

Pensions Reform - Your 8 Step Countdown to Auto Enrolment



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Back in October 2012 the first stage of the Government's pension reform regulations came into force requiring employers to automatically enrol eligible employees into a pension scheme and to pay a minimum pension contribution for those employees.

In addition, even if you have an existing workplace pension scheme you may have to make changes to ensure that it complies with the new laws. Alternatively you can rely on the Government's new National Employment Savings Trust (NEST) scheme.

Although the requirements are being introduced gradually via staging dates according to the number of employees, it still adds an additional layer of cost, administration and bureaucracy so planning ahead is crucial. Below is an 8 step guide to ensuring you are well prepared and in compliance with your new duties when your staging date arrives.

Step 1 – Know your staging date

Identify the exact staging date for your organisation so that you know how much time you have to prepare and can set your timetable. The date depends on your PAYE number and the number of employees on your PAYE scheme. Ideally you should identify your staging date 12 months in advance to ensure you have plenty of time to prepare. To find out your exact staging date, [click here](#).

Step 2 – Assess your workforce

The new legislation creates 3 types of eligibility/entitlement:

- Staff eligible for automatic enrolment into your auto-enrolment scheme - and for whom you must pay the minimum contribution
- Staff entitled to opt in to your auto-enrolment scheme, but are not entitled to be automatically enrolled – and for whom you must pay the minimum contribution
- Staff entitled to join/become active in a registered pension scheme if they so request, but for whom you do not have to pay a contribution

Assess which of your staff fall into which category, so that you know the extent of your obligations.

Step 3 – Review your existing pension provision

Carry out a strategic analysis of your current pension provision to see if it meets the qualifying criteria as set down in the legislation. Consider these questions:

- What kind of scheme are you going to have? Does your current scheme qualify?
- How many employees are currently enrolled and how many are likely to be eligible and enrolled when your staging date arrives?
- Will you offer one scheme to one set of employees and rely on NEST for another?

Step 4 - Analyse the cost

Once you know the extent of your obligations and the suitability of your existing provision you can start thinking about how to structure your scheme(s) and how much it is going to cost. You need to work out how many employees will be eligible, what your employee levels will be at your staging date, and what, if any, changes need to be made to your existing systems and processes to administer these obligations.

Step 5 – Clean your existing data

At this stage you should ensure your existing employee data is correct and contains all the relevant information required for auto-enrolment.

Step 6 – Develop your employee communications plan

You are responsible for giving clear and comprehensive information to your employees so that they are fully aware of their new entitlements and eligibility. You must inform them in writing of what's happening and how they will be affected by the changes. Consider raising their awareness in the months prior to your staging date so that they know what's coming before your auto enrolment process actually begins.

Step 7 – Issue your pre-staging communications

Keeping your employees informed of the changes and timetable will give them sufficient time to consider the arrangements and make an informed choice. Clear communication and consultation will help to increase employee buy-in and if some decide to enrol ahead of time, this will ease the burden when your staging date arrives.

Step 8 – Auto-enrolment begins

Your staging date has arrived and you must now comply with your new duties which include:

- registering with the Pensions Regulator
- auto-enrolling, opting-in and opting-out all relevant staff
- adhering to your recordkeeping obligations
- paying employer contributions according to the legislation

If you have followed the step by step process above, you will be organised, prepared and able to meet your new obligations with minimal disruption to your organisation.

For a more detailed guide to auto enrolment for employers, [click here to download our Employers Q&A Factsheet](#).

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