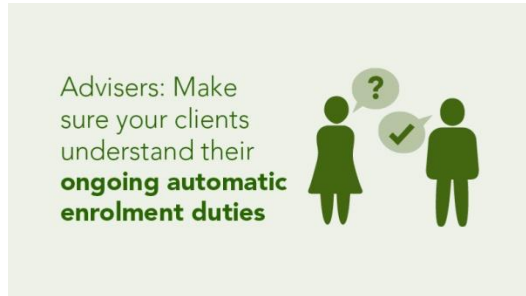
Automatic enrolment and ongoing duties – what your clients need to know



Every employer has automatic enrolment duties. They need to assess their staff, enroll them into a workplace pension scheme if they meet certain criteria, write to them to tell them what they've done, maintain a payment of pension contributions into their pension scheme and complete and submit a declaration of compliance with The Pensions Regulator.

To date, nearly 9 million people have been automatically enrolled in a workplace pension by more than 850,000 employers. And with hundreds of thousands more employers due to reach their duties start date by February 2018, the number of people automatically enrolled will continue to rise.

However, an employer's workplace pension duties do not stop with declaring compliance. And with TPR conducting spot checks on employers across the country to make sure they are complying with their duties, it's important you are aware what your employer clients need to do on a regular and ongoing basis to ensure they comply with the law.

Recent research published by The Pensions Regulator shows the majority of employers did not have any difficulty with ongoing duties. The analysis shows that automatic enrolment is 'business as usual' for employers, and that it's easier than they thought it would be. Most micro employers said they spend around half an hour each month meeting their duties and two thirds did not use outside help. Those who did said it cost them around £42 per month to use an accountant or auditor to help them.

What are your clients' ongoing duties?
Your clients will need to ensure that they pay and maintain regular contributions into their chosen pension, monitor the age and earnings of their staff and enrol eligible staff, process any requests to join or leave the scheme, and keep and maintain accurate records. They'll also need to re-enrol eligible staff into an automatic enrolment pension scheme every three years. Let's take these in turn:

1. **Pay and maintain regular contributions into the pension**
   Employers need to calculate and pay the employer contributions to their staff's pension scheme on an ongoing basis. In addition, they'll need to calculate staff contributions, make the necessary deductions from payroll and transfer their contributions to the pension scheme.

   They'll have agreed what these rates are and when to pay them with their chosen pension scheme. By law, your client and their staff have to make minimum contributions into the scheme, and they should be aware that these minimum contribution levels are due to increase in April 2018 and April 2019 (see below).

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
Current until 5 April 2018	1%	1%	2%
6 April 2018 – 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

2. **Monitor the age and earnings of all staff**
   Employers will need to monitor any changes in age and earnings of their staff to identify if they become eligible for automatic enrolment. They'll also need to check eligibility of any new members of staff on the day they start work. Should staff members become eligible (for example by turning 22, or by meeting the earnings thresholds), then they'll need to be put into a pension scheme and contributions paid to it. Payroll software should be able to support clients with this.

3. **Process requests to opt in, join or leave the scheme, and keep and maintain accurate records.**
   Opt in/join: If any staff write to their employer asking to join their workplace pension scheme, they must be put into it within a month of the request being received. Employers will have to pay into the pension scheme **unless** they are aged 16-74 **and** earn less than £490 a month or £113 per week.

   Opt out: If any staff choose to leave the pension scheme within one month of being put into it, employers need to stop taking money out of their pay and arrange a full refund of what has been paid to date. This must happen within one month of their request.

   Keeping records: Staff records need to be kept up-to-date, including who's been enrolled and when, information about the pension scheme, and the contributions being paid. These records must be kept for six years, except for requests to leave the pension scheme which must be kept for four years.

4. **Re-enrolment**
   Every three years, all staff who either opted out of their workplace pension scheme or have ceased to become members need to be re-assessed and re-enrolled if they meet certain criteria. Employers will need to write to them to tell them what they've done – and then they'll need to re-declare their compliance to The Pensions Regulator.

Further information on ongoing duties can be found on The Pensions Regulator's website.

Useful links:
Business advisers: www.tpr.gov.uk/knowing-your-clients-ongoing-duties
Employers: www.tpr.gov.uk/ongoing-duties