To allow you to spread the cost of your employer duties you can phase in the minimum contributions as shown in the table below.

Contribution rates required to meet the contribution quality requirement as a percentage of qualifying earnings

Date	Total must be at least	Employer must contribute
October 2012 to September 2017	2%	1%
October 2017 to September 2018	5%	2%
October 2018 onwards	8%	3%

Agreement must be in place for jobholder to make up at least any difference between the total and the employer amount.

What you need to do now

- **Find your staging date** – In order to find your staging date we suggest you look on the Pension Regulator website and along with your PAYE reference you will be able to find your start date.

  www.thepensionsregulator.gov.uk/employers/tools/staging-date.aspx

- **Start to plan 12 months before your staging date** From Spring 2015, 200,000 companies per month will be reaching their staging date. Insurance companies are already telling us that they need at least 6 months to implement a scheme and 12 months to review existing schemes.

- **Contact us** – It is important that you give sufficient time to implement these changes and introduce your scheme. So by contacting us as soon as possible will enable us to assist you.

How we can help

Auto-enrolment may seem a daunting process for many, however, we are advising businesses to seek expert advice through our initial free consultation to assess and discuss your business requirements. Whether you already have a pension scheme in place which needs investigating or you need to set up a qualifying scheme, we are here to help with the implementation process.

We offer a very competitive advice service and can assist a business every step of the way.

For further information on pensions please contact John Freeman on **0116 254 9262** or email him at **jdf@newbyc.co.uk**.

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automatic enrolment

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Auto Enrolment

In October 2012, new legislation was introduced that means all employers with at least one worker in the UK will need to automatically enrol certain members of their workforce into a pension scheme. As an employer you will need to make a contribution to it and ensure that you meet all of the new requirements to comply with the law (even if you already offer pension arrangements for your workers you will still have some new obligations to meet).

Why is this happening?

Millions of people are not saving enough to have the income they are likely to want in retirement. Life expectancy in the UK is increasing and at the same time people are saving less into pensions.

In 1901 there were 10 people working for every pensioner in the UK. In 2010 there were 3 people working for every pensioner. By 2050 it is expected that this will change to just 2 workers.

These new employer duties are therefore designed to encourage more people to save for their retirement. The rules mean you will have to ensure all eligible employees are enrolled into a suitable pension scheme at the appropriate time.

In summary, what are the automatic enrolment options?

For the first time employers are required by law to automatically enrol all eligible workers into a workplace pension and make a contribution to it. Between October 2012 and February 2018, every employer starting with the largest first has to enrol into a work place pension, workers who:

- are not already in a qualifying workplace pension
- are aged 22 or over
- are under state pension age
- earn more than a minimum amount a year (currently £10,000 – this figure may change)
- work or usually work in the UK

Employers will be required to designate a qualifying scheme to be used to automatically enrol eligible job holders into.

These duties will also be triggered when a job holder becomes eligible because of age, earnings or contractual changes.

Employers and job holders will be required to pay minimum contributions into this scheme and employers will have to provide prescribed information to job holders within specified time scales.

This will be a big challenge and you will have a lot of work to do to prepare to meet your employer duties. You'll have to review your workforce and any existing pension schemes you have in place to determine the duties you'll have and the changes you need to make. Then you'll need to ensure the changes are implemented effectively. Once the scheme is up and running you must continue to meet your employer duties on an ongoing basis.

The consequences of getting it wrong are serious and the Pensions Regulator can impose fines and even imprisonment if you fail to comply.

Newby Castleman are committed to helping you meet your obligations. We will help you to:

- review your existing pension schemes
- understand the different options to make your existing pension scheme meet the new requirements and
- update your procedures to support the efficient implementation, communication and compliant running of your automatic enrolment scheme.

When is it happening?

The new employer duties will be introduced over a period of almost six years. Each employer will be allocated a date from when the changes will first apply to them, known as the “staging date”. The first staging date was in October 2012 and will continue through to 2018.

Your staging date will be based on the number of people that you had in your PAYE scheme as at 1st April 2012 and employers with the largest number of workers will have the earliest staging dates.

The Pensions Regulator will contact you 6-12 months before your staging date but we would recommend that you start looking at the effects this will have on your business sooner rather than later.

What is the effect on my workforce?

You'll need to assess your workforce to determine whether they're classified as a 'worker'. This can also include contractors and/or agency workers.

There are three different categories of worker, determined by their age and how much they earn.

- Eligible jobholders – must be automatically enrolled into an automatic enrolment scheme
- Non-eligible jobholders – have the right to opt in to an automatic enrolment scheme
- Entitled workers – have the right to join a pension scheme

Your employer duties will depend on the types of worker you employ. We can assist and confirm what your duties are and which category your employees fall into.

Opting out of a workplace pension

A worker has the opportunity to opt out within one month from the day they officially become a member of the scheme, it will be as if they were never a member of the pension scheme and any payments made by them to their pension will be refunded. If they choose to opt out after this period, depending on the scheme, the payments already made may not be refunded and will remain in their pension scheme until they retire.

How much will have to be contributed by employee and employer?

The minimum contribution level required for an automatic enrolment scheme is based on qualifying earnings. Qualifying earnings include salary, wages, overtime, bonuses, commissions, statutory sick pay, statutory maternity pay, ordinary or additional statutory paternity pay and statutory adoption pay.

Depending on the definition of earnings you elect to use the contribution into a pension scheme will between 7% and 9%, of which your minimum contribution will be between 3% and 4%.