

## **Have you had a letter from The Pensions Regulator yet?**

If you have then don't panic, you're in very good company. The Pensions Regulator (TPR) have sent out over a million letters between February and May 2015 to all small and micro employers that have a staging date between May 2016 and August 2017 to make them aware of when their new workplace responsibilities will start.

To help you prepare and get your head around these new responsibilities we have produced this 'at-a-glance' guide so that you can remind yourself about what Auto-Enrolment is all about and what the key actions are that you need to take.

## **What is Auto-Enrolment?**

Workplace pension law is going through some significant changes. As an employer you now have new legal duties to help your workers save for retirement and you need to make sure that you comply with the regulations surrounding this new law.

Auto-Enrolment is a fundamental part of the Workplace Pension Reform and it means that you'll need to automatically enrol certain members of your workforce into a pension scheme based on a specific criteria. You will also have a responsibility to make a contribution to the scheme. Auto-Enrolment has already been rolled out to larger employers and the letters that TPR are now sending out are to inform smaller businesses of when their responsibilities start.

## **Why do I need to do this?**

If you don't have any staff other than directors, you may not have any automatic enrolment duties. You won't have any duties if the only people working for you are:

- you as the sole director, or
- a number of directors, none of whom has an employment contract, or
- a number of directors, only one of whom has an employment contract
- Automatic enrolment will apply if more than one director has a contract of employment.

**Source :** <http://www.thepensionsregulator.gov.uk/employers/what-if-i-dont-have-any-staff.aspx>



The reality of the situation in the UK is that people are living longer, the length of a person's retirement period is being extended and, as a result, pension funds need to be greater to support it. Looking at the long-term the Government is unlikely to be able to afford state pensions at their current level so Auto-Enrolment is being introduced to deal with this potential issue.

The aim of Auto-Enrolment is to make sure that employees join a pension scheme and start to make a contribution towards their future. As an employer you are also required to contribute to this pension pot with statutory contribution levels being phased in over a period of time to give you time to adjust to the new laws.

According to Government statistics there are an estimated 7 million people who are not in a pension or not doing enough to save for their retirement. This is a pension time-bomb that the Government is aiming to defuse.

### **How does it affect me?**

As an employer you are now required to automatically enrol your employees into a workplace pension scheme and if some of your employees decide that they don't want to be enrolled they must actively opt-out. If you already have a pension scheme in place you still need to check that it complies with the new law and that you are meeting all your obligations.

### **What do I need to do?**

Firstly, you will need to assess the eligibility of your workforce for Auto-Enrolment and if you already have a workplace pension in place then you will need to check that it is compliant. You will also need to write to all your employees informing them of the new pension rules and deal with any requests to opt-out. Underpinning all of this you will need to keep accurate and up-to-date records and ensure that your payroll and pension processes are aligned to the new requirements.

### **Who is eligible for Auto-Enrolment?**

Auto-Enrolment applies to employees who are:

- Aged between 22 and state pension age
- Earning more than the qualifying earnings trigger (currently £10,000 per annum)
- Working in the UK

If an employee who doesn't meet the above criteria asks to join the pension scheme then you are legally obligated to Auto-Enrol them but the laws will be different and you may not need to make a contribution.



## **When do I need to take action?**

If you have had a letter from TPR then your staging date will be stipulated in the letter. If you haven't had a letter yet but you know that this will affect you then your staging date is likely to be between May 2016 and August 2017 as mentioned earlier.

If you are affected by Auto-Enrolment and you haven't taken any action yet then time is of the essence. Getting everything in place to make sure you are compliant can be daunting as well as time consuming and this is where we can help you with some of the burden. At Equus Miller we have already helped many larger employers gear up for Auto-Enrolment and we are here to help you too. For any advice and support with your Auto-Enrolment requirements please contact us now.