



# Auto Enrolment & Employer Duties:

## Key Facts

Employers must automatically enrol some or all members of their workforce (depending on age and salary level) into a pension scheme that meets certain minimum standards (QWPS).

### Employer Duties

You are required by law to:

- Automatically enrol some or all of their workforce into a qualifying scheme that meets certain minimum standards.
- Pay contributions for employees who do not opt-out
- Inform their workers of how the reforms affect them, even if they're not eligible for automatic enrolment.
- That means telling them about the selected scheme, whether they're being automatically enrolled, whether they're entitled to contributions from the employer and when they'll be affected.
- Review their workforce at every paypoint
- Keep accurate records to meet compliance guidelines

### The Effect on Pension Schemes

Most employers will have to set up and contribute to a pension scheme suitable for automatic enrolment. Automatic enrolment schemes must meet three sets of criteria:

- Automatic enrolment criteria
- Qualifying criteria
- Quality requirements

Employers must register with TPR that they have an automatic enrolment scheme in place by five months after their staging date then re-register roughly every three years.

### The Pensions Regulator (TPR)

The employer duties are not optional. TPR will ensure that employers comply with their new duties. Although their approach will be to educate and encourage compliance, employers will face substantial fines or even imprisonment if they don't comply.

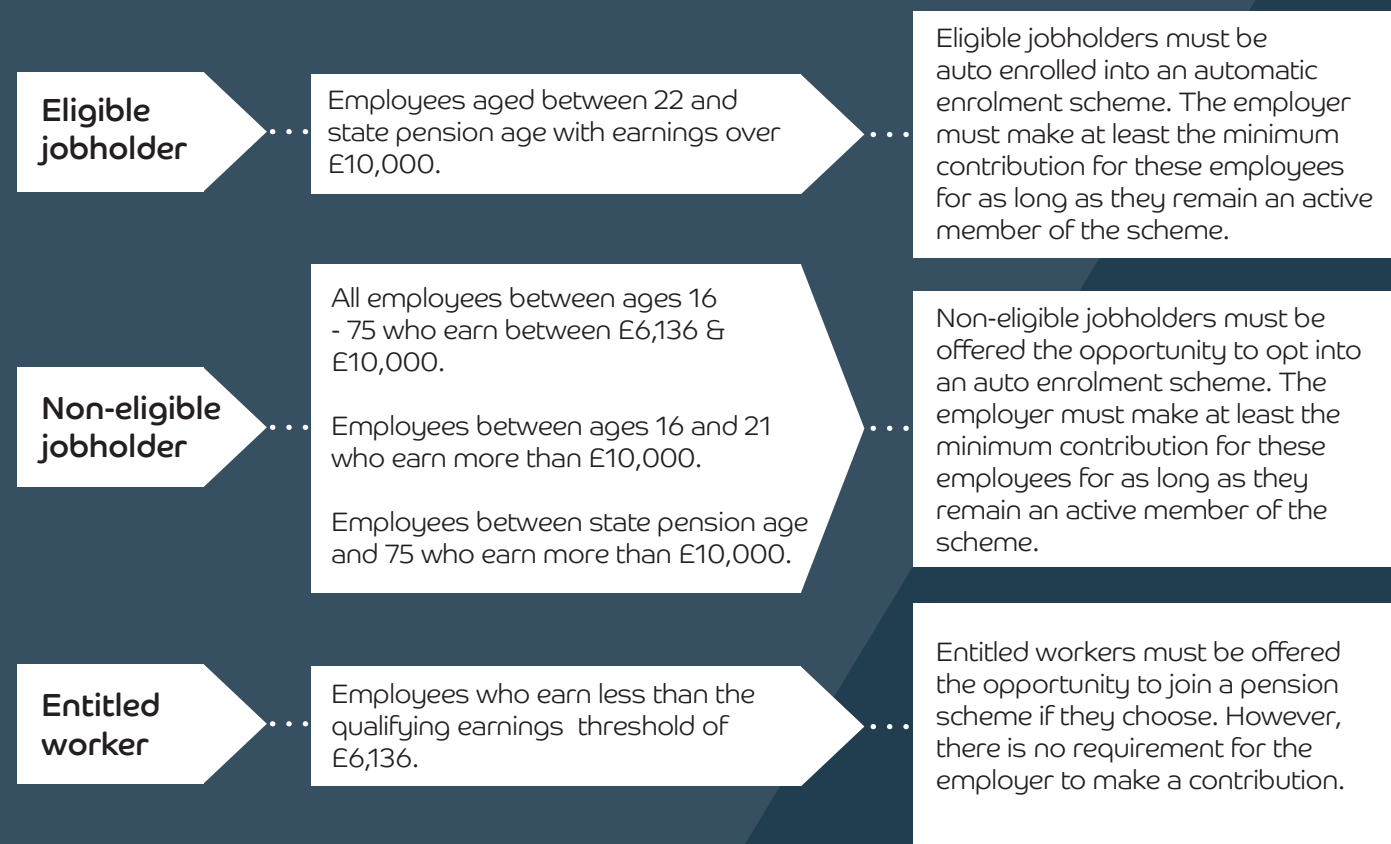
There are fines levied against companies who have not complied with the new legislation.

It's important that you understand what to do and by when, so you can meet your automatic enrolment duties on time.

Your legal duties begin on the day your first member of staff starts work. This is known as your duties start date. Even if you think you won't need to put your staff into a scheme, you'll still have duties.

## Who is Eligible?

An employer is responsible for assessing it's workforce with employees falling into one of three categories (see overleaf).

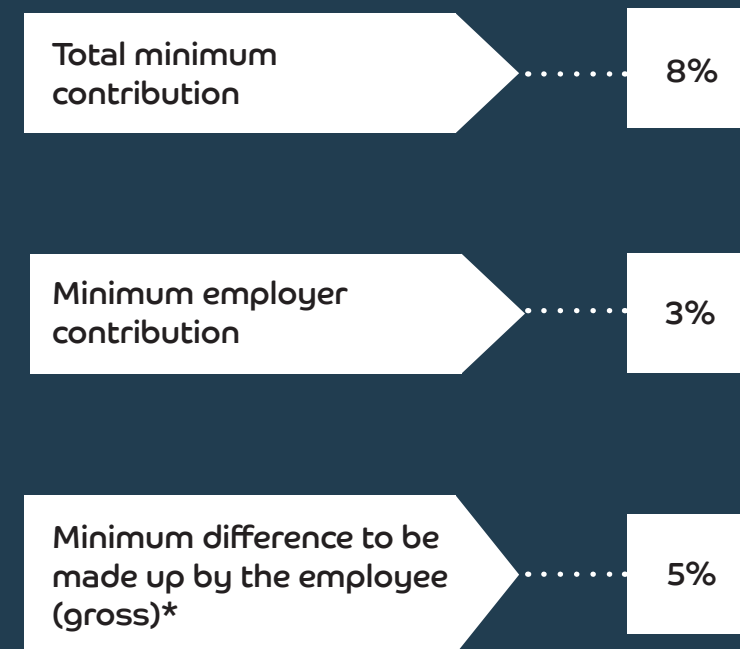


All employees will have to be auto-enrolled unless:

- They are already in a qualifying workplace pension scheme
- They are under the age of 22
- They are over the State Pension Age, or;
- They earn less than £10,000 a year

## Qualifying Earnings

The minimum contribution level to meet the contribution quality requirement is based on qualifying earnings. Contribution rates required to meet the contribution quality requirement as a percentage of qualifying earnings are as follows:



\* The minimum difference includes tax relief available on employee contributions. Qualifying earnings are a band of earnings of more than £6,136 and £50,000 or less. These are the figures for 2019/20 and are expected to increase each year. Qualifying earnings include; basic pay, bonuses, overtime, commissions and certain statutory benefits such as sick pay. However, auto-enrolment is not "triggered" unless earnings exceed £10,000.

## What are your options?

The Government set up NEST specifically for auto enrolment to ensure that every employer had access to a scheme which met at least the minimum requirements of the new rules. Employers needing to set up a Qualifying Pension Scheme now have a much wider choice of Pension Providers and we can help you to find the most appropriate pension scheme for you and your employees.

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Yorkshire**  
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01756 620000

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## Contact Us

Auto enrolment has been designed to encourage a retirement savings culture in the UK. Armstrong Watson can help you initiate auto enrolment to your workplace, from choosing the right pension scheme to implementation, which allows you to focus on running your business.

For more information on how auto enrolment will affect you, and what you need to do to make sure you comply with the new legislation, contact us.

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