

Auto Enrolment

Effects Everyone Who Has Employees



What Is Auto Enrolment ?

- All employers now have a duty to offer pension provision to their employees.
- Employees have the choice to opt out of the offered provision.
- Every employer has a date by which to comply, called a staging date.
- Every employer has new and ongoing responsibilities that they have to comply with.

What are the basics you need to know?

- Your staging date.
- Is your business exempt?
- Assessing the workforce.
- How much will the pension contributions be?
- Which pension provider to choose?
- What do you need to do to be compliant?
- The cost of non compliance.
- Your options – Liric are here to help you.

Staging Dates

- The pensions regulator has written to you or you can find this from:

<http://www.thepensionsregulator.gov.uk/employers/know-your-staging-date.aspx>

Exemption

- Your business may be exempt from the provisions of Auto Enrolment. You won't have any ongoing duties if you meet one of the following criteria:
 - If you're a sole director company, with no other staff.
 - If your company has a number of directors, none of whom has an employment contract.
 - If your company has a number of directors, only one of whom has an employment contract.
- If so The Pension Regulator needs to be notified in writing:

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

Assessing Your Workforce

- Auto Enrolment applies to any business that has qualifying workers
 - there are 3 categories of workers
 - you need to assess which category your workers fall into:
- **Eligible jobholders**
- **Non-eligible jobholders**
- **Entitled workers**

Eligible Job Holders

- Aged from 22 to state pension age
- Work in the UK
- Earn more than £10,000 p.a (£833/ month)

These workers must be automatically enrolled

Non-Eligible Job Holders

- Aged between 16-21 or of state pensionable age and earn more than £10,000 per year.

Or

- Aged 16-74 earning between £5,772 and £10,000 per year.

These workers do not need to be automatically enrolled but can request to be. The employer must pay minimum contributions for them.

Entitled Workers

- Aged between 16-75
- Earning less than £5,772 p.a

These workers have the right to join the scheme but the employer does not need to make any contributions for them.

Minimum Contribution Levels

- You will need to establish what “earnings basis” definition will be used.
- Minimum contribution levels increase through to 2018.

| | Up to October 2017 | October 2017- October 2018 | October 2018 onwards |
|-----------------|-----------------------|-------------------------------|-------------------------|
| Employer | 1% | 2% | 3% |
| Employee | 1% | 3% | 5% |
| Total | 2% | 5% | 8% |

Choice Of Pension Provider

- If you operate an existing pension scheme you need to ensure this is classed as a qualifying pension scheme.

Check with your IFA or pension company
- Mainstream insurance companies will probably have minimum contribution levels and may make an additional charge for the administration to the employer.
- There are three providers offering qualifying schemes for all businesses.



Employer Duties

- Statutory and timely communications to your workforce.
- Collect employee/employer contributions.
- Forward contributions and any necessary supporting information to the pension provider.
- Pay refunds for opt-outs.
- Monitor all earnings to make sure the scheme meets the minimum contribution levels on each payroll run.
- Register the qualifying pension scheme with The Pension Regulator.
- Prepare timely governance reports to the pensions regulator.

The Consequences Of Non-Compliance

- The Pensions Regulator will have the power to:
 - Inspect your records and procedures on opting out
 - Interview your staff
 - Issue statutory notices requiring employers to fulfil certain duties

Non-compliance with the statutory notice could lead to a fixed penalty of £400....as well as daily penalties depending on the number of employees from £50 to £500 per day.

Your Options

- Go it alone? – not advisable and time consuming.
- Running your own payroll?
 - LIRIC will help you in your decision to select an appropriate pension provider (either via an Independent Financial Advisor or using one of the qualifying providers) and integrate this with your payroll, to ensure your employer duties are complied with.
 - If you're using the HMRC Basic PAYE Tool to process payroll there will be an add on but it will have shortcomings on ensuring compliance.

Your Options

- LIRIC runs your payroll?
 - We will offer a complete service to ensure full compliance with Auto enrolment:
 - Auto Enrolment assessment
 - Registration with NEST our recommended pension provider.
 - Reporting to the monthly process for ongoing compliance.

The new rules are complicated so LIRIC will make sure we have all our clients bases covered with our fully compliant payroll solution.

Here To Help

- Auto Enrolment is not a 5 minute task – it will require time and effort to implement – we can help you with this.
- If you would like to talk to us about your requirements and how LIRIC can help you comply then please:

Call Lisa or Natalie on 01763 853633 for more information