



## corporate | pension scheme auto enrolment

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### preparing for auto enrolment

By 2016 every employer will be required to automatically enrol their workers into a qualifying pension scheme and contribute to their pension. Employers and pension scheme trustees need to be prepared for auto enrolment. A television advertising campaign will commence from January. Auto enrolment itself commences from 1 October 2012.

A primary initial consideration affecting the preparatory process is establishing the date from which you need to auto enrol. This is known as the "staging date". Entry into the process is tiered between 1 October 2012 to 1 February 2016 starting with larger employers first. Once the staging date is established you will be able to work back and plan appropriate timescales for examining the steps that need to be carried out in advance of this date. Employee communications, educating HR and employee benefits teams, changes to IT systems, establishing whether your current pension scheme meets the criteria of a "qualifying scheme", interaction with existing schemes, assessing the costs and budgeting for them are just some of the issues which need detailed consideration.

The date you need to commence auto enrolment is based on the number of employees on the payroll as at April 2012. The intention is for this to be obtained from the number within the PAYE reference. However, there are factors in the legislation (not all of which is completed yet) which could influence this number; which go on to prompt further considerations:

### group companies

If one PAYE number operates across the group then the number of employees within this reference is the number determining the staging date. However, if subsidiaries use their own PAYE reference rather than a group wide one then this will determine their staging date. Companies throughout a group could have a number of different staging dates. The impact of this is that HR teams may not be able to apply a uniform pension or life assurance policy across the group during the transitory period. This, in turn could have further knock on ramifications.

### single companies

If a company operates under two or more PAYE references then it is the one with the most employees in it which determines the staging date. This may cause the date to be later than anticipated, although it is possible to auto enrol earlier (but not before 1 October 2012).

Where a company pays the pensioners on behalf of its pension scheme, for administrative purposes they can be included on the same payroll, and therefore the same PAYE reference. Where this situation exists then the number of employees used to determine the staging date is actually the number of employees **and** the number of pensioners receiving pension payments. Employers unaware of this quirk will find their staging date is earlier than anticipated.

## no PAYE reference

There may be situation where "workers" are employed on a personal contract basis and the employer does not have a PAYE reference. Special guidance exists for these situations and the staging date will be 1 February 2016.

## the Pensions Regulator

The Pensions Regulator will write to all employers around a year before their staging date so that you are aware of when to automatically enrol those workers you need to. There are separate criteria for determining who these are. This is dependent upon age, salary, existing pension arrangements, opting out, amongst other factors.

The Government regards the forthcoming changes as a serious effort to encourage pension saving across a far broader spectrum of the population than currently. These changes have been in the pipeline for some time with initial foundations laid as early as the 2005 Turner Report which formed the basis of the Pensions Act 2008. They will not be a repeat of the stakeholder pension regime which never took off. They are fundamental and will be here to stay. Being ready for them is an essential element of making the new regime work for you.

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