

Outline of Auto-enrolment

Automatic Enrolment (AE) is fundamentally an employer issue, based on the size of the PAYE at 31 March 2012. From this date it is the employer's responsibility to:

1. provide a pension scheme of sufficient calibre;
2. notify all employees of pension scheme and that it conforms to AE requirements;
3. identify all employees to be AE on a monthly basis (including different types of employee);
4. notify all employees to be AE;
5. notify pension provider of details of those to be AE;
6. register with the pension regulator (once AE requirements have been met); and
7. opt out and refund contributions of those members who opt out (opt out to be issued by pension scheme)

Defined benefit schemes can apply to use transitional arrangements for the period from its staging date to 1 October 2017 which delays the AE of those members who have already opted out of the scheme.

Action needed before the Council's staging date.

All employees (including those who are already in the scheme) need to be informed that the Council intend to use the LGPS / TPS as its pension provider and that the LGPS / TPS satisfy the requirements as qualifying schemes for AE.

Those employees who are not in the scheme must be assessed to decide which group they fall into:

1. Employee's between 22 and state pension age (SPA) **and** earning greater than £8,105 pa - **eligible job holder**
2. Employee's under age 22 - **non eligible job holder**
3. Employee's over SPA - non eligible job holder
4. Employee's earning between £5,564 and £8,105 - non eligible job holder
5. Employee's earning lower than £5,564 - entitled worker

Those eligible job holders (category 1 above) are the employees need to be written to either to inform them that they will be auto enrolled with effect from the staging date or, if transitional arrangements are used, they still need to be informed that the scheme is open for their use but that AE will not be fully implemented until 1 October 2017.

Action needed each month from the staging date onwards

From the staging date onwards, irrespective of whether transitional arrangements are used, the Council are required to:

- Enrol all new employees directly into the appropriate Fund (for AE only the eligible jobholders need to be AE).
- Enrol any employee who is not currently in the scheme as they reach age 22.
- Enrol any employee who is not currently in the scheme who breaches £8,105 as a rate of pay (this is in effect the rate most employees will commence tax deductions).
- Ensure that the scheme remains available for any employee who is not currently a member who wishes to join.

3 year anniversary (2016)

On the third anniversary of the staging date (unless transitional arrangements are used) the Council is required to automatically enrol all eligible job holders into the scheme - again writing to those members in advance

1 October 2017 (if transitional arrangement used)

At the 1 October 2017 all eligible job holders who have previously opted out need to be automatically enrolled.

Applying for transitional arrangements does not delay any other aspect of AE and all new employees, those reaching age 22 or £8,105 should be automatically enrolled in the scheme.