



not for profit | pension scheme auto enrolment

the team



Simon Wilks
partner
020 7969 5525
swilks@haysmacintyre.com



Bernie Watson
partner
020 7969 5510
bwatson@haysmacintyre.com



Brendan O'Connor
senior audit manager
020 7396 4394
boconnor@haysmacintyre.com

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:

UK wide charities

If one PAYE number operates across the entire organisation then the number of employees within this reference is the number determining the staging date. However, if individual charities use their own PAYE reference rather than a group wide one then this will determine their staging date. Single trading entities or centres throughout a UK wide charity could therefore 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 whole charity during the transitory period. This, in turn could have further knock on ramifications.

stand alone entities

If an individual entity 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 an organisation 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.

about haysmacintyre

haysmacintyre, Chartered Accountants and business advisers, works with over 550 charities and not for profit organisations in the UK and overseas. Our services include the full range of audit, tax, VAT and comprehensive advisory services. Our multi-disciplinary specialist team has extensive sector experience working for a diverse range of charities. We are based in one location which ensures an integrated and comprehensive approach to our clients' requirements.

haysmacintyre is a founding member of MSI Global Alliance (MSI), an international alliance of independent legal and accounting firms, with 250 members in 100 countries.



Disclaimer: This datasheet has been produced by the partners of haysmacintyre and is for private circulation only. Whilst every care has been taken in preparation of this document, it may contain errors for which we cannot be held responsible. In the case of a specific problem, it is recommended that professional advice be sought. The material contained in this datasheet may not be reproduced in whole or in part by any means, without prior permission from haysmacintyre.

