Subject: **Auto Enrolment Advisory Service**

Hello,

I hope you are keeping well.

**Auto enrolment – the basics**

People are living longer yet too many people are under-saving or not saving at all for what could be a long retirement. The law on workplace pensions has changed to make it easier for millions more people to build up a pension, particularly those on lower incomes.

Automatic enrolment means that, rather than having to actively choose to join a pension scheme, staff are put into one by their employer **as a matter of course**. If they don’t want to be in the pension scheme, they must actively choose to opt out. It’s to encourage people to stay in pension saving.

The employer must also pay money into the scheme.

Almost all employers are affected. The main exception is a company with only a single employee who is also a director. The range of employers affected therefore runs from multi-national companies to a family who employs a nanny.

**How can we help businesses?**

We provide an advisor service only until they have setup their pension and enrolled their staff. Once we know which pension scheme they are using, and which staff have agreed to join, then we deal with all the calculations, & provide monthly reports, but they still have to make payments directly to their pension provider.

**Selecting a pension provider**

We advice businesses to use **Nest** to setup their pension. [National Employment Savings Trust (NEST)](http://uk.sitestat.com/tpr/main/s?ProviderNEST&ns_campaign=137Providerclickouts2015&ns_mchannel=website&ns_source=137ProviderClickoutNEST&ns_linkname=NESTWebsite&ns_fee=0&ns_type=clickout) is a pension scheme provider that has been established by the government and is obliged to accept all employers that apply to join it.

However, it is up to the business to choose which pension provider they go with. There are some others that have had their pension schemes independently reviewed to help them demonstrate that they meet certain standards of administration and governance. You can find them listed on the governments own website: **http://www.thepensionsregulator.gov.uk/employers/finding-a-provider.aspx**

**We can advise businesses of their staging date**

Automatic enrolment is being phased in, starting with the largest UK employers.

The staging date is based on:
a) Initially size of company – largest first – smaller ones later – every company must be signed up by 1st Feb 2018
b) Below 30 employees – staging dates are based on PAYE / Tax Scheme Characters
c) Anybody who 1st paid PAYE income (first time they paid wages) after 1st April 2012 – is a new employer – and their staging date is after 1st May 2017

If the business provides us their PAYE reference number, we (or you, or your potential client) can find their staging date here: <http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

**Who does the employer need to put into a pension scheme?**

They must automatically enrol all staff who are:

* aged 22 to state pension age
* working in the UK
* earning over £10,000 a year.

Some staff who don’t meet the criteria above are able to opt in to the pension scheme the employer is using for automatic enrolment. However, all employees have a right to join & the employer must put them in if they ask.

**What does the Employer need to do after they have chosen their pension scheme?**

They will need to write to each member of staff individually to tell them how they’ve personally been affected by automatic enrolment.

The information you’ll need to tell them is different depending on their rights and the duties you have for them.

We provide an Auto Enrolment fact sheet, PLUS sample template letters in the Employment control panel, in Members Resources, that the employer can use.

**What are the employer & employee contributions?**

The employer will have to pay a minimum employer contribution for all staff they put into this scheme, as well as the employee.

Initially Employers Contribution is 1% (Employer can choose to contribute more)
Initially Employees Contribution is 1% (Employee can choose to contribute more)

Then after 1st Oct 2017 – minimum 5% in total = minimum 2% from Employer – minimum 3% from Employee

Most companies will do the minimum required to comply with the law.

Employees can cease and resume contributions at any time, but the employer has the right to say that employees can only opt back in once a year.

**We can provide free additional advice for paying customers only.**

Which employees have to be automatically enrolled, and who has the option to enrol?

When is their staging date?

What do they have to do to comply with legislation?

Which letters do they have to send out to their employees.

We can advice them regarding the 3 year (from staging date) anniversary review.

**It is up to the employer to manage their staff, and enrol them in their pension scheme & carry out the 3 year(from staging date) anniversary review.**

You can read more about automatic enrolment here: **http://www.thepensionsregulator.gov.uk/automatic-enrolment-enquiries.aspx#s18417**