

# Abbiss Cadres

## Pensions Auto Enrolment Your Obligations & How We Can Help

### BRIEFING NOTE



## Compulsory pension changes for UK companies

In October 2012 radical pension reforms were introduced in the UK. They impact UK employers of all sizes and by 2018 all employers must comply and ensure that their employees can become members of 'an automatic enrolment pension scheme'.

With fines imposed to date of up to £10,000 per day for non-compliance, it is essential that you plan well ahead of time to ensure you have both the necessary budget and processes in place to meet the complex requirements of the legislation.

Compulsory employer contributions are required. They start at 1% per annum of pensionable earnings, rising to 2% and 3% in subsequent years, adding a considerable amount to your total employment costs which needs to be planned for.

## What do I need to do?

The legislation lays out a complex set of procedures and processes that must be followed in order to be compliant. We are here to guide you through these including the major milestones of implementation which include:

1. **Knowing your 'staging date'** – the date on which you must 'auto-enrol' relevant staff into a pension plan. This date is determined largely according to the number of people on your payroll.
2. **Nominating a contact** responsible for receipt of all communications from the Pensions Regulator in relation to the implementation of this legislation. We are happy to undertake this duty for you if you wish.
3. Understanding which employees are **eligible to join** and which are not, and **how to calculate "Qualifying Earnings"** (the band of earnings you use to calculate contributions for automatic enrolment).
4. Choosing a **compliant pension arrangement** which provides a wide investment choice and value for money, or amending any existing arrangement. Should you have an existing pension arrangement, we can advise whether it is compliant with the new requirements. If you do not have a current pension arrangement, we can introduce you to and liaise on your behalf with an independent financial advisor to help you to identify an alternative to the default statutory pension provision (the national employee savings trust, "NEST"), or offer financial advice to your employees.
5. **Understanding the limits of the "opt out" process** by which employees can choose not to participate in auto-enrolment.
6. **Registering your scheme** and enrolment information with the Pensions Regulator.
7. Understanding the **cost implications** for now and future years.
8. **Designing your communication and engagement plan** to ensure that your employees understand what this fundamental change means for them, and that all communication issued fits with your corporate/hr brand and messaging.
9. Introducing a **"salary sacrifice" arrangement** to save tax and national insurance contributions on the amount of salary sacrificed which can help you fund this legal requirement.
10. **Updating contracts of employment** and your staff handbook to avoid inappropriate commitments.

## Dealing with the ongoing administration requirements

Once your scheme is correctly established we can help you manage the ongoing monthly administration requirements such as:

11. **Assessment and enrolment** of “Eligible Workers” (anyone aged over 22 who works in the UK and earns over a certain level) every time your payroll is run, as well as carrying out the administration associated with any opt-outs.
12. Advising on the limited circumstances in which you can use **postponement options** at a payroll and worker level.
13. **Generation of the employee notices** that must be issued in line with the auto-enrolment process.
14. **Feeding all relevant employee enrolment data** to your selected pension provider.

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