



Do you employ staff?

Do you have difficulty understanding
your legal and contractual
responsibilities as an employer?

Do employment problems keep you
awake at night?

Hassle Free HR - Taking the hassle out of your HR and H&S Management

■ Visit our website

HR Update

Pensions auto-enrolment;

On 1 October 2012 pensions auto-enrolment was introduced by the government to encourage workers to save for their old age. Employers will be required to auto-enroll specified workers in to a qualifying pension scheme and make employer contributions.

In our October *Employment Law* and *HR Update* we introduced you to the Pension Regulator's 7 steps to preparing for auto-enrolment as follows;

- | | |
|--------------|---|
| ● Step One | Know your staging date |
| ● Step Two | Assess your workforce |
| ● Step Three | Review your pension arrangements |
| ● Step Four | Communicate the changes to all your workers |
| ● Step Five | Automatically enroll your 'eligible job holders' |
| ● Step Six | Register with the Pensions Regulator and keep records |
| ● Step Seven | Contribute to your workers pensions |

Please refer to our October e-newsletters at <http://www.hasslefreehr.co.uk> for further details on Steps One and Two. In the meantime, this month's HR Update will focus on;

Step 3 – Reviewing Pension Arrangements;

This will involve reviewing your existing pension scheme and/or choosing a new qualifying pension scheme. If you have a current pension scheme in place you may be able to use this scheme to fulfill your new responsibilities. You will need to;

- review the schemes current members in order to ascertain what category of worker they are, i.e. entitled workers, eligible job-holders or non-eligible job-holders (please refer to our October HR Update for further information on categories of worker)
- If you have current members who are eligible job-holders you will need to decide if you want to use this scheme as your 'qualifying scheme'. This will mean that you will not have an automatic enrolment duty for these workers but you will be required to provide them with a written explanation of their right to opt out and back in again
- You will need to understand the 'qualifying scheme criteria' and determine whether your existing scheme either meets or can be adapted to meet the criteria
- In addition, if you have workers who are not already members of your pension scheme, you will need to determine whether you have automatic enrolment duties in respect of them (again, please refer to our October HR Update for information on categories of workers and specific employer duties)
- If you do have an automatic enrolment duty towards these workers then you will need to understand the 'automatic enrolment criteria and use your existing pension scheme for automatic enrolment, or put a new pension scheme in place for this purpose, ensuring it meets the automatic enrolment criteria

If you do not have an existing pension in scheme in place you will need to;

- put an automatic enrolment scheme in place to take effect from your specific staging date (please refer to our October Employment Law Update for information on staging dates)

What is 'qualifying scheme criteria'?

A qualifying scheme must meet specific qualifying scheme criteria;

- be either a UK scheme (one with its main administration in the UK) or a non-UK scheme (with its main administration outside the UK). This includes non-UK pension schemes with their main administration outside the EEA (unlike the automatic enrolment criteria)
- be an occupational scheme or
- a personal pension scheme
- be tax registered
- satisfy other certain minimum requirements which may be relevant to the 'pension scheme type

What is 'automatic enrolment criteria'?

To use your pension scheme for automatic enrolment or for enrolling any job holders who have opted in, you must ensure the scheme;

- meets the qualifying criteria above (qualifying scheme criteria)
- does not contain any provisions that prevent you from automatically enrolling, opting in or re-enrolling job holders
- does not require a job holder to express a choice in relation to any matter, or to provide any such information, in order to remain an active member of the pension scheme
- has it's main administration in the UK or in an EEA state outside the UK

With 'qualifying criteria' and 'automatic enrolment criteria' there are other specific criteria relating to non-UK pension schemes and therefore if this applies to you it is important to seek specialist advice in this regard.

National Employment Savings Trust (NEST)

If you decide to set up a new occupational or personal pension scheme you may decide to opt for NEST which is a pension scheme with a public service obligation, which means it must accept all employers who apply to join, to ensure that employers, including those that employ low to medium earners, can access pension saving and comply with their automatic enrolment duties.

With NEST employer and employee pension contributions will go in to a conventional pension investment fund. This is the same for any pension scheme.

The cost for using NEST is currently set at 0.3% of the accumulated pension fund each year, plus 1.8% of that year's total contributions therefore from every £100; £98.20 will go to the pension fund. The charges are set low because NEST operates on a not-for-profit basis.

NEST is a versatile scheme because an employee can move from one employer to another and continue to use their same NEST account, as long as their new employer also uses NEST. There are also online tools available which are designed to make the scheme 'user friendly'.

To use NEST you will need to visit <http://www.nestpensions.org.uk> where you will be able to access an 'Employee Set-Up Guide'. You will need to create an account which will require you to supply an email address, accept associated terms and conditions and provide the following information;

- your Company's name, address and PAYE references
- the number of workers you employ
- contact details of the person who will be the main contact for NEST and any other relevant contacts and
- your business bank details

You will then be able to select one or more ways to manage your employer and employee contributions. Your employer contributions can be paid in different ways, e.g. by direct debit, debit card or credit card.

After you have set up an account, decided how you are going to manage contributions and your payment method, you will then have to notify your employees that you are in the process of enrolling them in to the scheme. There is an "Employee Notices" document also available on the website providing you with guidance on how to do this. We will also provide further information on this step in next month's HR Update.

To enroll each employee you will need to provide;

- employee name
- date of birth
- gender
- home address
- work or personal email address
- National Insurance Number and
- the date on which they will start contributing to NEST

Alternatively, you may find a pension provider offering pension schemes for automatic enrolment by contacting the Association of British Insurers at www.abi.org.uk/pensionproviders

You may also wish to take further specialist advice on how to find a suitable pension scheme (please let us know if you require specialist advice), or you can access further general information about pensions on the following websites;

- Money Advice Service www.moneyadvice.service.org.uk
- The Pensions Advisory Service www.pensionsadvisoryservice.org.uk
- Business Link www.businesslink.gov.uk
- The National Association of Pension Funds www.napf.co.uk

We hope you have found this e-newsletter informative. Our Sources have included: XpertHR Professional, the Chartered Institute of Personnel and Development (CIPD) and the Pensions Regulator.

Further Advice

If you have any questions about this e-newsletter or any other employee related problem which you would like to discuss in confidence then please don't hesitate to contact us; ehedley@hasslefreehr.co.uk for further advice and information.



For clarification of any of the above updates or for advice and guidance on any HR and/or Health and Safety Concerns contact us by emailing ehedley@hasslefreehr.co.uk or by calling 02476 664092.



Hassle Free HR Limited Registration Number: 5844301