

# Goldpay AE Legislation Guide

## April 2018

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## What is automatic enrolment?

Workplace pension law has changed. There are duties for every employer with at least one worker. **The Pensions Regulator** say these duties include enrolling workers, who are eligible, into a workplace pension scheme and contributing to it on their behalf.

Automatic Enrolment means your workers don't need to do anything to be enrolled into your pension scheme. As an employer, you still have steps to complete such as:

- Making sure your eligible workers are enrolled into the pension scheme
- If you have an existing pension scheme, speak to your pension provider to check its suitability for automatic enrolment

The information in this guide can be found on The Pensions Regulator (TPR) website, click [here](#) for their step-by-step guide.

## How to prepare for Automatic Enrolment



**Know Your Duty Start Date / Staging Date**

The Duty Start Date / Staging Date is when your automatic enrolment duties start; it's when the law comes into effect for you. If you don't know your Duty Start Date / Staging Date, click [here](#). You will need your PAYE Reference, which can be found on a P6/P9 coding notice or your white payslip booklet P30BC.

**Provide a point of contact with TPR**

Responsibility for complying with automatic enrolment legislation lies with the employer. TPR writes to the most senior person in the company or business owner (the 'primary contact'). You can request TPR send help and guidance, via email, to the person carrying out the day-to-day tasks (the 'secondary contact'). To nominate a point of contact with TPR click [here](#).

**Check who needs to enrol**

There are three main things to look at when assessing your workers:



These things will determine whether they are an **eligible jobholder**, a **non-eligible jobholder** or an **entitled worker**. You only need to automatically enrol **eligible jobholders**.

Earnings	Age (inclusive)		
	16-21	22-SPA	SPA-74
Up to and including lower earnings threshold (£6,032.00)	Entitled worker		
Between £6,032.01 and £10,000.00 inclusive	Non-eligible jobholder		
Over earnings trigger for automatic enrolment (£10,000.01)	Non-eligible jobholder	<b>Eligible jobholder</b>	Non-eligible jobholder

- An **eligible jobholder** must be auto enrolled and employers are required to contribute
- A **non-eligible jobholder** can opt in to an auto enrolment scheme and employers are required to contribute
- An **entitled worker** can request to join a scheme but employers are not required to contribute

When you reach your staging date, you must carry out a full assessment of your employees

### **Choose your pension scheme (or check your existing one)**

If you already have a pension scheme, you should check with your pension provider that you can use it as a qualifying scheme for automatic enrolment, see TPR's website for more information.

If you don't already have a pension scheme or you can't use your current one, you must choose a pension scheme for auto enrolment. See TPR's website for more information.

### **Postponement**

#### **What is postponement?**

Postponement allows you to optionally postpone the assessment of your worker until a date chosen by you. This date is known as the deferral date. You can apply postponement to a worker for up to 3 months from any one of these dates:

- Your company's Duty Start Date / Staging Date
- The first day of your workers employment after Duty Start Date / Staging Date
- The date the worker meets the criteria to be an eligible jobholder

You must write to your workers within 6 weeks from the date you have applied postponement, advising them you have postponed their assessment. If you don't write to the worker in this timescale postponement cannot be applied.

A worker can opt in / join during the postponement period and you must ensure they are enrolled into the pension scheme.

#### **Complete a Declaration of Compliance**

Each employer must complete a declaration of compliance (previously known as registration) for The Pensions Regulator and give them details of their workplace pension scheme, together with the number of people automatically enrolled. Employers also need to provide automatic enrolment details to their pension provider.

**Please Note:** The declaration of compliance can only be completed a month after your Duty Start Date / Staging Date, and must be completed within five months of your Duty Start Date / Staging Date.

A full checklist of the information required to complete the declaration of compliance can be found by clicking [here](#).

## Steps to complete at Duty Start Date / Staging Date and beyond



### **Assess your workforce**

By your Duty Start Date / Staging Date, the date from which the law applies to you, you should have everything in place and be ready to enrol your workers into your automatic enrolment pension scheme.

You must now formally assess your workers for auto enrolment:

- An **eligible jobholder** must be auto-enrolled
- A **non-eligible jobholder** can opt in to an auto enrolment scheme
- An **entitled worker** can request to join a scheme

You can choose to postpone automatic enrolment for up to three months; you must write to your workers informing them of this.

### **Work out your costs**

You may incur one-off costs when setting up your pension scheme or receiving independent financial advice. Also, one of your key automatic enrolment duties is to make regular contributions to your workers' pension scheme.

You only need to contribute to the pensions of eligible jobholders, and to those of non-eligible jobholders who choose to opt in. You may choose to contribute to the pensions of entitled workers although you are not required to do so.

### **Phasing**

Minimum contributions are being phased in gradually over the next few years to help employers comply with their new duties. The combined minimum contribution rate for qualifying earnings rises to 8 per cent from April 2019 onwards, of which you must pay a minimum of 3%. Employers can choose to make the whole minimum contribution, or ask their workers to make up some of it.

These contributions must meet or exceed the legal minimum amounts as shown by the table below:

Date	Employer minimum contribution	Total minimum contribution
06/04/2018* – 05/04/2019	2%	5% (including 3% worker contribution)
06/04/2019 onwards	3%	8% (including 5% worker contribution)

If you are unsure of any aspect of phasing, please speak to your pension scheme provider.

**Review your records and payroll process**

You must make sure your workers’ records are correct and up to-date including their:

- Date of Birth
- Salary
- National Insurance number
- Contact details

To make sure your payroll software is ready to assess and automatically enrol workers, contact [office\\_admin@ibcos.co.uk](mailto:office_admin@ibcos.co.uk) for the Auto Enrolment module.

**Write to your employees**

You must write to your workers telling them how automatic enrolment affects them and to explain their rights. This must be done within six weeks of your Duty Start Date / Staging Date.

Written information must inform:

- Entitled workers that they can request to join
- Non-eligible jobholders that they can opt in
- Eligible jobholders that they will be auto enrolled

Eligible jobholders should also be informed that they have the right to opt out of auto enrolment. However, an employee can only opt out AFTER being enrolled.

Employers must NOT:

- Discriminate against employees seeking a pension
- Influence jobholders to opt out
- Give any pensions advice to workers

### **Ongoing automatic enrolment duties**

From your Duty Start Date / Staging Date onwards, you must continue to comply with your automatic enrolment responsibilities, which are:

- Keeping records
- Monitoring your workers
- Managing opt-in / join requests
- Managing opt-out requests

### **Keep records**

You must keep records to show how you have complied with your responsibilities as an employer, including:

- Name and address of workers you have auto enrolled
- When contributions were paid
- Opt-in, join and opt-out requests
- Your Pension Scheme Reference number or Registry number
- Any information you send to your pension provider

These records must be kept for 6 years (opt-out notices must be kept for 4 years).

### **Monitor your workers**

You must monitor your workforce to see if workers previously not auto enrolled now meet the criteria to be an eligible jobholder. If so, you must automatically enrol them and inform them in writing on the day they became an eligible jobholder.

### **Manage opt-in/join requests**

Non-eligible jobholders can opt in to the pension scheme and entitled workers can join.

Also, if you are using postponement, your workers can opt-in/join the pension scheme during the postponement period.



## Manage opt-out requests

Eligible jobholders automatically enrolled and non-eligible jobholders that opted in can choose to opt out of the pension scheme within one month of being enrolled.

If you receive an opt-out request you must:

- Stop taking pension contributions
- Arrange a full refund of pension contributions taken to date
- Refund pension contributions within one month of the opt-out request

Failure to complete your ongoing automatic enrolment duties could result in a fine.

## Administrative duties

Administrative duties you will need to carry out include:

- Ensuring pension contributions are paid by the 22nd (electronic payments) or 19th (cheque/cash) of the following month

## Re-enrolment

Re-enrolment occurs approximately 3 years after the company's Duty Start Date / Staging Date and then every 3 years after that. At the company's re-enrolment date eligible jobholders that previously opted out or ceased contributions, more than a year before that date, must be put back into pension saving.

Re-enrolment follows the same process as the automatic enrolment assessment, however postponement is not permitted.

- The re-enrolment date can fall anywhere within a 6 month window which starts 3 months either side of the third anniversary of the Duty Start Date / Staging Date
- Eligible jobholders need to be re-enrolled on the chosen re-enrolment date
- Eligible jobholders **MUST** receive written communications within 6 weeks of the re-enrolment date to explain how re-enrolment applies to them
- Postponement **CANNOT** be used for re-enrolment
- You do not need to inform TPR of the re-enrolment date
- You **MUST** complete the declaration of compliance

Each time re-enrolment occurs, you are required to complete the declaration of compliance. This is an essential part of the process, if you do not complete this, TPR are likely to audit you.

## Legislation FAQs

### Can I postpone a worker more than once?

Postponement can be used more than once for a worker providing the worker is NOT an eligible Jobholder at the end of the postponement period. As an example, postponement can be used to avoid temporary spikes in earnings such as with seasonal workers

Here is an example of applying postponement to a monthly paid employee multiple times:



- Since the worker is a non-eligible Jobholder at the end of the postponement period in month 5, the worker is not automatically enrolled
- When the worker becomes an eligible jobholder in month 7, a postponement period can be applied again
- In month 10 (at the end of the postponement period), the worker is assessed as an eligible jobholder and therefore must be automatically enrolled
- If the worker was assessed as a non-eligible jobholder in month 10, the worker would not be automatically enrolled

**Please Note:**

If the following apply, an employee can be postponed again:

- The employee's deferral date is in the current pay reference period
- and
- The employee's 22<sup>nd</sup> birthday is the day after the deferral date in the current pay reference period
- and
- The employee is an eligible jobholder

If however the employee's 22<sup>nd</sup> birthday is on or before the deferral date in the current pay reference period and the employee is an eligible jobholder, the automatic enrolment date will be set to the deferral date.