



Auto Enrolment of pensions: 10 steps to a stress-free transition

A new era in pensions provision

Workplace pensions law has recently changed, and as stipulated by The Pensions Regulator, every employer now has legal duties to help their UK workers save for retirement. In practice, this means that they must automatically enrol certain workers into a qualifying workplace pension scheme and make contributions towards it, a process known as Auto Enrolment.

10 Steps

In preparing for this new law, there are a number of steps organisations can take to ensure a smooth transition.

1. [Know your staging date](#). Staging dates span a period from 1 October 2012 to 1 April 2017. The UK's largest employers have already, or will need to comply first, and gradually smaller employers will be brought on board.
2. If possible, talk to other organisations who have already undertaken the processes necessary to comply with the new law – look at networking groups and forums for lessons learned and advice.
3. Select and adopt the right resources and tools to assist with the process. For example is this something the Payroll Manager can manage or does it need additional resource? Does your existing payroll software support Auto Enrolment or will you need to review your provider?
4. Once your staging date is imminent, assess your workforce to understand who should be automatically enrolled, who can opt-in, and who is an entitled worker. This process is one of the most important but also potentially complex. Auto Enrolment only applies to

employees who are classed as Eligible Jobholders – those employees who are between 22 and state pension age, and with earnings over the [Auto Enrolment Threshold](#).

However Non-Eligible Jobholders (those employees aged between 16 and 74, with earnings below the Auto Enrolment threshold, but above the [qualifying earnings lower threshold](#) or, employees aged 16 to 21, or state pension age to 74, with earnings above the Auto Enrolment Threshold) can opt into a qualifying pension scheme.

A third category, Entitled Workers, who earn less than the qualifying earnings lower threshold, must be provided with information on their right to join a pension scheme. It doesn't need to be the same pension scheme used for Auto Enrolment and the employer doesn't need to contribute to the scheme.

5. Review your pension arrangements to ascertain whether they are suitable, can be extended or need to be replaced. For those who don't currently have suitable arrangements, [The National Employment Savings Trust \(NEST\)](#) has been established by the Government to ensure that all employers can access a pension scheme to assist compliance with Auto Enrolment.
6. Communicate the changes to all workers according to the guidelines set out by The Pensions Regulator. The law requires you to write to all employees informing them of the changes, but look at the best channels for the size and culture of your organisation. For larger companies, seminars, e-mail updates and a dedicated point of contact for enquiries might be appropriate, while smaller organisations may feel that a one to one approach is more suitable.
7. Automatically enrol your Eligible Jobholders. Your payroll software should complete this task seamlessly.
8. Enrol Non-Eligible Jobholders who choose to opt in. Again, your payroll software should complete this task seamlessly.
9. Register with The Pensions Regulator and keep records, a process which is required by law. Your payroll software should automatically maintain records so that they are available on an ongoing basis.

10. Contribute to your employees' pensions. You will need to collect the contributions from your employees and also make your employer contribution to the pension scheme. The contributions will need to be sent to the pensions provider by the 19th day of each month following the collection of any contributions.

For information on how Pegasus Software can help with Auto Enrolment visit www.pegasus.co.uk or contact **0800 919704/info@pegasus.co.uk** .