

## Auto Pension Enrolment

Detailed below is an executive summary on the Auto pension enrolment requirements.

### Executive Summary

All employers will be required to comply with new pension duties which are being introduced in stages from October 2012 (starting with the largest employers). Every employer in the UK will be allocated a date from which the duties will first apply to the employer, known as the employer's 'staging date'.

An employer's 'staging date' is based on the number of people in the employer's PAYE scheme on 1 April 2012. The Pensions Regulator will write to employers to notify them of their 'staging date' at 12 months and 3 months in advance of their 'staging date'. An additional notification will be issued to larger employers at 18 months in advance of their 'staging date' due to the anticipated longer lead in time needed.

The purpose of these letters is to make employers aware of their duties. They will explain the requirements and direct employers to information that will help them to comply. Employers will also be told how to register with The Pensions Regulator after their duty date.

### East Herts 'staging date' is 1<sup>st</sup> January 2014

Although employers will be subject to the duties from their 'staging date' it is important to note that some provisions of the legislation, in particular the prohibition against inducing opt-outs, prohibited recruitment conduct and unfair dismissal and detrimental treatment safeguards apply to all employers from 1 July 2012.

Workers that will be subject to auto-enrolment are known as 'eligible jobholders'. These are workers who (a) earn more than the minimum earnings threshold, (b) are aged between 22 and state pension age; and (c) who work in the UK. Other workers are subdivided into 'non-eligible jobholders' and 'entitled workers'. Employer duties are not limited to just eligible jobholders and are summarised as follows:

- Automatically enrol eligible jobholders into an automatic enrolment scheme, although the employer can apply a 3 month postponement period (or "waiting period") before doing so,
- Pay a minimum level of employer contributions or provide a minimum level of benefits for eligible jobholders who are enrolled into the automatic enrolment scheme,

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- Tell eligible jobholders they have been automatically enrolled, provide specified information to them, and inform them they have the right to opt out of the scheme if they wish to,
- Advise non-eligible jobholders that they can join a qualifying scheme, provide specified information to them, and inform them that the employer will make a contribution to the qualifying scheme if they join,
- Advise entitled workers that they can join a pension scheme (under the automatic enrolment legislation this does not have to be a qualifying scheme and the employer is not required to contribute to it but, where the LGPS is used as the qualifying scheme, employer contributions to the LGPS will nevertheless be mandatory in accordance with the regulations governing the LGPS) and provide the entitled worker with specified information,
- Process opt-ins and opt-outs,
- Keep accurate records to demonstrate how they have complied with their automatic enrolment duties, including records of opt-outs, opt-ins and re-enrolment,
- Keep records about the pensions scheme(s) used to comply with their duties,
- Monitor their workers' eligibility status for automatic enrolment purposes, which will include keeping track of workers' age and earnings at all times,
- Register with The Pensions Regulator within four months of their 'staging date' and at their subsequent re-enrolment dates.
- Avoid any action whose sole or main purpose is to seek to induce an entitled worker, non-eligible jobholder or eligible jobholder to opt out of the pension scheme,
- Not screen out job applications on grounds relating to potential pension scheme membership as an eligible jobholder or suggest that a job applicant's success could depend on whether or not, should they become an eligible jobholder, they opt out of the pension scheme.

The HR service will be working with payroll to implement these new requirements. The proposed new HR and Payroll system will support the monitoring and reporting requirements.

For further information please contact the Head of People, ICT and Property Services.