

A useful guide to automatic-enrolment

ALAN BOSWELL
Financial Planners

The Government has introduced new legislation designed to help people save more for their retirement. As a result all employers need to enrol their workers into a workplace pension. This process has already started with larger employers and a huge number of employers will be required to comply with automatic-enrolment (also known as auto-enrolment) legislation over the next few years. Significant capacity issues are forecast, potentially limiting the support available to employers to enable them to meet their new duties.

Companies with between 50 and 250 employees as at 1st April 2012 are the next group who will need to prepare for their 'staging date' (the date their auto-enrolment duties start). These companies have staging dates between 1st April 2014 - 1st April 2015, with 30,000 of those firms due to stage between April - July 2014.

It is therefore imperative that employers start planning early, ideally at least six to nine months prior to their staging date.

In this first of series of articles, we will look at;

- The staging timetable
- How does phasing of contributions work?
- How do you define your workforce?

Future articles will consider other key aspects of pension's reform legislation and what you need to do in order to comply with your new auto-enrolment responsibilities.

What is the staging timetable?

The employer duties will be staged in just over five years from 2012. Larger employers will have their duties imposed first, smaller employers last. Any employer with less than 50 employees will have their staging date set depending on the last two digits of their PAYE reference number.

| Size of employer | Staging date |
|---|---|
| 250 or more | (Over various dates from) 1st October 2012 to 1st February 2014 |
| 50 - 249 | (Over various dates from) 1st April 2014 to 1st April 2015 |
| 30 - 49 | (Over various dates from) 1st August 2015 to 1st October 2015 |
| Less than 30 | (Over various dates from) 1st January 2016 to 1st April 2017 |
| New employers with PAYE income payable starting between April 2012 to September 2017 | (Over various dates from) 1st May 2017 to 1st February 2018 |
| New employers with PAYE income payable October 2017 onwards | Immediate |
| Employers without PAYE schemes | 1st April 2017 |

How does phasing of contributions work?

The minimum contribution is being steadily increased from 2012 to 2018. The table below shows the employers minimum contribution, together with the minimum employee contribution and available tax relief.

| | Total | Employer | Employee | Tax Relief |
|--|--------------|-----------------|-----------------|-------------------|
| Staging date to 30.9.2017 | 2% | 1% | 0.8% | 0.2% |
| Staging date 1.10.17 to 30.9.2018 | 5% | 2% | 2.4% | 0.6% |
| 1.10.2018 onwards | 8% | 3% | 4% | 1.0% |

How you do define your workforce?

| | |
|--------------------------------|--|
| Worker: | an employee or someone who has a contract to perform work or services |
| Jobholder: | worker, age 16-74, in the UK with qualifying earnings |
| Eligible Jobholder: | 22-State Pension Age with Qualifying Earnings above the earnings trigger for auto-enrolment (£9,440) |
| Non-eligible Jobholder: | 16-21 or State Pension Age-74 and has Qualifying Earnings above the earnings trigger for auto-enrolment (£9,440) or aged 16-74 and has Qualifying Earnings below the earnings trigger for auto-enrolment (£9,440) |
| Entitled worker: | 16-74 and does not have qualifying earnings. |

Alan Boswell Group have decades of experience in dealing with employee benefit issues, including arranging group pension schemes and are very familiar with the challenges that businesses will face in the light of these new laws and regulations.

They have an in-house specialist team who would be delighted to work with you and assist you through the process of auto-enrolment. They can help put in place a project plan to ensure you meet your employer duties under the new legislation. The work they do for your business can be as much or as little as you need it to be whether you require basic implementation of a scheme for staff, a few hours expert consultancy or you require them to talk to your staff.

Contact Us



Dave Perry
Head of Employee Benefits
Tel: 01603 218388
Mobile: 07760 162340
Email: derry@alanboswell.com

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www.alanboswellgroup.com

