



# **PEAK** EMPLOYEE BENEFITS

Employer guide  
to auto-enrolment





All employers in the UK are being required to run a company pension scheme for their employees in future and to pay in at least a minimum prescribed amount into the pension scheme in respect of each eligible worker. A worker may or may not be an employee. Each employer has been issued with a date, a staging date, from which time this requirement will take effect in their business.

The staging dates allocated to employers cover the period starting in October 2012 and ending in February 2018. The phasing of the staging dates has been arranged so that the largest employers will have to implement the new workplace pension requirements first and the smaller employers later on, with all new firms formed since April 2012 (of any size) being left until the very last.

Of the 1.3 million UK employers affected by this new requirement, around 1 million are small firms with fewer than 10 employees. Around half the workforce in the UK work for a small number of large employers and the other half work for a large number of small employers.

As well as providing a pension scheme for their employees employers are required to assess their employees and workers both at the staging date and at every pay point in future after their staging date. The assessment is to determine whether individuals are eligible to be enrolled into the company pension scheme. There are age-based and wage-based criteria that need to be applied in this respect.

Assessment of workers helps to determine the worker categories:

- Eligible Jobholders who must be automatically enrolled into a company pension scheme
- Non-eligible jobholders who can opt-in to the company pension if they want to
- and the Entitled Workers who can join

Here is a flowchart from the Pensions Regulator on the assessment process:

<http://tpr.gov.uk/docs/dg-3-appendix-b.pdf>

the automatic enrolment process also requires that an employer continues to monitor the Non-eligible jobholders and entitled workers to ensure they are auto-enrolled when they become eligible or exercise their right to opt-in or join.

The new auto-enrolment requirements mean that every business in the UK will have to adopt new regular processes following their staging dates to both monitor the status of their employees and to administer the auto-enrolment procedures.

Watch this short animatic video from the Pensions Regulator:

**automatic enrolment overview**



Although the legislation is pension legislation the duties that employers must fulfil cover more than simply providing a pension scheme.

Communication and Record keeping are at the core of the Employer Duties under the Pensions Act 2008.

Employers are required to communicate individually with their employees on ongoing basis. They are also required to keep accurate records of what is said to whom and when and must be able to provide that if the Regulator asks for it.

Most of these records must be kept for a minimum of 6 years.

The following document, again produced by the Pensions Regulator, outlines the communications process:

[thepensionsregulator.gov.uk/docs/resource-info-to-workers.pdf](https://thepensionsregulator.gov.uk/docs/resource-info-to-workers.pdf)

Communicating auto-enrolment to employees must be done in a prescribed way. the Employer must provide specified information to employees individually within defined timelines.

This aspect of writing to individual employees within fixed timescales (and recording that such correspondence has been delivered) both at the staging date and as things change over time at each pay run is an important aspect of the new administration processes employers are required to adopt in future:

[www.thepensionsregulator.gov.uk/docs/detailed-guidance-10.pdf](http://www.thepensionsregulator.gov.uk/docs/detailed-guidance-10.pdf)

Employers are also reminded that when discussing auto-enrolment or pension issues with their employees they should be careful not to give them financial advice or offer them any inducement to opt-out of their pension scheme.

The processes that must be followed by employers and their representatives, such as their accountant or financial adviser, are in place to ensure inducement does not occur. The following guidance document from the pensions Regulator covers this issue:

[www.thepensionsregulator.gov.uk/docs/detailed-guidance-8.pdf](http://www.thepensionsregulator.gov.uk/docs/detailed-guidance-8.pdf)



Communication, though, is a two-way thing. Providing employees with individual correspondence and information detailing their rights under the new pension laws and recording that they have done so is a process that employers have no choice but to adopt, but in reality employers will find that in many cases their employees may ask questions about auto-enrolment.

The required correspondence from the employer, particularly if it comes 'out of the blue' following the firm's staging date, will likely raise many questions in the minds of employees; both eligible employees and employees who are categorised as one of the two possible types where ineligibility is the outcome.

This may be particularly so as the new legislation requires eligible employees to also contribute to a workplace pension scheme if their employer chooses to pay just the minimum level of contributions required of them.

The Pensions Regulator recommends that getting ready to begin your auto-enrolment processes should commence well in advance of a company's staging date as the following document outlines:

[www.thepensionsregulator.gov.uk/docs/automatic-enrolment-six-month-leaflet.pdf](http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-six-month-leaflet.pdf)

As the staging dates begin to apply to ever-smaller employers from 2015 onwards it seems increasingly unlikely that many firms will have existing in-house resource to administer the processes of auto-enrolment compliance or the ongoing communications with individual employees.

Smaller employers will need to either build their own systems and processes to help them meet their new requirements, possibly with assistance from their payroll providers or pension providers, or both, or employ specialist administration and communication systems and services, perhaps managed by their accountants, to undertake this for them.

This is an important decision that all employers should make well before their staging date.

We would strongly recommend that all employers should take full advantage of familiarising themselves with the resources available to them from the Pensions Regulator's website at least a year in advance of their staging date as part of that decision-making process.

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



A summary of AE duties are as follows:

- Assess workers into categories
- Enrol them into a prescribed pension scheme
- Write to each individual employee and keep all the records
- Pay a defined employer and employee contribution into the scheme
- Declare compliance to the TPR
- Re-enrol Employers on the third anniversary of their staging date

## Why choose PEB?

PEB will help you prepare for these duties long before they are due at staging dates.

It will run the assessment and enrolment duties and send out communications on behalf of the employer.

It will generate pension provider and payroll reports every pay reference period.

It will keep an audit trail of all these actions forever.

Our system will facilitate the declaration of compliance for all employers with duties and send them a reminder as to the deadline.

Our software will help you to identify and re-enrol employees who fit the category to be re-enrolled.

You will have the very helpful and knowledgeable PEB staff to help you to navigate this new ground.

PEB will also answer any questions your employees may have concerning auto-enrolment.

We will be your trusted partner in delivering your auto-enrolment compliance.