

*What's
your
staging
date?*



Preparing for pension reform: the essentials of auto-enrolment

Big reforms are taking place with workplace pensions over the next four years. Providing advice here is Logan Anderson, Head of Customer Relations at The Pensions Trust, which provides high quality workplace pensions to over 4,300 organisations and 147,000 people in the third sector, including social enterprises.

Are you ready for 2012?

Workplace pension reforms will be introduced over a period of four years, starting in October 2012. This extended timeframe is known as 'staging' and each employer will have a specific 'staging date'.

On or shortly after their staging date employers will be required to enrol 'eligible jobholders' into a workplace pension scheme. This is known as auto-enrolment. Employers will also have to pay contributions.

What do you have to do?

You will need to consider a number of things. When is your 'staging date'? Which pension scheme will you provide to employees? How much will this cost? I will expand on these points within this article.

When is my 'staging date'?

Your 'staging date' is dictated by the size of your organisation and your PAYE reference number. From this date all your 'eligible jobholders' will need to be enrolled into a 'qualifying' pension scheme.

The Pensions Regulator will write to you 12 months before your 'staging date' and again three months before. However, it is important to start planning now, especially if you don't already have a pension scheme set up.

If you want to know when your organisation will need to provide a workplace pension scheme please click [here](#) to visit our website to use our interactive 'staging date tool'. This website tool will provide your 'staging date' and an information document on auto-enrolment.

Which pension scheme should I choose?

If you already have a pension scheme set up for your employees, you will need to check with your supplier that it is a 'qualifying' scheme.

If your preference is not to have the burden of trusteeship (including selecting administrators and investment managers for your members' funds), you might consider using The Pensions Trust's Flexible Retirement Plan. This multi-employer defined contribution arrangement is offered exclusively for the voluntary and social sectors, including social enterprises.

What will it cost?

Please see overleaf.



The Pensions Trust

What will it cost?

The table shows the minimum contribution costs, based on employees' 'qualifying earnings'.

However, you may also need to budget for additional administration costs, especially in the lead up to and shortly after staging.

	Year 1 2012/13	Year 2 2013/14	Year 3 2014/15	Year 4 2015/16	Year 5 2016/17	Year 6 2017
Defined Contribution Scheme Phasing	1% minimum employer contribution 2% total				2% minimum employer contribution 5% total	3% minimum employer contribution 8% total
Defined Benefit and Hybrid Scheme Phasing	Transitional period				All eligible workers have been auto-enrolled	

Glossary of terms

Eligible Jobholders: Are eligible for automatic enrolment. They are employees:

- aged between 22 and State Pension Age (SPA);
- who (ordinarily) work in the UK; and
- have qualifying earnings payable by the employer in the relevant pay reference period that are above the earnings trigger for automatic enrolment (currently £7,475).

Qualifying Earnings: Are earnings between £5,035 and £33,540 (in 2008 terms).

Employers can choose to base pension contributions on another definition of earnings if they want to, as long as minimum contributions are paid.

Qualifying Scheme: A workplace pension scheme that meets minimum 'access' and 'quality' standards. Very briefly, employees won't have to make decisions or provide signatures in order to join ('access'). 'Quality' standards relate to minimum contributions being paid or minimum benefits being provided, depending on the type of pension scheme.

What next?

Hopefully this article has provided an insight into auto-enrolment and the requirements employers will need to provide for their employees. For much more detailed information, have a look at the guides on The Pensions Regulator's website at www.thepensionsregulator.gov.uk/employers/7-steps.aspx

If you are interested in finding out more about the Trust's Flexible Retirement Plan or auto-enrolment please contact our New Business Team on telephone 0113 394 2686 or email contact@thepensionstrust.org.uk.