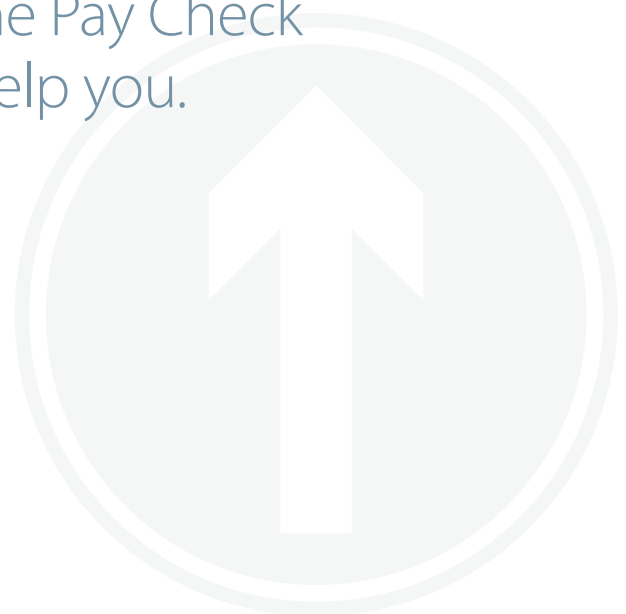


Guide to Auto Enrolment

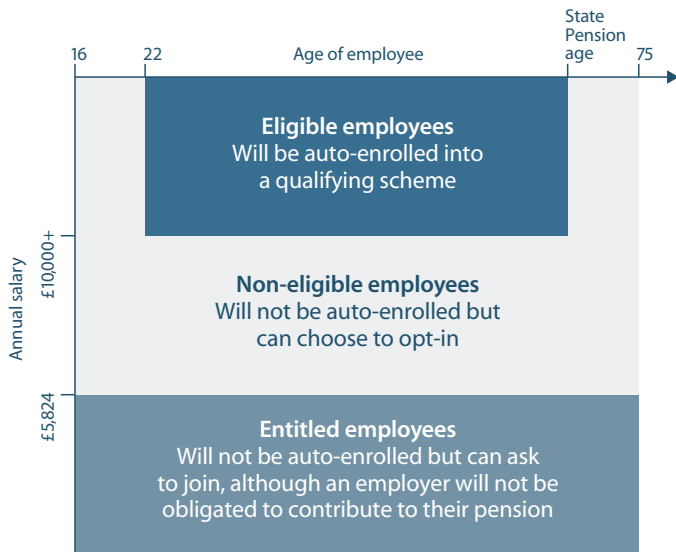
In October 2012 the Government introduced the requirement for employers to enrol their employees into a qualifying workplace pension scheme, without employees themselves having to take any action.

Known as Auto Enrolment, this change to workplace pension provision brings with it a vast amount of information that employers need to process in order to comply with their new obligations. This Pay Check Guide provides an overview of the rules and regulations around Auto Enrolment and where The Pay Check Auto Enrolment Service can help you.



Which employees do I need to enrol?

The diagram below shows which employees are currently eligible to qualify under the terms of Auto Enrolment for employees working in the UK.



* Employees must be working in the UK.

The Pay Check Auto Enrolment Service includes assessment of eligible employees for Pay Check clients.

When will this happen?

The 'staging date' is the final date by which employers must have an appropriate Auto Enrolment pension scheme in place. Staging dates are allocated on the size of an employer's PAYE scheme as at April 2012.

Pay Check clients can establish their staging date by emailing us or by visiting The Pension Regulator website at <http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

Can I postpone my staging date?

Postponement enables you to delay Auto Enrolment for some or all of your employees by up to three months. For example, if your staging date is 1st August 2016 you can postpone for any length of time up to and until 1st November 2016. This is particularly useful to those with workers on short-term or temporary contracts who may not be employed for as long as three months, or those whose earnings fluctuate.

Employers using postponement will still need to have a qualifying pension scheme in place by the time of their staging date. Postponement should not to be viewed as an opportunity to acquire a deadline extension.

The Pay Check Auto Enrolment Service includes use of postponement to give our clients' greater flexibility.

What happens if I fail to comply?

It is important that you act in time. If employers do not comply with the requirements of Auto Enrolment there are three escalating steps The Pensions Regulator will take:

- 1 Issue a warning notice.
- 2 Issue another warning and apply a fixed fine of £400.
- 3 Apply a daily fine.

Number of employees	Daily fine
500+	£10,000
250 – 499	£5,000
50 – 249	£2,500
5 – 49	£500
1 – 4	£50

What do I have to pay in?

The Government has set a minimum percentage for total contributions. This consists of the employee's contribution, the employer's contribution and the tax relief. This is detailed in the table below:

Period	Minimum employer contribution	Total minimum contribution
Oct 2012 – March 2018	1%	2%
April 2018 – March 2019	2%	5%
From April 2019	3%	8%

Employees and employers can both contribute more than the minimum if they wish.

The Pay Check Auto Enrolment Service automatically sets your level of employer contribution at the minimum employer contribution as shown above.

How do I manage employee communications?

It is an employer's duty to inform employees about Auto Enrolment. Communication should be issued well in advance of your staging date and must detail how employees will be affected by the new legislation.

Without a considered communication plan, eligible employees may not be aware of their contribution obligations and non-eligible and entitled employees may not know that they can join or opt-in.

The Pay Check Auto Enrolment Service includes communicating all mandatory notices and letters as part of the Auto Enrolment process.

How does 'opting-out' work?

The first twelve months of Auto Enrolment has shown that opt-out rates are far lower than anticipated. Opting-out however remains a choice for employees. Indeed, if an employee has reached or is nearing their lifetime pension allowance, they could opt out to protect it.

Some notes on opting out:

- > Employers cannot avoid their obligation to auto enrol eligible jobholders into a qualifying scheme. Opting out refers to a jobholder's right to opt-out of the scheme membership after being enrolled.
- > There can be a postponement period of up to three months before an eligible jobholder needs to be auto-enrolled into a qualifying pension scheme. Workers can, however, opt-in during the waiting period.
- > Employers are required to have Auto Enrolment triggers for existing employees and new joiners e.g. when turning 22 years old, or reaching the minimum level of earnings.

This is included in the Pay Check Auto Enrolment Service.

- > Employers will be required to give notice to workers about their rights and status.
- > Employers are not allowed to encourage or induce workers to opt-out.

What is re-enrolment?

Every three years employers will be required to re-enrol any employees who previously opted-out.

- > Employers must keep records of any employees who chose to opt-out as this group will be affected by re-enrolment.
- > Every three years the re-enrolment date will be a date within three months, chosen at the employer's discretion, following the original staging date (or previous re-enrolment date).
- > A jobholder is excluded from auto re-enrolment where, within 12 months before the re-enrolment date, the jobholder had opted out.

The Pay Check Auto Enrolment Service includes the administration of re-enrolment.

Director Exemption

The Pensions Act 2008 states that directors are not treated as workers if they are not employed under a contract of employment to work for the company AND there is no one else employed by the company under a contract of employment.

In other words, a company with just one director and no other employees is exempt from Auto Enrolment. What this means in practice is that they do not need to complete a declaration of compliance or set up a pension scheme.

It is worth noting however that some, one director companies may still receive a staging date letter from The Pensions Regulator.

If this is the case, and you would like Pay Check to make the submission on your behalf, please email aeservices@paycheck.co.uk with the subject heading of Director Exemption and we will send you a declaration to be completed for a charge of £50.00 plus VAT.



Introducing the Pay Check Auto Enrolment Service

The Pay Check Auto Enrolment Service is designed for Pay Check clients who are looking for a first class pension solution that is simple to administer, cost effective and guarantees full compliance with the new legislative pension requirements.

Pay Check has worked with the Independent Financial Advisers, Chase de Vere, to carefully select the most appropriate pension provider for our clients; we have chosen Legal & General who are one of the largest insurance companies in the UK and winners of the Auto Enrolment Provider of the Year in the FT Pension and Investment Provider Awards 2013 and 2014.

To discuss your Auto Enrolment requirements please contact Pay Check by email aeservice@paycheck.co.uk or call 0207 498 1133 and speak to a member of our Auto Enrolment Team.

Or if you would like to contact Chase de Vere please email paycheck@chasedevere.co.uk

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