Auto enrolment becoming business as usual

General Features

01 January 2018

From 1 October 2017, new employers will have immediate duties

Every employer in the UK must now put certain staff into a pension scheme and contribute towards it. This is called ‘automatic enrolment’. If you have any employer clients, you may well have been asked to advise or assist on auto enrolment.

Until now, there has been a roll-out programme in place – slowly bringing employers into auto enrolment by reference to a future ‘staging’ date. In practice, this has given employers (and their advisers!) many months to prepare for auto enrolment. For existing employers, the final staging dates will be February 2018 depending on when they registered as an employer.

But those becoming an employer for the first time on or after 1 October 2017 will immediately have auto enrolment duties. On the first day a person starts working for them (known as their *duties start date*), they should formally assess them to see if they meet the criteria to be put into a pension scheme.

To be auto enrolled, staff must be aged between 22 and state pension age, and earn over £10,000 per year (£833 per month, or £192 per week). A Declaration of Compliance must be submitted to the Pensions Regulator, even if no one meets the auto enrolment criteria.

The Pensions Regulator (TPR) says that when someone is about to employ a worker for the first time, they need to take certain steps in preparation for taking them on, such as determining whether they need to register as an employer with HMRC or taking out liability insurance. Getting ready for automatic enrolment is just one of these steps.

For information and guidance on what new employers need to do to meet their duties, and by when, visit the adviser section of TPR's website. It should be noted that Basic PAYE Tools does not help employers with their automatic enrolment duties – a particular problem for the care and support employers LITRG try and help via our website www.disabilitytaxguide.org.uk.

If an employer has missed their duties start date, they still need to work out what their automatic enrolment duties are, and immediately comply with them. They may have to backdate contributions for members of staff that need to be put in a workplace pension, to make up for any missed contributions.

'Postponement' may be able to help new employers from 1 October 2017, as this facility allows them to 'defer' assessing their staff for up to three months and may mean that they don't need to backdate contributions. However, they must write to their worker explaining postponement within six weeks of them joining and the worker has the right to opt in to an automatic enrolment during the deferral period.

Postponement cannot be used if an employer is more than six weeks after their duties start date. More help on what to do if an employer has missed their duties start date and on backdating contributions can be found on TPR's website.