



Protecting You and Your Business

Pavey Group And Workplace Pension Reform

The employer solution to Automatic Enrolment

Over the next few years all employers will be required to comply with Workplace Pension reform. The Automatic Enrolment legislation introduced in 2012 will have wide-ranging effects across every field of business.

Pavey Group Financial Services can help you to prepare now by providing advice and solutions, enabling you to gain a thorough understanding of the changes and the potential impact they will have upon your company. This guide will help you to summarise the main changes, what they mean to you and how best your company can prepare for them.

About Us

Pavey Group have been providing Insurance, Claims Management and Financial Services Solutions to businesses, individuals and families for over 40 years.

Established in 1971 we have grown into an award winning professional services firm, working in the South West and across the UK.

Our Financial Services Team have over the years provided employers with advice and solutions regarding their Group Pension requirements. Workplace Pensions and Automatic Enrolment will set a new challenge to employers, we will help you understand the new legislation and how it affects your company, analyse and assess what needs to be done and provide a recommendation which meets the requirements of this new Pension era.

Pavey Group Financial Services Workplace Pensions



Summary of reforms

The Government estimates that currently, approximately seven million people are not saving enough for their retirement. As a result it is putting the responsibility on employers to help encourage more people to save.

- ✓ ***You will be required to automatically enrol eligible employees into a 'qualifying pension scheme'. This could be your own company scheme if it meets the criteria, an alternative Group Personal Pension Scheme or other low cost alternatives such as the National Employment Savings Trust (NEST) or The Peoples Pension.***
- ✓ ***You will eventually be required to contribute a minimum of 3% of each employee's 'qualifying' earnings. Their own contributions and tax relief will be added to this to meet a minimum 8% contribution rate from October 2018.***
- ✓ ***You will need to collect employee contributions and pass them to your scheme provider.***
- ✓ ***You have to register your scheme with the Pensions Regulator within five months of your staging date.***

- ✓ ***You will need to process opt-outs and make refunds.***
- ✓ ***You will also have to keep appropriate records.***

The Government recognises that these reforms continue to place employers at the heart of pension provision and that they can be successful only with your support. It is therefore proposing key measures designed to minimise the burden on you:

- ✓ ***Minimum employer and employee contributions will be phased in.***
- ✓ ***A 'light-touch' but effective compliance regime for new employer duties such as automatic enrolment. Read on for full details of these changes and what they mean for you.***

Automatic Enrolment and Compulsory Contributions

The requirement

Between 2012 and 2018 (depending on the size of business and type of scheme), you will have to automatically enrol all eligible employees in a qualifying pension scheme and make contributions to their plan.

Employees eligible for automatic enrolment will be:

- ✓ *those who are not already active members of a qualifying scheme; and*
- ✓ *aged between 22 years and the State Pension age; and*
- ✓ *Those who meet the minimum earnings threshold for eligibility.*

The qualifying scheme may be your own company scheme, if it meets certain criteria, or an alternative provider, such as The Peoples Pension. The minimum contributions that will apply from April 2018 are shown in the table below.

Minimum Contribution	Employee pays	Tax relief	You pay
8%	4%	1%	3%

Employees with earnings over £10,000 who are aged between 16 and 21, or over state pension age but under 75, can ask to be enrolled, and you will have to contribute at the levels shown above. Employees earning less than £10,000 can ask to join the scheme, but if their earnings are less than £5,824, you are not obliged to contribute.

It is possible for you to pay more and the employee to pay less, as long as the total contribution is at least the minimum. For example, if you pay the full 8% your employee does not need to make any contribution.

What this means for you

Research has shown that automatic enrolment is one of the most effective ways of triggering pension scheme membership and contribution. The phasing levels of contributions are set out below:

	Employee pays**	Employer pays
Before April 2018	1%	1%
From April 2018 – April 2019	3%	2%
From April 2019	5%	3%

**Including tax relief

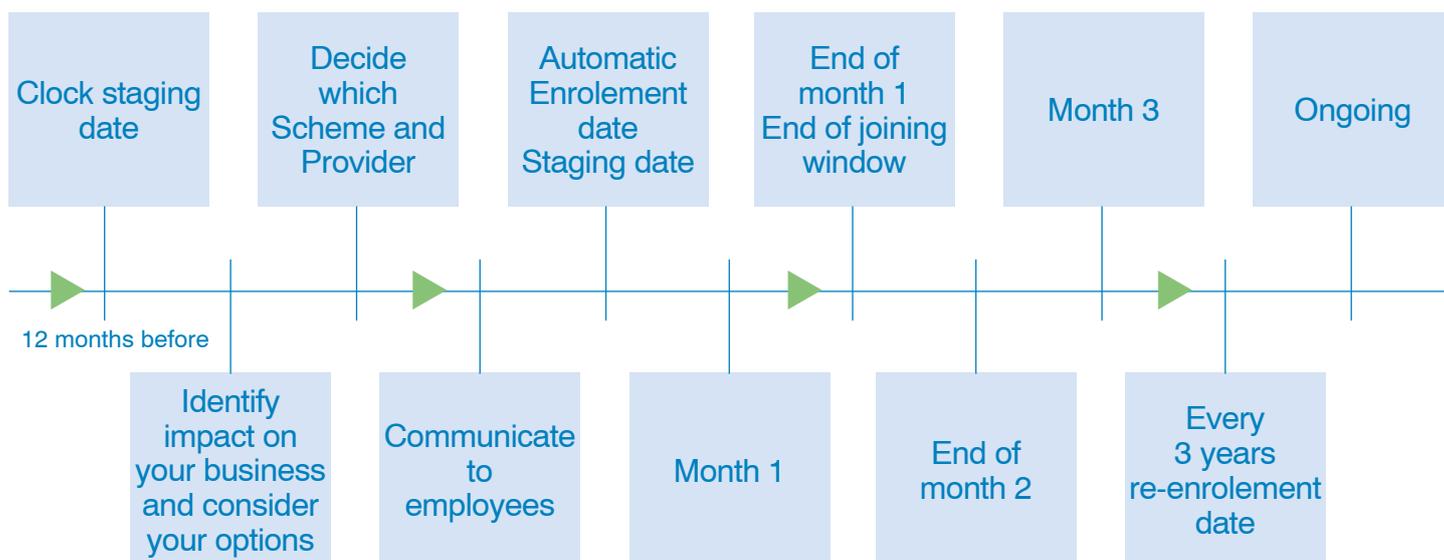


Please note all figures are correct at the time of printing.

Employers that fail to comply with their new duties may face statutory notices, penalties or escalating fines.

Timeline for Automatic Enrolment

The following diagram has been designed to illustrate the steps you need to take to ensure you meet the requirements of Automatic Enrolment, with suggested timeframes of the steps prior to your staging date.



Our Pensions Team are here to ensure your business is fully prepared with a solution in place by your staging date. To make the process as smooth as possible we would encourage you to engage with us now.

Our promise:

- ✓ *Review the suitability of your current arrangements*
- ✓ *Offer bespoke advice and solutions*
- ✓ *Explain our recommendations in full*
- ✓ *Support you in communicating Automatic Enrolment effectively to your employees*
- ✓ *Ongoing support, including annual reviews*



For advice and to arrange a consultation please contact our Pensions Team on: **01803 652 030**

www.paveygroup.co.uk

Insurance & Financial Services

Authorised and regulated by the Financial Conduct Authority

PAVEY
group