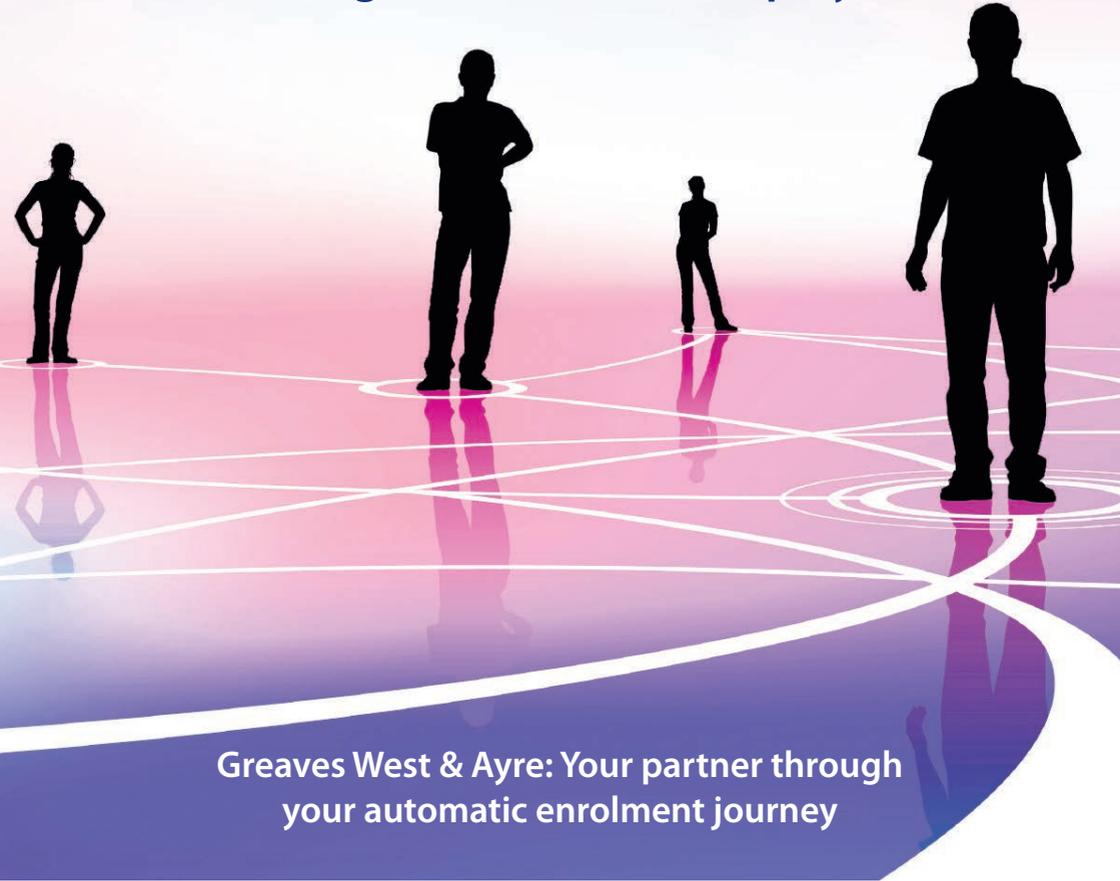


Automatic Enrolment

New Legislation for ALL Employers



Greaves West & Ayre: Your partner through
your automatic enrolment journey



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WEALTH MANAGEMENT





Overview

The Government has been concerned, for many years, about the lack of private pension provisions within the UK. The Department of Work and Pensions (DWP) has estimated that there are in the region of seven million people not saving enough to have an adequate income in retirement. In addition to this, many people are living longer and as a result will spend longer in retirement. For the government, the costs are spiralling.

Automatic Enrolment was introduced to address this growing problem.

Automatic Enrolment means that:

- ALL employers will have to automatically enrol all workers that meet certain criteria into a 'Qualifying Workplace Pension Scheme'.
- There are minimum contribution requirements. These are being phased in up to 2018.
- Employers must comply with the requirements within prescribed timescales.
- The Pensions Regulator can impose fines which range from a fixed fine of £400 to daily fines. For example, Employers with 5-49 employees will be fined £500 per day. The Pensions Regulator can also impose civil penalties of £5,000 for individuals and up to £50,000 for organisations and, in extreme cases, prosecution through the courts.

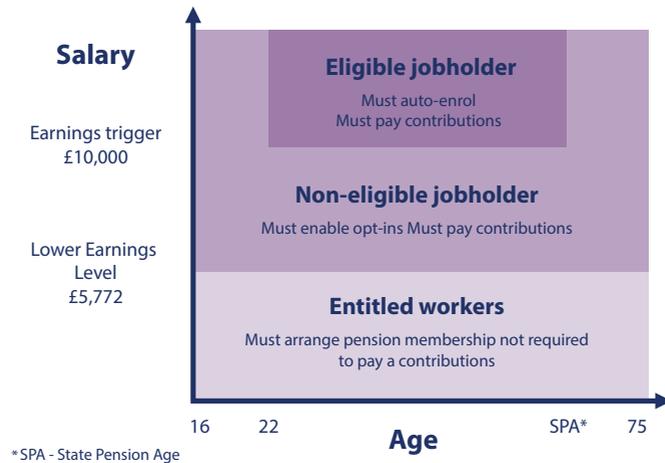
What do you need to do?

Every single employer in the UK will get a date by which they must comply with the new legislation. The date is known as their 'Staging Date'. When you reach this date, you must:

- Assess all employees to establish who is eligible.
- This must be done every time you pay your employees to establish if anyone becomes eligible.
- Automatically enrol all employees who are eligible into a 'Qualifying Workplace Pension Scheme'.
- Make a deduction from all eligible employees' salaries, even if they do not want to join a pension scheme.
- Issue statutory communications to all workers.
- Refund monies to employees who opt out of the pension scheme.
- Put processes in place to deal with employees who opt out or in.
- Keep records in line with The Pensions Regulator's requirements and re-enrol workers who have opted out every three years.

Who should you automatically enrol?

Employers must enrol their Eligible Jobholders in a qualifying workplace pension scheme. The following diagram will help you identify the different categories of workers.



Agree a contribution basis

Contribution levels are being phased in from when you stage all the way up to 2018. There are four different categories of contribution levels an employer can use:

	Qualifying Earnings		Set 1		Set 2		Set 3	
	ER	EE	ER	EE	ER	EE	ER	EE
	Percentage is based on earnings between £5,772 and £41,865.		Basic Salary		Basic Salary (as long as it is at least 85% of total pay)		Total earnings.	
Staging date to September 2017	1%	1%	2%	1%	1%	1%	1%	1%
October 2017 to October 2018	2%	3%	3%	3%	2%	3%	2%	3%
October 2018 onwards	3%	5%	4%	5%	3%	5%	3%	4%

ER - Employee Contribution EE - Employer Contribution

Communicate to all employees

All employers have a legal duty to write to their workforce about their new pension rights. There are complicated rules about what to send to which workers.

It's your responsibility to make sure the information to your staff is accurate. You have a choice of sending the information by letter or email, as long as it's sent to a personal address. This must be done for all employees, whether they qualify for automatic enrolment or not.

Creating a communication plan will help your employees feel that automatic enrolment is happening for them, and not to them.

Opting out and in

Opting In

Employees who aren't eligible for automatic enrolment have the right to opt in to your pension scheme if they wish. Those that decide to opt in must be enrolled into your pension scheme and have deductions made from their salary.

As part of your employer duties, you'll need to communicate to all employees. Those who are aren't eligible need to be told that they have a right to opt in or join at any point. They do this by writing to you.

Opting Out

This is where a staff member decides to leave the pension scheme within a month of being enrolled. If an employee exercises this right, they need to be removed from the pension scheme and the contribution that would have been deducted from their salary must now be refunded.

Any employee who decides to 'opt out' after one month will not receive a refund of their contribution, it will remain invested in their pension until they can take the benefits (i.e. 55 years of age).

By what date do I need to do this?

The staging date is determined by the number of employees you had on your payroll on 1st April 2012:

Paye Scheme Size at 1st April 2012	Staging Date
60	1st October 2014
59	1st November 2014
58	1st January 2015
54 to 57	1st March 2015
50 to 53	1st April 2015
40 to 49	1st August 2015
30 to 39	1st October 2015
30 and less	From 1st October 2015 to 1st February 2018

What happens if I don't do it?

If an employer doesn't meet their obligations under Automatic Enrolment they could end up being fined.

Employers have five calendar months from their staging date to register with The Pensions Regulator. As each employer has their own staging date, the government can easily identify those employers who have not complied.

Fines range from a fixed fine of £400 to daily fines. For example, employers with 5-49 employees will be fined £500 a day.

The Pensions Regulator can also impose civil penalties of £5,000 for individuals and up to £50,000 for organisations and in extreme cases, prosecution through the courts.

The responsibility of complying rests solely with the employer.

Even if you have no-one within your company that needs to be enrolled or is eligible, you will still need to register with The Pensions Regulator or risk being fined.



Key areas

Staging Date

Know your staging date as soon as possible. The earlier you start to prepare, the easier it will be for you.

Postponement

Many employers assume that using postponement means that you delay your automatic enrolment duties for up to three months. This isn't the case. Everything needs to be ready for your staging date, including processes, communications, qualifying scheme. However, you can delay enrolling your employees into the scheme for up to three months using postponement. They can still opt in during the postponement period if they wish.

Data

This is the single most important aspect of Automatic Enrolment. Data needs to be recorded and managed every single time you pay your employees. Records need to be kept for all employees for six years. You will need to upload data to your qualifying workplace pension provider on a regular basis, it needs to be accurate and easily generated.

Payroll

Payroll will play a massive part in Automatic Enrolment, and eventually this will be a standard aspect of payroll. There are many payroll providers, some better than others at assisting employers with their duties. The scale of this challenge has proved significant for employers. Therefore software that assesses employee eligibility, generates spreadsheets for the pension provider and assists with record keeping for compliance is essential.

Communications with employees

There are statutory communications that must be provided. However, in order for an employee to feel that Automatic Enrolment is happening for them, and not to them, the communication needs to be considered from an early stage.

Employees need to understand what is happening and when it will affect them.

How we can help you

At Greaves West & Ayre Wealth Management our team of Independent Financial Advisers, in conjunction with our Payroll division, is able to assist you at every stage of your automatic enrolment journey.

Whether you need guidance on what you need to do and when, a review of your current arrangements, a new pension scheme or some help communicating to your employees, rest assured - we can help.

With our initial report, employers are able to assess the cost impact of the legislation. We will tell you what you need to do and offer our opinion.

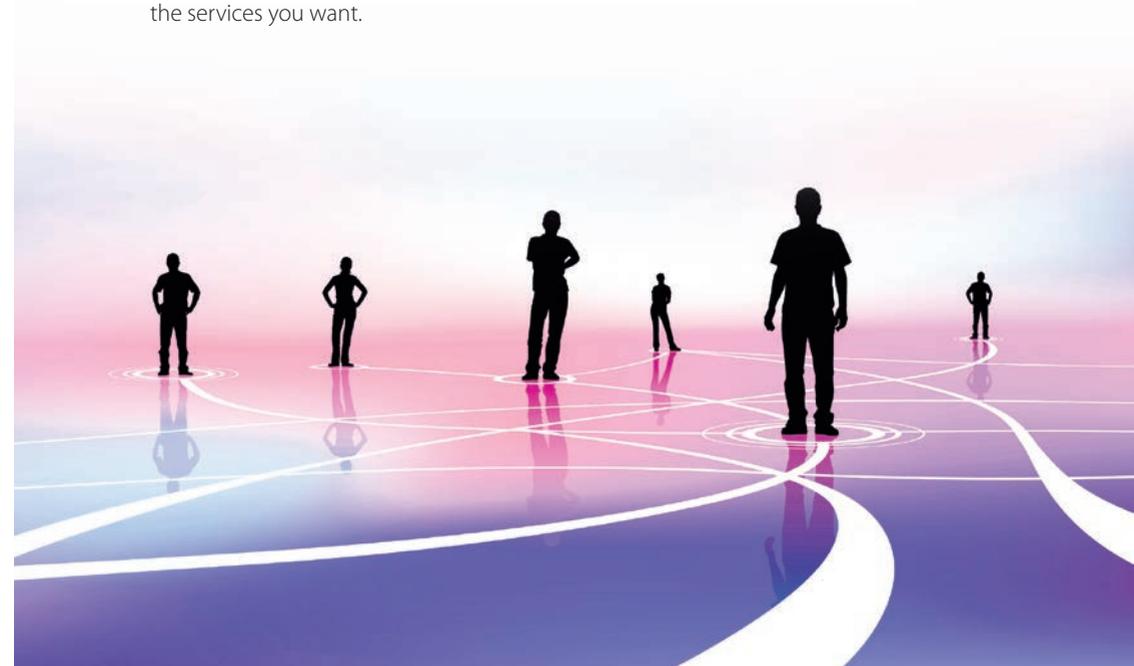
We help employers set up a suitable pension scheme and make sure that you meet your obligations.

Keeping it simple

Most employers don't want to change their payroll software or provider. They just want to comply with the legislation as cost effectively and time efficiently as possible.

Greaves West & Ayre can set-up a pension scheme, deliver all the communications and make sure you meet your obligations under automatic enrolment for a small fixed fee.

Refreshingly, we offer a straightforward pricing structure which means you only pay for the services you want.



Notes

Get in touch

If you would like speak to someone regarding automatic enrolment then please get in touch.

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