

Automatic Enrolment *Bulletin*

Easement in Employer duties in respect of Directors.

April 2016

In April 2016 the Government issued some welcome relaxation of Automatic Enrolment duties in respect of Directors and “genuine” partners of Limited Liability partnerships (LLPs):

Company Directors

The Government has acknowledged that although many Directors also have contracts of employment and are therefore workers, these individuals will typically have existing pension provisions. This meant that in practice, many would have to have been automatically enrolled, only to subsequently opt-out. From 6th April 2016, an employer has the option (but not the requirement) to exclude these individuals from Auto Enrolment altogether.

Partners of an LLP

From 6th April 2016, an employer has the option (but again no requirement) not to automatically enrol or re-enrol “genuine” partners of an LLP. The test of “genuine” is whether they are taxed on a purely self-employed basis. This does not, therefore, extend to partners who are taxed on an employed basis.

These changes will affect Directors and Partners at staging date and also at triennial re-enrolment where Directors have previously been automatically enrolled and have opted-out. There will now be no requirement to re-enrol this group.

Who is classed as a Director?

The definition from the Pensions Regulator is not entirely clear, but is likely to include:

- > Directors registered with Companies House
- > Executive Directors/Trustees of a not for profit/Charity

How will this affect the Pay Check Service?

When we complete the Workforce Assessment following your Staging Date, we will assume that all employees on the payroll who meet the Auto Enrolment criteria (i.e. over 22 and PAYE earnings of at least £10,000 p.a.) will be automatically enrolled, including any Directors. If you do wish to **exclude** a Director, please let us know in advance of your staging date.