Workplace Pensions

Automatic Enrolment, Employer Duties, Timescales, NEST

&

How Twismo Can Help

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Introduction and employer duties

This document is an outline guide to the new regulations facing employer in respect of providing a pension for their workforce. It is not a comprehensive guide and we recommend a meeting to discuss your specific situation and requirements.

From October 2012, employers will be **required by law** to:

- register with The Pensions Regulator (TPR) & provide details of workforce and pension scheme
- automatically enrol certain workers
- arrange membership of a pension scheme for other workers

Timetable

The employer duties will be staged in over 4 years from 2012. Larger employers will have their duties imposed first, smaller employers last. Any employer with less than 50 employees will have their staging date set depending on the last two digits of their PAYE reference number. Full details of every staging date can be found on the Pensions Regulator website at:

http://www.thepensionsregulator.gov.uk/pensions-reform/duty-dates-timeline.aspx

This table is only a guide to the staging dates. For your exact staging date we will require the number of employees and the company's PAYE reference.

Size of employer	Staging date
249 – 50	Over 4 dates from 1st April 2014 to 1st July 2014
Less than 50	Over 18 dates from 1st August 2014 to 1st February 2016
New businesses with first PAYE income payable from 1 April 2012	Over 5 dates from 1st March 2016 to 1st September 2016

Qualifying Workplace Pension Schemes

The amount of contributions that must be paid in order for a scheme to be treated as a QWPS is being phased in as follows:

Date	Total minimum contribution %	Minimum employer contribution %	Minimum difference to be made up by employee % (gross) *
October 2012 to September 2016	2%	1%	1%
October 2016 to September 2017	5%	2%	3%
October 2017 onwards	8%	3%	5%

* The minimum difference includes tax relief available on employee contributions.

Qualifying Earnings

The contributions will be based on a percentage of band earnings between £5,564 and £42,475 (qualifying earnings) at 2012/2013 levels. These amounts will be increased in future in line with earnings. Qualifying earnings include basic pay, bonuses, overtime, commissions and certain statutory benefits such as sick pay.

Quality Qualifying Workplace Pension Scheme (QQWPS)

Employers can avoid much of the administration burden associated with automatic enrolment by setting up a QQWPS where:

- the total minimum contribution is 11% of qualifying earnings, of which
- at least 6% must come from the employer
- there is no option to phase in contributions, and
- automatic enrolment dates can be postponed up to 90 days **allowing a 'sweep up' of eligible employees all at once at the employer's convenience**

Eligible employees

All employees will have to be auto-enrolled unless:

- they are already in a qualifying workplace pension scheme
- they are under the age of 22
- they are over the State Pension Age, or
- they earn less than £5,564 a year (in 2012/2013 terms)

Employees can only 'opt-out' once they have been auto-enrolled.
Non-eligible employees must be given the option of opting in to pension saving.

National Employment Savings Trust (NEST)

Employers who do not have, or who will not set up, their own QWPS will have the option of using NEST. This scheme is designed to be low cost and is specifically aimed at low to medium earners and 'micro' employers. There will be certain restrictions applying to NEST:

- there will be a general ban on transfers in or out
- there will be an upper contribution limit (currently £3,600 each year)
- limited retirement options and
- limited investment options

How Twismo Can Help

Twismo Financial Planning specialise in designing, installing and managing pension schemes for small to medium sized businesses.

We will ensure that your company not only stays within the legal requirements and boundaries but also that your scheme is the most suitable for your employees, with many aspects being considered, including charges and flexibility.

Once a scheme is established we help you to promote it to your employees and provide each employee with tailored advice specific to their circumstances and requirements.

On an annual basis we offer each employee a review meeting to discuss how their pension is fund performing against an agreed benchmark and also, against their personal goals.

Our advice and administrative time is charged for on a fee basis. This fee can be paid in a variety of ways again, to facilitate your requirements. Some examples are; by the employer on an hourly basis, out of the pension as a percentage of each contribution or as a percentage of the pension fund value.

Our goal is to provide a first class service to you and your employees, ensuring that you meet your legal requirements and that your employees value the pension you provide and the monthly contribution you make to it.

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