



# AUTO-ENROLMENT GUIDE





# Understanding what Auto-Enrolment is?

## Auto-Enrolment

Under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. This is called 'automatic enrolment'. If you employ at least one person you are an employer and you have certain legal duties.

If you're an employer, you'll need to set up a workplace pension scheme and automatically enrol your jobholders into it if they meet the specific criteria. You must also ensure that your jobholders receive information about their pension enrolment and their Pension Plan.







# How to assess your employees

From your staging date, the legislation states you must automatically enrol eligible jobholders into a qualifying pension scheme and contribute to it.

## JOBHOLDERS

The definition of 'jobholder' includes a wide range of employees, including temporary and agency workers.

A jobholder is a worker who:

- is aged between 16 and 74;
- ordinarily works in the UK; and
- has Qualifying Earnings from their employment in the Pay Reference Period.

Workers are classified into eligible jobholders, non-eligible jobholders and entitled workers, according to their age and earnings as set out below:

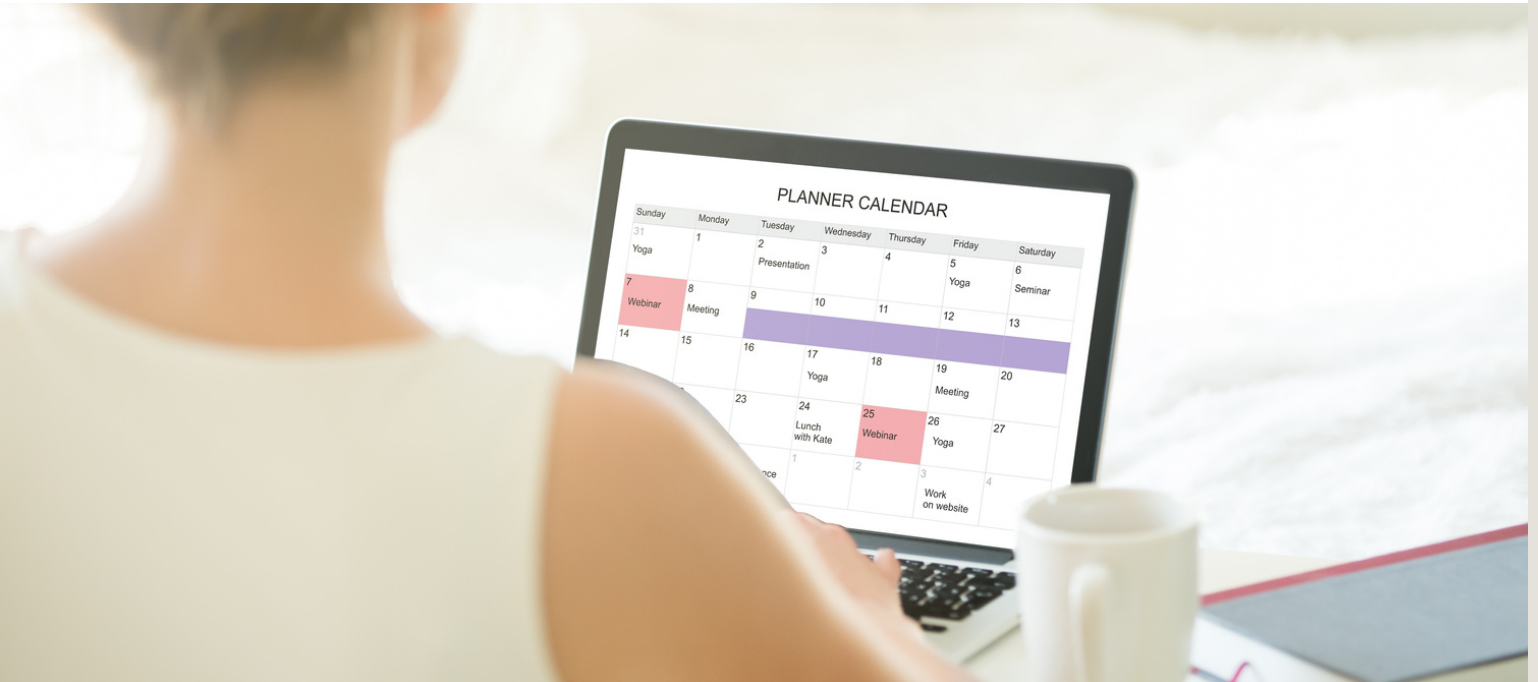


Category	Age Range	Annual Earnings	Action
Entitled Worker	16 - 74	Less than the lower earnings limit	Inform them they will not be automatically enrolled but can join a pension scheme
Non-eligible jobholder	16 - 74 16 - 21 and SPA-74	Between the lower earnings limit and earnings trigger Above earnings trigger	Inform them they will not be automatically enrolled but can opt-in to a qualifying pension scheme
Eligible jobholder	22 - SPA	Above earnings trigger	Automatically enrol, inform them of this and the procedure if they want to opt-out



## Staging date

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If you're an employer, you will have a staging date.

This is the date that your new duties come into force. It's essential to check your staging date.

You can find out using The Pensions Regulator's website.

## Postponement

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Although the staging date or duties start date cannot be deferred, employers are able to operate a 'waiting' or 'postponement' period (up to 3 months) starting from either the date the staging date or duties start date, the date employment commences (for those who begin employment after the staging date) or the date an individual first meets the criteria to be an eligible jobholder.

Postponement is optional, can be used for some or all employees, and different periods of postponement can be adopted for different employees. During this period, assessment of workers is postponed so eligible jobholders do not need to be automatically enrolled during the postponement period, although they must be informed of their right to opt-in. If a worker is not an eligible jobholder at the end of the postponement period, monitoring and assessment for auto-enrolment will need to continue.



# Contributions

The staging date is when you will have to start paying into a qualifying pension scheme under auto-enrolment legislation.

The relevant contributions should be made for each payroll from the staging date. You must contribute at least the minimum amount towards the qualifying pension scheme.



Minimum Pension Contributions:

Salary definition	Minimum total contribution (including employee contribution)	Minimum employer contribution
Qualifying earnings (earnings between £6,240 and £50,270 in 2021/22 tax year)	8%	3%
Set 1 - Basic Earnings	9%	4%
Set 2 – Basic Earnings, if contributions are calculated on Basic Earnings based on at least 85% of total earnings	8%	3%
Set 3 - Total Gross Earnings	7%	3%





# Choosing the right pension provider

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With such a wide choice of pension providers available to you, it's always wise to research what your options are before deciding which would be the right fit for you and your employees.

## **National Employment Savings Trust (Nest)**

Nest is a defined contribution workplace pension scheme in the United Kingdom. It was set up to facilitate automatic enrolment as part of the government's workplace pension reforms under the Pensions Act 2008.





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## Your obligation



You have a legal obligation to write to each employee in relation to auto-enrolment, some of the requirements to be included in the letter are: confirmation on the employees' rights, how auto-enrolment affects them, why they are being enrolled into a pension scheme, what contributions they will pay (including from you), and the date the pension contributions will start, details of the pension provider.

You must do this within six weeks from your duties start date. For employees who joined after the duties start date, you must write to the employees within six weeks of their employment start date.

You must also keep records of the information you have given to your employees.



# Opting out and Leaving the Pension Scheme (as an active member)

Employees can opt-out of the pension scheme within thirty days of being enrolled. Providing the employee had opted-out of the pension scheme within their 30-day opt-out window, they would be entitled to a refund of their employee pension contributions, the Company would be entitled to a refund of their Company pension contributions.

Employees who have been in the pension scheme for more than 30 days, can leave the pension scheme(as an active member) by informing the Company to stop contributions from being deducted from their pay moving forward, however, there would be no refund of contributions payable to the employee or the Company.

Employees who have Opted-Out, left the pension scheme or employees who have reduced their contributions below the statutory minimum contributions rates, they must be assessed for re-enrolment on the company re-enrolment date.







# Compliance and the Pensions Regulator



Employers are required to complete a declaration of compliance within 5 months of their staging date, or duties start date and subsequent re-enrolment dates. This confirms to The Pensions Regulator (TPR) what they have done to comply with their duties. This also applies when an employer does not have any workforce to enrol into a pension scheme, i.e. a nil return is still required. In addition, employers must evidence or self-certify that the schemes they are using to meet their duties meet the relevant qualifying scheme criteria.



# Set up auto-enrolment with us.

For more guidance or if you'd like us to take care of the process for you, call us today on 0208 175 5145, and one of our experienced accountants will be glad to assist you.



[www.zmartly.co.uk](http://www.zmartly.co.uk)  
[info@zmartly.co.uk](mailto:info@zmartly.co.uk)

