

Automatic re-enrolment webinar **for business advisers**

Information
for business
advisers



Neil Esslemont

Head of Industry liaison team

Rebecca Woodley

Industry liaison manager

14 February 2017



The information we provide is for guidance only and should not be taken as a definitive interpretation of the law.

The Pensions
Regulator

Welcome

Today we will be looking at automatic re-enrolment

There will then be the opportunity to ask questions.

We won't assume you already have prior knowledge.

These slides are available to download and the webinar will be available to view again.



The Pensions
Regulator

Topics

Cyclical automatic re-enrolment:

- Overview
- Who to assess
- Exceptions
- Choosing the cyclical re-enrolment date
- Completing the re-declaration of compliance
- Examples - key dates



The Pensions
Regulator

Cyclical re-enrolment - overview

- On a **three-yearly cycle**, an employer must re-enrol certain eligible staff back into an automatic enrolment scheme.
- The re-enrolment date is based on the employer's original staging date - and not on when any members of staff were put into or left a pension scheme.
- The employer is required to select a cyclical automatic re-enrolment date, in a 6 month window, on which to assess and re-enrol **all** of their eligible staff.
- The re-enrolment process :
 - takes place alongside the normal pay period assessment process, and
 - occurs in the pay period in which the cyclical re-enrolment date falls.
- Unlike the normal pay period monitoring and assessment process, postponement **cannot** be used for those being re-enrolled.
- As with the original staging process, some advance planning is required.



Monitoring eligibility for automatic enrolment

- **After** the staging date, employers will have to assess, every pay period, any worker who:
 - i. is not an active member of a qualifying pension scheme, and
 - ii. is not under postponement or the transitional period.
 - Workers assessed as eligible would then need to be automatically enrolled (or postponed).
 - However, those staff who have previously been automatically enrolled (or assessed as eligible, whilst an active member of a qualifying scheme[†]), should be left until the next cyclical re-enrolment date.
- [†] A worker who has simultaneously been an eligible jobholder and an active member of a qualifying scheme since the employer's staging date (or the date they started work for the employer, if later) and ignoring any period of postponement.



The Pensions
Regulator

How often do you need to assess?

Worker status	Action
Those who are an active member of a qualifying scheme	No assessment required
Those under postponement or the Transitional Period (TP)	Assess at the end of postponement (or TP)
<ul style="list-style-type: none"> i. Those who are not an active member of a qualifying pension scheme; and ii. is not under postponement or the Transitional Period; and iii. have not previously been automatically enrolled (or assessed as an eligible jobholder whilst an active member of a qualifying scheme). 	Monitor (assess every pay period)
Those who have opted out or voluntarily ceased membership of a qualifying scheme	Assess at each cyclical re-enrolment date



Choosing the cyclical automatic re-enrolment date

Cyclical automatic re-enrolment occurs about every three years.

- Choosing the re-enrolment date:
 - you can choose any day within a 6 month window, starting 3 months before the third anniversary of the staging date or previous re-enrolment date (eg an employer who staged on 1 Oct 2014, may choose any day between 1 July and 31 Dec 2017);
 - the employer can only choose **one** date (eg an employer cannot use one date for monthly paid workers and another for weekly paid workers).
- For those being automatically re-enrolled, this will be:
 - the effective start date of membership of a pension scheme,
 - the start of the 6 week ‘joining window’ (during which the re-enrolment letter needs to be issued and active membership achieved),
 - the start date of the calculation of pension contributions.



The Pensions
Regulator

Considerations when choosing a date

Considerations when choosing a cyclical automatic re-enrolment date

- Postponement **cannot** be used so, if the re-enrolment date selected is part way through a pay reference period, then pro-rated contributions may be due.
- Questions to ask the pension provider:
 - Does the pension scheme require pro-ration (and, if so, can the scheme rules be changed)?
- Questions to ask the software provider :
 - Can system calculate pro-rated pension contributions (if required)?
- **If** the pension scheme requires pro-ration, or if the software is not able to calculate pro-rata contributions, can a re-enrolment date be found which is the start of a pay reference period for **all** pay cycles?



The Pensions
Regulator

Additional things to consider

We suggest you consider some other points, as part of your preparation:

- If the person to be re-enrolled is an active member of a scheme which is only non-qualifying because the contributions are below the legal minimum, can the employer simply increase the contributions back up to the normal rate (assuming this is at least the legal minimum)?
- Is a re-enrolment letter template available (can be same as automatic enrolment letter except references to 'enrolment' replaced with 're-enrolment')?
- Does the payroll software (or other software used to assess staff) support re-enrolment and can identify staff subject to re-enrolment?
- Note - if a worker chooses to opt out after being re-enrolled, a refund of **all** of their contributions paid since the re-enrolment date will be due (so if they were already a member and their contributions have been increased, the refund is **not** just the increased level of contributions).



The Pensions
Regulator

Exceptions - where the employer has a choice

Employers may choose **whether or not** to automatically re-enrol anyone who triggers automatic re-enrolment, if any **one** of these conditions apply:

- they are **directors** working under an employment contract, or
- they are **LLP partners**, but are **not** 'salaried members' under HMRC tax rules (duties continue to apply in full to 'salaried members'), or
- they are in their **notice period** (ie notice has been given or received before or up to 6 weeks after the automatic re-enrolment date), or
- they have HMRC **tax protected** status for their pension savings, or
- **within the last 12 months** (ie in the 12 months prior to the chosen re-enrolment date):
 - they opted out or **ceased active membership of a qualifying pension**, or
 - they received a **winding-up lump sum** payment from an occupational (ie a trust based) pension scheme (and then re-joined the employer).



The Pensions
Regulator

Declaration of compliance after cyclical re-enrolment

- The re-declaration can be completed on or after the cyclical re-enrolment date (postponement cannot be used for re-enrolment).
- The deadline for completing the re-declaration is 5 months after the 3rd anniversary of the staging date (or previous cyclical re-enrolment date).
- Don't wait until the deadline – do it as soon as you have run payroll and done the assessment – or you may forget.
- Even if the employer has **no one to automatically re-enrol**, they will need to choose a re-enrolment date and must make a re-declaration.
- Make sure you have agreed whether you or your client is doing the declaration.
- As part of the re-declaration process, the employer must give TPR their chosen automatic re-enrolment date.



The Pensions
Regulator

Information for re-declaration of compliance

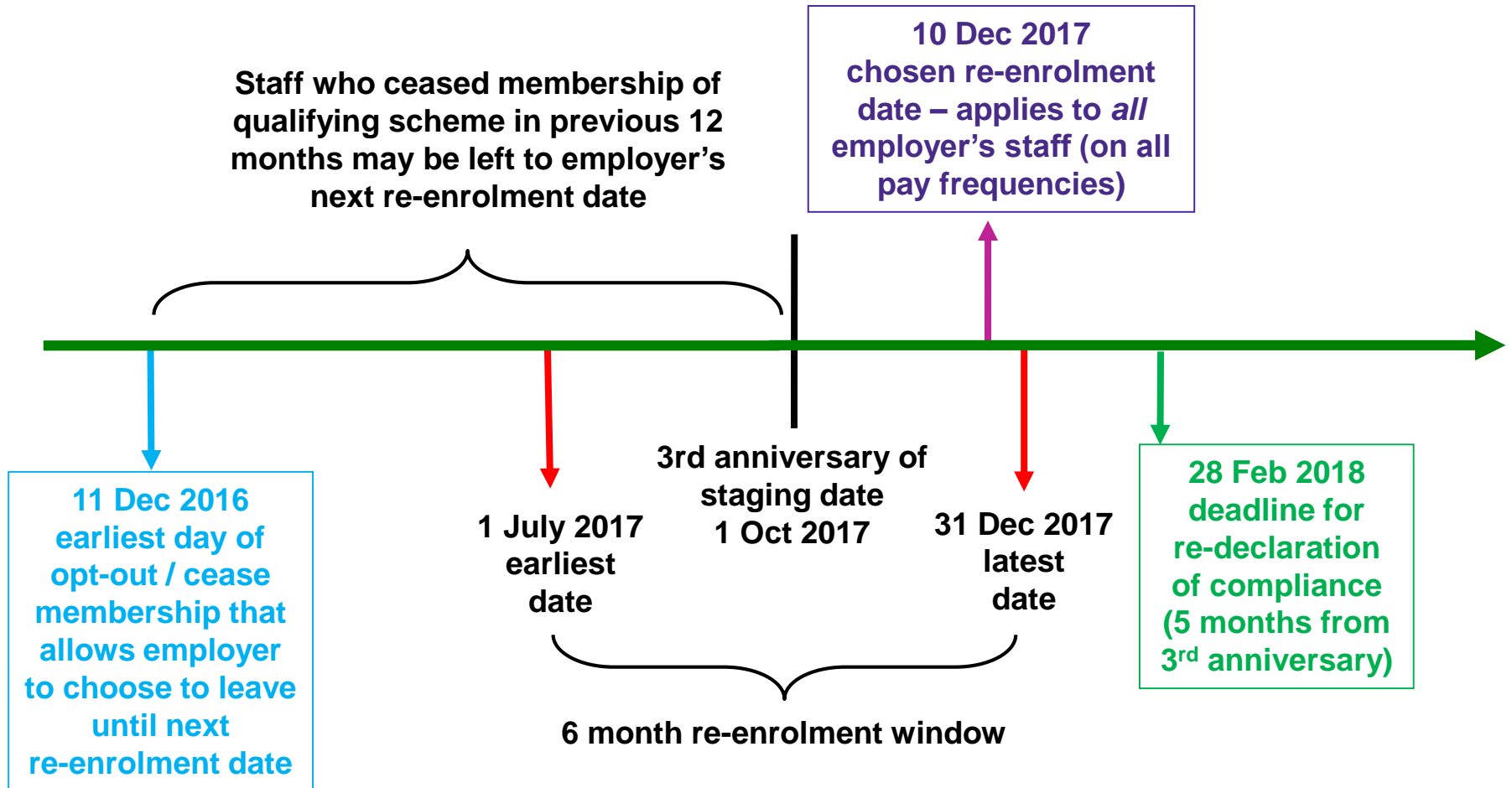
The re-declaration will need to report on the following:

- the chosen automatic re-enrolment date
- number of workers re-enrolled per scheme (don't include people automatically enrolled for the first time)
- number of workers already in a qualifying pension scheme
- number of workers in transitional period
- number of 'other' workers (ie those not in any of the above categories)
 - workers automatically enrolled (**not** re-enrolled) in this pay cycle should be included in **this** number
- the total number of workers (and the totals should add up).



The Pensions
Regulator

Example – staging date to first re-enrolment date



The Pensions
Regulator

Checklist for cyclical automatic re-enrolment

- ✓ Ensure the nominated primary and secondary contact details are up-to-date.
- ✓ Check if the pension scheme(s) would require pro-ration.
- ✓ Check that your software or service provider supports re-enrolment and, if pro-ration *is* required, whether it can calculate this (or pick a date that avoids it).
- ✓ Identify categories of worker to whom exceptions could apply and your company policy on how these exceptions will be applied.
- ✓ Decide if you will include or exclude staff who opted-out or ceased membership of a qualifying pension scheme within 12 months of the re-enrolment date.
- ✓ From the chosen re-enrolment date, you have 6 weeks to:
 - ✓ issue any staff communications (eg re-enrolment letters), and
 - ✓ ensure active membership of the pension is achieved.
- ✓ Complete re-declaration of compliance within 5 months of the 3rd anniversary of staging date / previous cyclical re-enrolment date.



The Pensions
Regulator

Re-declarations so far ...

- As at the end of **January 2017**:
 - **7,665** employers have completed their **re-declaration of compliance** after re-enrolment,
 - Covering over **14m** workers, of which:
 - **10m** were already in a qualifying scheme;
 - **351,000** people were automatically re-enrolled;
 - **200,000** workers had the transitional period applied;
 - and **3.25m** were ‘none of the above’.



The Pensions
Regulator

Your questions....



The information we provide is for guidance only and should not be taken as a definitive interpretation of the law.

The Pensions
Regulator

Thank you

We are here to help!

Detailed guidance on re-enrolment:

www.tpr.gov.uk/docs/detailed-guidance-11.pdf

Subscribe to our news by email:

www.tpr.gov.uk/subscribe.aspx

Contact us at:

www.tpr.gov.uk/contact-us.aspx

Connect with us on LinkedIn:

www.linkedin.com/groups?gid=2675456

Follow us on Twitter:

<https://twitter.com/TPRgovuk>



The information we provide is for guidance only and should not be taken as a definitive interpretation of the law.

The Pensions
Regulator

Feedback

We would really appreciate your feedback on this webinar.

