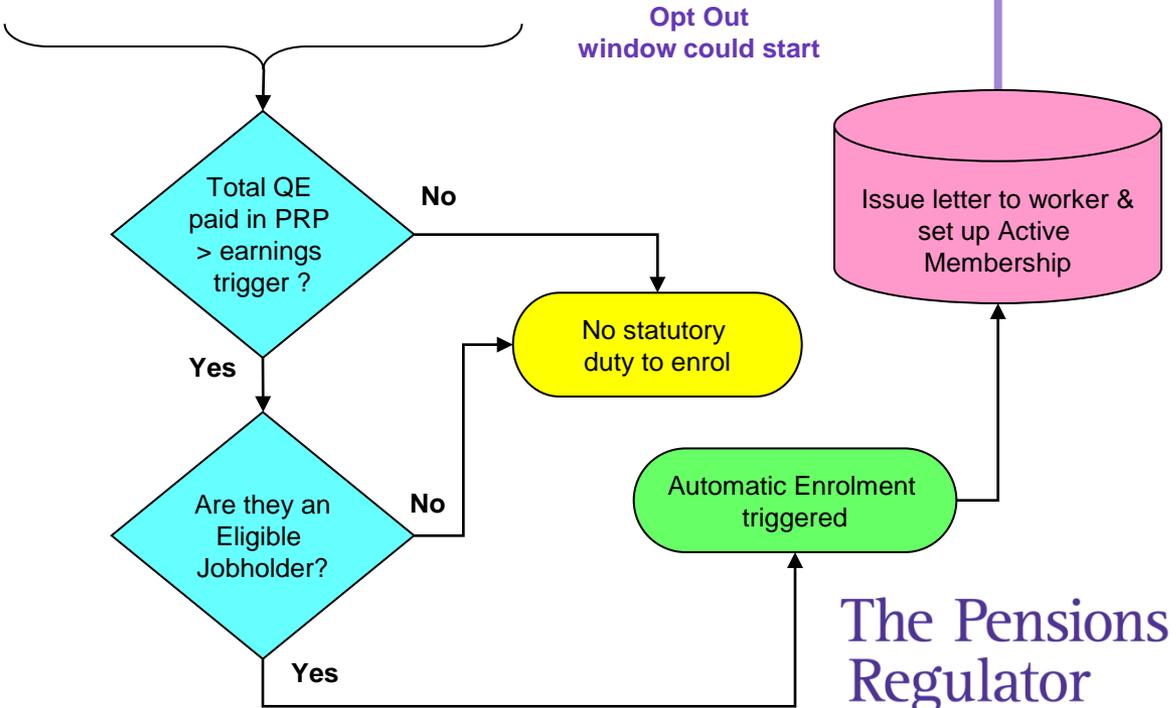
**Key:**  
 C – Payroll cutoff  
 R – Payroll run  
 P – Payday

**Scenario 2**

- Pay Reference Period runs from 1<sup>st</sup> to last day of each month;
- Assessment date on 31<sup>st</sup> May is the **last day** of the Pay Reference Period **and** is **after** the May payday on 28<sup>th</sup>;
- Total Qualifying Earnings will **already** be known.

If the worker needs to be automatically enrolled:

- First deduction needs to be made in the next payday - P<sub>2</sub> on **28<sup>th</sup> June**;
- Opt Out window will start **before** first deduction taken;
- Contribution based on 100% of June pensionable pay + 1/31 of May pay (unless part periods ignored).



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# Contractual v Statutory Automatic Enrolment

- Some organisations have a policy of automatically enrolling staff. If this enrolment takes place either:
  - before the employer's staging date;
  - before a new worker joins the employer; or
  - during the Postponement or Transitional periods; then:
    - ➔ if the worker is an **Active Member of a Qualifying Scheme** on the **Assessment Date**, then the employer has **no duty** to automatically enrol.
- This enrolment will have been carried out **contractually** and the statutory processes do not apply (e.g. no Opt Out window).
- A worker is considered to have achieved **Active Membership**:
  - i. for **occupational** pension schemes, when stated in the scheme rules;
  - or**
  - i. for **personal** pension schemes, when the worker is deemed to have received the T&Cs of the agreement to become an active member ...
- ... but membership **must** take effect from the Assessment Date or the automatic enrolment duty will come into effect.

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# Monitoring eligibility

**If** a worker ceases Active Membership of a Qualifying Scheme because:

- the worker Opts Out;
- or otherwise chooses to cease active membership;

→ **then** the employer will need to **continuously** assess the worker's eligibility every Pay Reference Period (*and automatically enrol if eligibility triggered*)

**unless:**

- the worker has **ever** been an Eligible Jobholder **and** an Active member of a Qualifying Scheme simultaneously, since the latter of:
- a) the employer's staging date; or
  - b) the date they started work for the employer; or
  - c) the last day of Postponement or Transitional Period (*if used*).
- Those workers that **do** fall into the above category can be left until the next appropriate Re-enrolment date (see slide on Re-enrolment).

**However,** if a jobholder ceases Active Membership of a Qualifying Scheme because the **scheme** ceases to be a Qualifying Scheme:

→ then the employer will need to automatically enrol them into a pension scheme which **is** qualifying.

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# How & when to communicate to workers

- Communications must be direct (e.g. letter, e-mail, payslip, HR web-portal).
- At staging, need to communicate to **all** workers, even scheme members.
- Need to inform of rights the **first** time<sup>†</sup> a worker becomes a particular category

Communication	Deadlines for communication
Existing scheme members at Staging	2 months after Staging
Workers who are <i>not</i> already in a qualifying pension scheme at Staging	<u>6 weeks</u> after Staging (or 1 month after staging, for employers staging on or before 1 <sup>st</sup> March 2014)
Enrolment notifications & Transitional Period notices ( <sup>1</sup> or within 1 month, if Assessment Date on or before 1 <sup>st</sup> March 2014)	<u>6 weeks</u> <sup>1</sup> from the Assessment date (e.g. before midnight of Mon 12 <sup>th</sup> May, if Assessment Date is Tue 1 <sup>st</sup> April).
Postponement notices ( <sup>2</sup> or within 1 month, if Assessment Date <u>before</u> 1 <sup>st</sup> March 2014)	<u>6 weeks</u> <sup>2</sup> from the day after the Assessment Date (e.g. before midnight on Tue 13 <sup>th</sup> May, if Assessment Date Tue 1 <sup>st</sup> April).

➔ For further information:

[www.tpr.gov.uk/docs/Pensions-reform-resource-information-to-workers.pdf](http://www.tpr.gov.uk/docs/Pensions-reform-resource-information-to-workers.pdf)

[www.tpr.gov.uk/employers/letter-templates-for-employers.aspx](http://www.tpr.gov.uk/employers/letter-templates-for-employers.aspx)

<sup>†</sup> Unless they are already an active member of a scheme provided by the employer and, if they are a jobholder, the scheme is a qualifying scheme. The use of a General Notice A or B Postponement notice discharges this duty.

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# What to communicate to workers

- On staging, workers already members of a qualifying pension scheme must be provided with information about the scheme.
- Non-Eligible jobholders and Entitled workers must be provided with information telling them about their right to Opt In or Join a pension scheme.
- For Eligible Jobholders being automatically enrolled (& Non-Eligible Jobholders being enrolled after opting in) they must be provided with:
  - ✓ information about their enrolment,
  - ✓ what it means for them, including the contributions, and
  - ✓ their right to opt out.
- Workers subject to a deferral of automatic enrolment need to be given key information such as the length of the deferral period and their rights to opt in:
  - Eligible jobholders subject to the DB Transitional Period;
  - Any worker subject to a Postponement Period.

➔ We have provided example letter templates for employers:

[www.tpr.gov.uk/employers/letter-templates-for-employers.aspx](http://www.tpr.gov.uk/employers/letter-templates-for-employers.aspx)

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# Opting In / Joining

- Entitled Workers can request to Join a scheme at any time.
- Non-Eligible Jobholders can Opt In at any time.
- Eligible Jobholders can Opt In during a Postponement or Transitional Period.
- On receipt of an Opt In notice or Joining request, employers need to:
  - Assess the worker, based on the total Qualifying Earnings in the Pay Reference Period (PRP) in which the date of receipt falls;
  - Enrol **Jobholders** into an **automatic enrolment scheme** - from the **start** of the **next** Pay Reference Period<sup>†</sup> (or, if it is too late to make a deduction in this PRP as it was received after payroll cutoff, then from the start of the following PRP);
  - Enrol **Entitled Workers** into a scheme of the employer's choice.
- An Opt In starts an automatic enrolment process, in that the Jobholder must **not be required** to carry out any further action to achieve active membership.
- However, if the employer has received an Opt In notice from the same worker within the past 12 months, there is **no obligation** to allow the Opt In.

<sup>†</sup> Employers must re-assess the worker in the following PRP and, if the worker is no longer a jobholder, must delay the enrolment until they are assessed as a jobholder in a future PRP.

# Record Keeping

- Employers, as well as trustees, managers and providers of a pension scheme, must keep records about their workers and the pension scheme used to comply with the employer duties.
- An employer can use electronic or paper filing systems to keep or store any records, as long as these records are legible or can be produced in a legible way.
- Most records must be kept for six years; those that relate to opting out must be kept for four years.
- The records must be produced to The Pensions Regulator, if requested.
- The Pensions Regulator can conduct an inspection if they have reasonable grounds to do so (e.g. if there is a Whistleblower).

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# Data to be kept by employers

Data will need to be kept for:

- Workers who become scheme members  
(e.g. Name, DoB, NI number<sup>†</sup>, gross qualifying earnings, contributions paid).
- ❖ Plus, for Jobholders only:
  - Date of automatic enrolment or the original format Opt In notice;
  - Contributions entitled to under scheme rules.
- ❖ Plus, for Entitled Workers only:
  - Date with effect from which the worker became an active member;
  - The original format Joining Notice.
- All workers for whom the employer has used postponement:  
(Name, NI number<sup>†</sup>, date the notice was sent to the worker).
- Details of the pension scheme(s)<sup>††</sup> used:
  - EPSR (Employer Pension Scheme Reference);
  - Any evidence showing that a scheme is a Qualifying Scheme;
  - Pension provider / scheme name & address.

<sup>†</sup> where one exists

<sup>††</sup> data also to be kept by pension scheme provider

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# Registration with The Pensions Regulator

- Employers **MUST** register with TPR to confirm they have complied.
- Deadline is **5 months<sup>†</sup>** after Staging and 2 months after each re-enrolment date.
- Employers may receive a **penalty fine** for Registering late.
- Employers will need to provide:
  - employer details (name, address, email, all PAYE refs used);
  - details of pension scheme(s) used to comply with the employer duties (e.g. scheme name, address, EPSR, pension scheme registry number);
  - the last day of any postponement period applied at staging;
  - number of workers employed on the staging date (or on the last day of any postponement periods);
  - number of eligible jobholders automatically enrolled into each scheme;
  - number of workers already active members of a qualifying pension scheme on the staging date; and
  - the number of eligible jobholders subject to the Transitional Period.

➔ For further information on registration see: [www.tpr.gov.uk/docs/TPR\\_Checklist\\_050712.pdf](http://www.tpr.gov.uk/docs/TPR_Checklist_050712.pdf)  
& <https://www.autoenrol.tpr.gov.uk> (online registration portal)

<sup>†</sup> 4 months after staging for employers staging in 2012 or 2013

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# Re-enrolment

- Re-enrolment date is every **third** anniversary of the employer's staging date.
- The employer will need to continue to assess any workers they are monitoring every pay reference period.
- In addition, any person who, on the re-enrolment date:
  1. is not an active member of a Qualifying Scheme; **and**
  2. who ceased active membership of a Qualifying Scheme over 12 months ago  
→ will need to be re-assessed and, if eligible, automatically enrolled.
- An employer may opt to move their Re-enrolment date to any day, up to 3 months before or after, each third anniversary.
- There is no requirement to communicate with active members of a qualifying scheme, this **only** applies at the staging date.
- Postponement is **not** possible at re-enrolment.

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# Deadlines applying from 1<sup>st</sup> April 2014

Action / Communication	Deadline
Letter to existing qualifying pension scheme members at Staging	2 months after Staging
Letter to workers who are <i>not</i> already in a qualifying pension scheme at Staging	<u>6 weeks</u> after Staging
Joining Window, enrolment notifications & Transitional Period notices	<u>6 weeks</u> from the Assessment date (e.g. before midnight of Mon 12 <sup>th</sup> May, if assessed Tue 1 <sup>st</sup> April).
Opt Out Window	1 month - from the latest of when: <ul style="list-style-type: none"> <li>• the enrolment notification is issued; and</li> <li>• active membership is achieved.</li> </ul>
Postponement notices	<u>6 weeks</u> from the day after the Assessment Date (e.g. before midnight Tue 13 <sup>th</sup> May, if assessed on Tue 1 <sup>st</sup> April).
Complete Registration after Staging	<u>5 months</u> after Staging
Complete Registration after Re-enrolment	<u>2 months</u> after Re-enrolment
Normal contribution payments to scheme provider	22 <sup>nd</sup> day of the month following the month of deduction (19 <sup>th</sup> day for non-electronic payments).
New member contribution payments to scheme provider (for all deductions made in first 3 months of membership)	22 <sup>nd</sup> day (for electronic payments) of the first month, following a <u>three month</u> period starting the day active membership is effective (19 <sup>th</sup> day for non-electronic payments). Eg Enrolments 2 <sup>nd</sup> Jan to 1 <sup>st</sup> Feb = e-payment deadline is 22 <sup>nd</sup> May.

# Common Myths

## Myth

1. Postponement delays the Staging Date and there is no need to do anything until then.
2. Employers can work out their own Staging Date.
3. The Pay Reference Period (PRP) is the same as the pay frequency.
4. Pensionable pay is used to determine which category a worker is (e.g. EJH).
5. A person who leaves a pension scheme can be left until re-enrolment.
6. People contractually enrolled get an Opt Out window.
7. You can't Opt Out until a contribution has been taken.

## Reality

1. Postponement does **not** change the Staging Date (and other duties still apply in this period).
2. Employers are unlikely to know their PAYE size on 1 April12, so should use Staging Date [Tool](#).
3. PRP may or may not be the same as the pay frequency.
4. Qualifying Earnings **must** be used for Assessment, not pensionable earnings.
5. Workers who have never been an EJH and an active member will need to be monitored.
6. A contractual enrolment has no "Opt Out window", but can exit under scheme rules
7. If the Opt Out window opens before the first payday, a contribution may not be taken.

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# Useful Links

## → Staging Date tool

[www.tpr.gov.uk/employers/tools/staging-date.aspx](http://www.tpr.gov.uk/employers/tools/staging-date.aspx)

- Detailed guides for Employers (and pension professionals):

[www.tpr.gov.uk/pensions-reform/detailed-guidance.aspx](http://www.tpr.gov.uk/pensions-reform/detailed-guidance.aspx)

- **Planning tool**

[www.tpr.gov.uk/employers/planning-for-automatic-enrolment.aspx](http://www.tpr.gov.uk/employers/planning-for-automatic-enrolment.aspx)

- What information do employers need to provide to their workers?

[www.tpr.gov.uk/docs/Pensions-reform-resource-information-to-workers.pdf](http://www.tpr.gov.uk/docs/Pensions-reform-resource-information-to-workers.pdf)

- Letter templates for employers:

[www.tpr.gov.uk/employers/letter-templates-for-employers.aspx](http://www.tpr.gov.uk/employers/letter-templates-for-employers.aspx)

- Information about Registration and employer checklist:

[www.thepensionsregulator.gov.uk/employers/registration.aspx](http://www.thepensionsregulator.gov.uk/employers/registration.aspx)

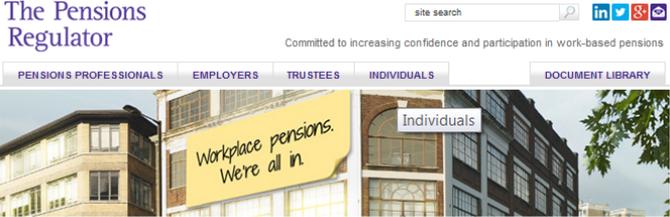
[www.tpr.gov.uk/docs/automatic-enrolment-online-registration-checklist.pdf](http://www.tpr.gov.uk/docs/automatic-enrolment-online-registration-checklist.pdf)

- Logo for Automatic Enrolment ('3 coins'): (choose "I require automatic enrolment files")

<https://communicationcentre.dwp.gov.uk/dwp/index.php>

- Detailed guides for Software Developers:

[www.tpr.gov.uk/employers/software-developers.aspx](http://www.tpr.gov.uk/employers/software-developers.aspx)



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Workplace pensions. We're all in.

Automatic enrolment - act now

Workplace pensions law has changed. Every employer has new legal duties to help their workers in the UK save for retirement. They must automatically enrol certain workers into a qualifying workplace pension scheme and make contributions towards it.

Automatic enrolment

Automatic enrolment - how does it affect me?

Know your staging date

Your deadline for being compliant with your new automatic enrolment duties is known as your staging date. Your staging date is important - if you don't know it, look it up using your PAYE reference.

Find out your staging date

Start your automatic enrolment plan today

- Develop a plan
- Check processes and software
- Assess your workforce
- Review pensions arrangements
- Communicate to workers

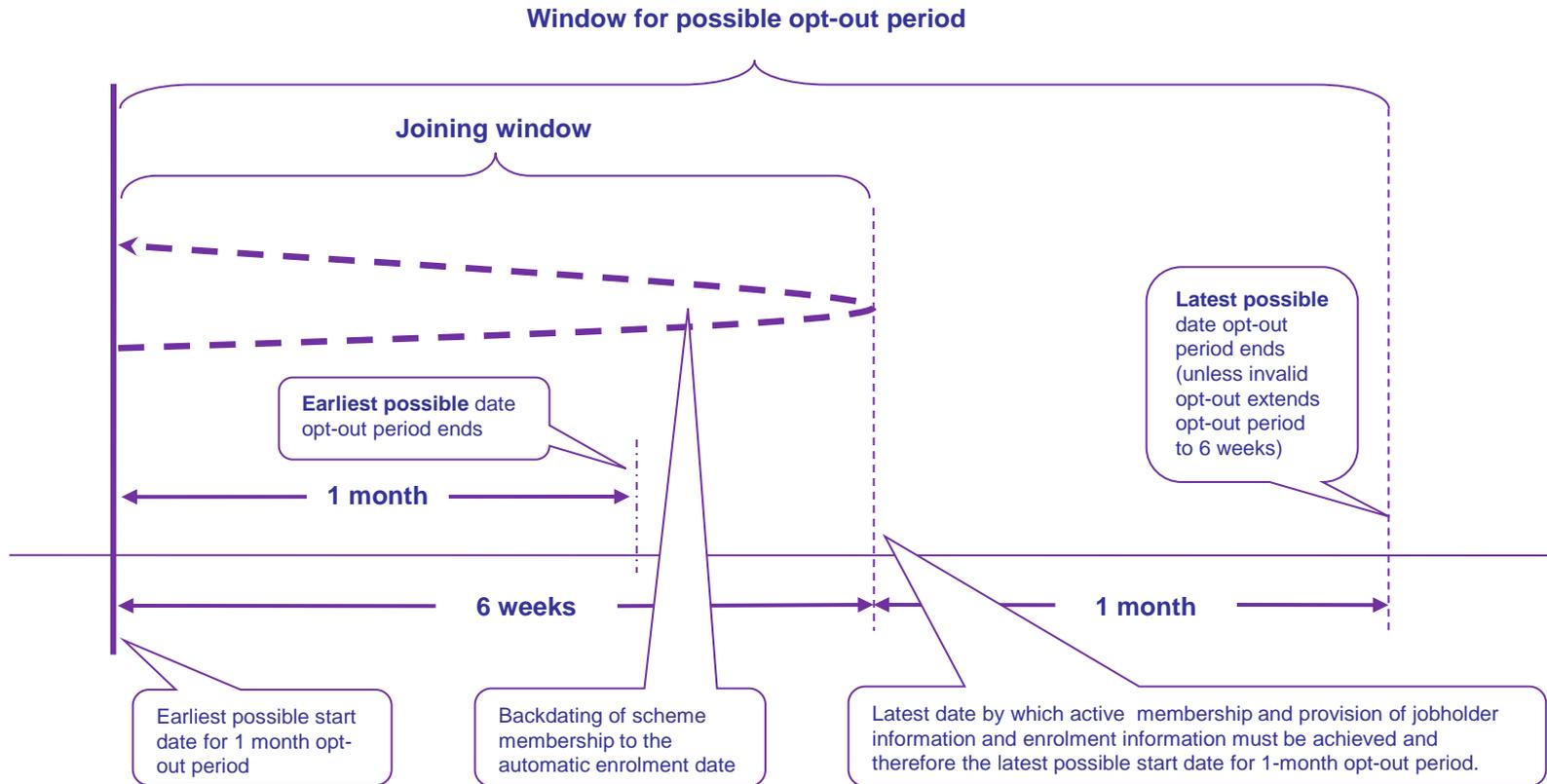
Registration with The Pensions Regulator

You have four months from your staging date to complete registration with us and provide certain information about how you've complied with your automatic enrolment duties. Make notes of key details as you prepare to make the online registration

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# Automatic Enrolment

## Timescales surrounding automatic enrolment and opting out



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# Thresholds v Pay Reference Periods (PRP) 2013-14

Pay Reference Period <sup>†</sup>	Lower Earnings Threshold (LET) <sup>†</sup>	Earnings trigger for automatic enrolment <sup>†</sup>	Upper Earnings Limit
<b>Annual</b>	<b>£5,668 pa</b>	<b>£9,440 pa</b>	<b>£41,450.00 pa</b>
Bi-annual	£2,834.00	£4,720.00	£20,725.00
1 quarter	£1,417.00	£2,360.00	£10,363.00
<b>1 month</b>	<b>£473.00</b>	<b>£787.00</b>	<b>£3,454.00</b>
4 weeks	£436.00	£727.00	£3,188.00
Fortnight	£218.00	£364.00	£1,594.00
<b>1 week</b>	<b>£109.00</b>	<b>£182.00</b>	<b>£797.00</b>

<sup>†</sup> For other PRP durations, multiply the number of weeks in the PRP by the weekly amount (eg £182.00) or number of months by the monthly amount (eg £787.00) etc - or pro-rata if not an exact multiple of any of the above.

**N.B.** The Secretary of State will review these figures each tax year.

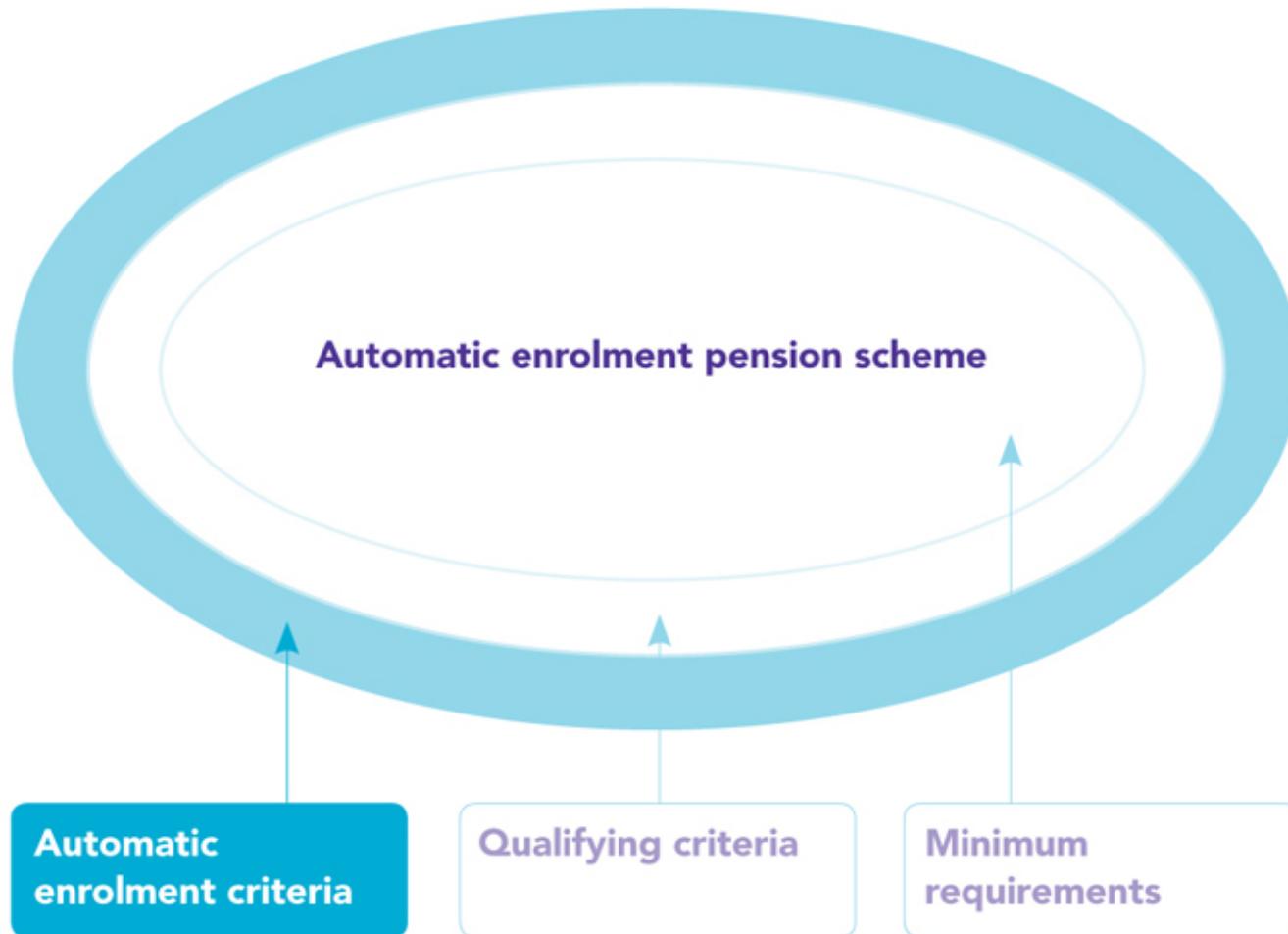
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# Pension Schemes

- Automatic enrolment scheme criteria
  - **Only** those schemes used for automatic enrolment need to meet this criteria
- Qualifying schemes
  - Existing schemes with active members need to be qualifying schemes to avoid the duty to automatically enrol eligible jobholders
  - If the existing scheme is non-qualifying, eligible jobholders need to be enrolled into another scheme
- Schemes for entitled workers
  - Scheme is registered under Chapter 2 of Part 4 of the Finance Act 2004 (and in the case of a personal pension scheme there are direct payment arrangements in relation to the worker concerned)
- Non-UK registered schemes
  - Non-UK schemes **may** be determined as qualifying schemes, but different rules apply outside the European Economic Area states (see Detailed Guides vol 4 Pension Schemes)

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# Automatic enrolment schemes



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# The criteria to be an auto enrolment scheme

- Any scheme into which you automatically enrol workers will need to be an automatic enrolment scheme, it must:
  - ✓ be a qualifying scheme and
  - ✓ it must not contain any provisions that:
    - prevent the employer from making the required arrangements to automatically enrol, opt in or re-enrol a jobholder;
    - require the jobholder to express a choice in relation to any matter, or to provide any information, in order to remain an active member of the pension scheme.
- Schemes administered in a country inside the European Economic Area (EEA) **may** be used for automatic enrolment if they meet additional criteria.
- Schemes administered in a country outside the EEA **cannot** be an automatic enrolment scheme.

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# How to check if your existing DB scheme qualifies

- DB pension schemes:
  - Does the employer have a contracted-out certificate?
  - If not, does the scheme meet the test scheme standard?
  
- We have published a flow chart as part of the detailed guidance for employers:  
[www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-c.pdf](http://www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-c.pdf)
  
- Checking the automatic enrolment criteria (DB and DC):
  - ✓ Does it allow a worker to join it without the worker's consent?
  - ✓ Does it allow a worker to join it from their first day of employment?
  - ✓ Does it allow a worker to join without having to make any choices (eg about what type of fund their money is invested in) and without having to provide any information (eg filling in a form)?

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# How to check if your existing DC scheme qualifies

- DC pension schemes:
  - How do the scheme rules or agreements define pensionable earnings?
    - It requires minimum contributions based on qualifying earnings
    - It requires contributions based on earnings other than qualifying earnings.
  - What are the required contribution rates?
  - Do you need to use certification?
- The regulator has published a tool to help employers check whether their existing DC scheme meets the minimum criteria for an automatic enrolment scheme as set out in legislation: [www.tpr.gov.uk/employers/explaining-qualifying-schemes.aspx](http://www.tpr.gov.uk/employers/explaining-qualifying-schemes.aspx)
- There are also flowcharts as part of the detailed guidance for employers
  - **Occupational:**  
[www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-d-occupational.pdf](http://www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-d-occupational.pdf)
  - **Personal:**  
[www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-d-personal.pdf](http://www.tpr.gov.uk/docs/pensions-reform-pension-schemes-appendix-d-personal.pdf)

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# Minimum requirements for DC schemes

- A Defined Contribution (DC) pension scheme would meet the minimum requirements if **one** of these conditions are met:
  - ✓ Under the scheme\*, however calculated, the total contribution must be at least 8%\*\* of the jobholder’s qualifying earnings, of which the employer’s contribution must be at least 3%\*\* of the jobholder’s qualifying earnings; **or**
  - ✓ Where the pension scheme rules define pensionable pay other than qualifying earnings the employer may certify that one of three alternative requirements are met (*Self Certification*); **or**
  - ✓ Where the pension scheme rules define pensionable pay other than qualifying earnings the employer may compare the entitlement in their scheme rules against the minimum contribution level in the first bullet.

\* “Under the scheme” means, in the case of DC occupational schemes, in the scheme rules or other governing documentation and, in the case of DC personal pension schemes, in the agreements between the provider and the employer/member. NB there are additional minimum requirements for personal pensions eg direct payment arrangements must be in place.

\*\* Note – contribution levels are being phased in.

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# DC Self Certification

An employer may have an existing scheme – or may wish to use a new scheme - which does **not** use Qualifying Earnings as the definition of pensionable earnings.

So, as an alternative, the minimum requirements can be met by DC pension schemes if, under the scheme rules (or agreements, in the case of a personal pension scheme):

1. the total minimum contribution must be at least **9%** of the scheme's definition of pensionable pay (at least **4%** of which must be the employer's contribution) providing at least **basic pay (from £1)** is pensionable; or
2. the total minimum contribution must be at least **8%** of the scheme's definition of pensionable pay (at least **3%** of which must be the employer's contribution) provided that pensionable pay constitutes at least **85% of total pay** (the ratio of pensionable pay to total pay can be calculated as an average at scheme level); or
3. the total minimum contribution must be at least **7%** of the pension scheme's definition of pensionable pay (at least **3%** of which must be the employer's contribution), provided that **total pay** is pensionable.

DWP now refer to these choices as “Sets”, rather than “Tiers”.

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# DC Self Certification during Phasing Period

	Up to 1 <sup>st</sup> Oct 2017	1 <sup>st</sup> Oct 2017 to 30 <sup>th</sup> Sept 2018	From 1 <sup>st</sup> Oct 2018	Pensionable Salary (Basis of % Contributions)
<b>Set 1</b> (Tier 1)	2% Employer / 3% Total	3% Employer / 6% Total	4% Employer / 9% Total	Scheme Definition (if >= basic pay from £1)
<b>Set 2</b> (Tier 2)	1% Employer / 2% Total	2% Employer / 5% Total	3% Employer / 8% Total	≥85% of Total Pay (scheme average)
<b>Set 3</b> (Tier 3)	1% Employer / 2% Total	2% Employer / 5% Total	3% Employer / 7% Total	100% of Total Pay

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# The DC Regulatory Programme

- 1. To work with providers of work based pension products to ensure schemes are designed and run to protect the benefits of members. 'Providers' will include trustees, multi-employer scheme providers, insurance companies and investment management firms providing fund wrappers for auto-enrolment use.
- 2. To develop a regulatory regime which identifies what features 'good' pension scheme will include, monitors the presence of those features and takes regulatory action where they are not found
- 3. To educate and encourage employers to challenge their providers and ensure that the schemes they are selecting are 'good' and thus are run in the best interests of their employees

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# DC Regulatory Programme - Publications

- A leaflet for employers which suggests some questions they could ask their scheme providers to which will support them in selecting a 'good' scheme
- [www.tpr.gov.uk/docs/selecting-a-good-automatic-enrolment-scheme.pdf](http://www.tpr.gov.uk/docs/selecting-a-good-automatic-enrolment-scheme.pdf)

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# Automatic enrolment

**We are here to help!**

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