

Workplace pensions

Auto-enrolment makes it easier for people to save money for their retirement. It means that every employer must automatically enrol eligible staff into a qualifying pension scheme.

Complying with auto-enrolment

To comply with the new pension reforms, employers will have to:

- Provide a qualifying pension scheme
- Automatically enrol eligible employees
- Make employer contributions
- Tell staff about auto-enrolment
- Register with the Pensions Regulator.

Choosing a pension scheme

If you already have a defined contribution workplace pension scheme you need to check with the Pensions Regulator if you can use it for auto-enrolment.

If you already run a stakeholder pension you still have to operate it if your existing members want it. However, you don't have to offer it to other workers.

Who is eligible?

You must automatically enrol all staff who are:

- Between 22 and state pension age;
- Working in the UK; and
- Earning more than £10,000 (for the 2018/19 tax year).

Some staff who don't meet the criteria can also opt in to auto-enrolment. If they choose to opt in, you have to enrol them.

Employer contributions

Auto-enrolment requires employers to make a minimum contribution, which is a percentage of an employee's qualifying earnings.

The minimum contribution is 5% with at least 2% coming from the employer. The minimum employer contribution increases to 3% from 2019/20.

Inform employees

You need to write to all staff to tell them how they are affected by auto-enrolment.

Staff can choose to opt out of your pension scheme after they have been automatically enrolled. Those who want to opt out will have to complete a form from the pension scheme provider and give it to you.

Register with the Pensions Regulator

Once you've set up your pension scheme you need to register it with the Pensions Regulator and provide details of your pension scheme, including the number of people enrolled. This can be done online at the Pensions Regulator website.

NEST pensions

NEST (National Employment Savings Trust) is a pension scheme set up by the government and is designed to help employers meet their auto-enrolment obligations.

Employers are free to choose which qualifying scheme they use but the NEST scheme is specifically designed to help smaller employers meet the requirements of auto-enrolment.

Contact us to discuss your obligations for auto-enrolment.

