

Auto-Enrolment Factsheet

Auto-enrolment is the governments' way of encouraging all workers to save for their retirement by introducing new pension legislation for businesses. Under the rules, employers have to automatically enrol all eligible jobholders into a company pension scheme, if they aren't already in one. They have also imposed a minimum contribution rate for both employers and employees based on earnings. This will be a legal requirement for all businesses and will be met with severe penalties if their pension scheme does not qualify by their staging date. Each staging date is defined by the amount of employees they had on the 1st April 2012.

Who does it affect?

Any employer who has one employee or more.

When will it happen?

Auto-enrolment is already in the process of being phased in. It began in October 2012 starting with the larger companies and will be fully in force by February 2018.

What do I need to do?

Providing you have one or more employees, you will be required to have a qualifying work place pension scheme in place by your staging date. To qualify, your scheme will need to meet the minimum contribution amount, be able to auto-enrol all eligible jobholders and provide a default fund choice.

When do I need to do it?

Every employer has a staging date based on the amount of employees they had on the 1st April 2012. However The Pensions Regulator has recommended you plan and prepare for your staging date at least a year in advance to ensure there are no delays. Some pension providers have turned away companies with less than 6 months until their staging date due to the time and work involved.

How much will it cost me?

To qualify a work place pension scheme, both the employer and employee will be required to make a minimum level of contributions into the pension. The level will be determined by which method the employer chooses to qualify their scheme under. The level of contributions will also be phased in between October 2012 to October 2018.

How can I find out more about Auto-enrolment?

You can call our qualified corporate pension's adviser Lorna Marrett on 01903 821010 or email lorna.marrett@nsure.co.uk for a free no obligation meeting to discuss auto-enrolment and its impact on your business.