

Pension Reform

Automatic Enrolment

Automatic Enrolment is an obligation on all employers to enrol eligible jobholders in a workplace pension scheme unless they are already a member of a qualifying scheme.

The Automatic Enrolment scheme may be a defined benefit scheme or a defined contribution scheme. It must be a UK registered scheme for tax purposes or qualifying overseas pension scheme.

In the UK, the scheme must be a direct payment scheme.

This simply means that contributions must be collected and paid to the scheme by the employer through the payroll system.

An eligible employee

Nearly all UK jobholders are eligible employees & must be automatically enrolled apart from the following:

- *The employers can choose not to enrol employees if they are under the age of 22 or over State Pension Age.*
- *Individuals below the age of 22 or between State Pension Age and 75 can ask to be admitted in which case the employer must contribute.*
- *The employer may also exclude employees earning less than an earnings trigger - £8,105.*
- *If an employee earning less than the threshold asks to join, the employer is not obliged to contribute.*

Staging Date

Each employer has a staging date from when their new duties will apply. The staging date is based on the number of people in your PAYE scheme as at 1 April 2012. **To find your staging date please visit. www.tpr.gov.uk/employers/tools/staging-date.**

If we process your company's payroll we will have calculated this already and we will notify you of the changes you will need to make .

Once the staging date is reached the employers will need to:

- *Choose the qualifying pension scheme and enrol employees.*

- *Make the minimum contribution as stated in the below table from the relevant date.*

Minimum Contributions

The statutory minimum contribution rates will be phased in as set out in the following:

Dates	Minimum Employer	Minimum Employee	Tax Relief
Staging Date - September 2017	1%	0.8%	0.2%
October 2017 - September 2018	2%	2.4%	0.6%
October 2018 onwards	3%	4%	1%

Penalties & Fines

If the employer does not comply with their staging date and on-going duties, the Pension Regulator will impose penalties & fines.

- *A fixed penalty of £400 for non-compliance.*
- *An escalating penalty from £50 - £10,000 per day when an employer fails to pay contributions to the scheme on time (by 19th of the following month).*

Please do not hesitate to contact us if you require any further information.

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