



# What are Workplace Pensions?



- Introduced in the Pensions Act 2008 the first workers were enrolled in 2012
- Starting with the largest employers the aim by 2018 is that all workers and employees in the UK will be auto enrolled into a pension scheme
- That is over 10m people who will be (auto) enrolled by the end of 2018
- It is mandatory for all Employers
- It's 'workers' not just employees
- The minimum contributions start at 2% and rises to 7% to 9% by October 2018, depending on which earnings you use
- It effects all workers between the ages of 16 and 74.



# How will AE affect your business?



A project to be undertaken that is time consuming, complex and has a cost;

- Draw up an AE Project Plan – a list of all the things to do
- Establish a Qualifying Workplace Pension Scheme
- Assess and enrol your workforce (age, earnings, employment status)
- Communicate with your workforce your actions
- Deduct and pass across pension scheme contributions to a qualifying pension scheme
- Keep records (6 years), maintain some compliance and governance
- Formally re-assess payroll every pay period if you have new workers
- Tell the Pensions Regulator when you have complied



# Directors, Contractors, Partners, Self Employed (freelancer), Interns



- Directors of your own limited company – if there is only 1 of you working under an employment contract – **no**. If there are 2 directors or more, under contract verbal or written, then **yes**.
- Partners – a **grey** area, depends on contract – seek employment legal advice or ask us
- LLP members/partners – generally **yes**
- Freelancers/self employed – **yes** if you are the primary employer of that self employed person
- Paid Interns – **yes**. However, if employed for less than 3 months then possibly **no**.



# Its not just about pensions



## Key elements;

- Assessment – initially, assess all workers by age, earnings
- Action – auto enrol, postpone or enable opt in
- Communications – formally issue enrolment / opt out / postpone notice
- Payroll - calculate contributions and deducted from pay + employer contribution
- Pensions vehicle – establish a qualifying pension scheme and pay contributions across
- Compliance – tell The Pension Regulator at outset you have complied and undertake Corporate Governance every years



# Penalties if you do not fully comply

- i. Informal Action
- ii. Phone call or letter and time frame for compliance
- iii. Statutory Notice
- iv. Demand to comply
- v. Penalty Notice
- vi. Fixed penalty notice £400 and then daily fines plus £5,000 per individual and up to £50,000 per employer
- vii. Court Action

How to avoid the penalties? Start now, do it well



# Case Studies



## One person, director of own Limited company, no employees

- Complete a declaration and submit to The Pension Regulator that they are not an employer. Onus to review and update and take action.

## Husband & Wife; Limited company; minimal PAYE of £8,000 p.a each, no employees

- Establish a qualifying pension scheme; undertake assessment; provide formal communication of ability to opt in; (no auto enrolment required) undertake assessment every pay period; maintain record keeping

## Partnership (2 persons trading together formally or informally)

- Undertake assessment against Pensions Act 2008 of each of the partners to ascertain whether classified as a worker or self employed. If a 'worker' auto enrolment duties apply. If not, complete declaration and submit to The Pension Regulator.



# Case Studies



## 3 people trading as an LLP (Limited Liability Partnership), no employees

- Undertake assessment against Pensions Act 2008 of each of the partners to ascertain whether classified as a worker or self employed. If a 'worker' auto enrolment duties apply. If not, complete declaration and submit to The Pension Regulator.

## Employer with 3 full time employees plus 2 interns and 1 part-time employee, possible future employees

- Establish a qualifying pension scheme; undertake assessment; provide formal communication of either auto enrolment, ability to opt in or non-qualifying status; undertake assessment every pay period; maintain record keeping; pay contributions, make deductions to payroll; undertake some ongoing corporate governance





# Case Studies



Employer with employees with existing group pension scheme (2% +2%), not all employees in scheme

- Apply to existing pension provider (at least 6 months in advance) to establish that the scheme can be amended and confirmed as a Qualifying Workplace Pension Scheme.
- If a QWPS, confirm that non – members of scheme can be auto enrolled.
- Ensure that employer/employee contributions meet minimum requirements by 2017 (total 5-6%) 2018 (total 7% - 9%)

Seek advice, start early, do it well.



## How we can help you: 'AE Lite'

- ✓ Establish a Qualifying Workplace Pension Scheme.
- ✓ Breakdown of existing workforce and assessment at Staging Date, with costings on basic or banded earnings
- ✓ Communication with staff
- ✓ Payroll integration
- ✓ First 3 months assessments
- ✓ Registration with the Pensions Regulator
- ✓ Guidance on future record keeping
- ✓ Up to 3 hours of training for your nominated contact for ongoing assessments
- ✓ A dedicated AE Project Manager who will manage your project for you



# MM EMPLOYEE BENEFITS

EMPLOYEE BENEFITS SERVICES  
AUTOMATIC ENROLMENT PROJECT PLAN

Staging Date / Postponement	Owner	Target Date	Status
1. Obtain copy of TPR staging date letter(s)	Client/ MM	June 2015	<span style="color: blue;">■</span>
3. Do we need to bring forward the staging date?	Client/ MM	To be discussed	<span style="color: red;">■</span>
4. Identify relevant Pay Reference Periods for all payrolls	Client/ MM	50-6 months	<span style="color: red;">■</span>

  

Assess your Workforce	Owner	Target Date	Status
5. Identify the likely number of Eligible Jobholders on staging date – refer to 'AE Worker Categories' document	Client/ MM	50-6 months	<span style="color: blue;">■</span>
7. Are there any Self-Employed workers, Personal Services Contractors or Contracts for Services? If relevant, we need the completion of 'Automatic Enrolment Duties And Self-Employed Workers' document	Client/ MM	50-6 months	<span style="color: red;">■</span>
	MM/Client	Complete	<span style="color: green;">■</span>
	MM/Client	Complete	<span style="color: green;">■</span>

  

Establishing a Qualifying Workplace Pension Scheme (QWPS)	Owner	Target Date	Status
10. Employer needs to complete high QWPS agreement with NEST	MM/Pension/Payroll/Client	50-6 months	<span style="color: blue;">■</span>
11. Understand data requirements of the pension provider	MM	50-6 months	<span style="color: green;">■</span>
14. Education and communication process: Mandatory Communications – Templated	Client/ MM	Complete	<span style="color: green;">■</span>

  

Payroll Integration	Owner	Target Date	Status
15. Ascertain payroll/pension provider AE software capability	MM/Pension/Payroll	Complete	<span style="color: green;">■</span>
16. Can payroll software fully support AE assessment	MM/Pension/Payroll	Complete	<span style="color: red;">■</span>

June 2015

MM EMPLOYEE BENEFITS



## Workplace Pensions

### Planning your Automatic Enrolment Project

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T: 0203 8674 1230 | F: 0203 8674 1231 | www.mmemployeebenefits.co.uk  
Company Number: 6646471 | Registered in England & Wales  
We are an authorised provider of a range of financial products and services. All services are provided by MM Employee Benefits Limited, a company registered in England & Wales. All services are provided under the terms and conditions of the relevant product documentation.

### Automatic enrolment checklist

Allow up to 12 months to prepare for automatic enrolment. Use this checklist to keep track of your progress. Please note that, if you don't have to automatically enrol any staff, you may not need to complete every step. However, you will still have tasks to complete.

Visit our step-by-step guide regularly to make sure you're fully prepared to meet your automatic enrolment duties. [www.tpr.gov.uk/enguide](http://www.tpr.gov.uk/enguide)

What you need to do	Details	
Know your staging date	Find out the date your automatic enrolment duties come into effect for you. This is known as your staging date.	<input checked="" type="checkbox"/>
Provide a point of contact	Tell us who we can contact with information about your automatic enrolment duties.	<input type="checkbox"/>
Check who you need to enrol	Check if you'll need to automatically enrol any of your staff. This will help you plan what you need to do next.	<input type="checkbox"/>
Create your action plan	Create a plan to help you make sure you meet your automatic enrolment duties in time.	<input type="checkbox"/>
Work out your costs	Work out how much your regular pension payments and setup costs are likely to be.	<input type="checkbox"/>
Check your records and payroll proofs	Check your records and choose the best way to keep track of these once automatic enrolment.	<input type="checkbox"/>
Choose a pension scheme (or check your existing one)	If you already offer your staff a pension scheme, make sure it can be used for automatic enrolment. If it can't, now is the time to find a different one.	<input type="checkbox"/>
Assess and enrol your staff	Enrol your staff into the pension scheme(s) you're providing for them.	<input type="checkbox"/>
Write to your staff	You must write to your staff to let them know how automatic enrolment applies to them within six weeks of your staging date.	<input type="checkbox"/>
Your ongoing automatic enrolment	Pay regular contributions. Keep records of your automatic enrolment activities and monitor the ages and earnings of your staff (including new starters) and enrol them if they become eligible.	<input type="checkbox"/>
Complete your declaration of compliance	Let us know how you've met your automatic enrolment duties by completing your declaration of compliance. Even if you haven't had to automatically enrol anyone, you must still complete your declaration.	<input type="checkbox"/>



The Pensions Regulator

