

Client factsheet

Auto-enrolment

Auto-enrolment

As you may be aware, the law governing workplace pensions is changing because the Government wants to help enable more people to save for their retirement. As part of the Pensions Act 2008, all eligible employees must be automatically enrolled into a company pension.

Both workers and employers will be required to make contributions, and the government will also demonstrate their support in the form of tax relief. Companies have been 'staged' or brought on board via means of a staggered approach, conditional on their number of employees; the staging date for temporary workers here at Allen Associates is 1st July this year. As a business we have secured a three month waiting period, after which all eligible workers will be automatically enrolled onto the company pension scheme.

Who is covered by the new law?

If a worker is temporary, they still have every right to be automatically enrolled and receive employer contributions as long as they meet the eligibility criteria outlined in the regulations.

- Temporary workers will be automatically enrolled into a workplace pension scheme if they:
- are aged 22 or over and are under State Pension age;
- work on a PAYE basis
- earn in excess of £156 gross in the week they are assessed; and if they
- work, or usually work, in the UK.

In addition to eligible jobholders, there are two other relevant categories to consider. These are:

Non-eligible jobholders:

- Aged between 16 and 75
- Working, or ordinarily working in the UK
- Earning between £5,772 and £10,000 per annum

If the temporary worker is classified a non-eligible jobholder, they may still request to opt in to the workplace pension scheme.

Entitled Workers:

- Aged between 16 and 75
- Working, or ordinarily working in the UK
- Earning less than £5,772 per annum

Entitled workers have the right to access the workplace pension scheme and make contributions but have no right to the employers' contribution.

Auto-enrolment

How Allen Associates are preparing for this

As a business, we have been preparing for the implications and onset of auto enrolment for several months now. We have engaged NOW: Pensions for the provision of our scheme, and Critchleys Accountants will continue to support our weekly payroll. NOW: Pensions come highly recommended by our trade body, the REC (www.rec.com) and will provide the majority of communications with temporary staff in all matters pertaining to the management of their pension.

We are required by law to provide information to all temporary workers within one month of the first day of their waiting period. This information will include:

- A notice that auto enrolment has been deferred for the three month waiting period,
- The new date of auto enrolment,
- That if they meet the eligibility criteria, they will be automatically enrolled as of the deferral date, and
- The right to opt in during the waiting period should they choose to.

Allen Associates is committed to continually monitoring the status of non-eligible jobholders and entitled workers to ensure that if they ever satisfy the auto enrolment criteria, they are enrolled punctually. If their pay reaches the trigger, we will endeavour to enrol them within one month of them becoming eligible.

We will liaise with temporary staff, NOW: Pensions and our payroll provider to procure the necessary information and data, in order to make the assessment an efficient and accurate process.

What this will mean for you

As both temporary staff and employers are now both obliged to contribute to the pension scheme, here at Allen Associates we have invested significant time considering how to best facilitate this with as little disruption to our clients. Therefore, following the completion of the three month waiting period, all invoices for eligible workers will detail a separate cost for pension contributions, itemised and shown in addition to the balance of your weekly charges.

At this stage, Allen Associates have decided to apply pension charges at cost. This means we will not profit from pension charges. Additionally, we will not charge an administration fee.

We will subsume the initial set-up and legal costs and ongoing additional payroll cost internally. We will make the invoicing process for this new requirement as transparent and clear as possible.

Please see below for an outline of the contribution rates required to meet the legislation requirements. These rates apply to gross earnings:

Date	Total must be at least	Employer must contribute
Oct 12-Sept 17	2%	1%
Oct 17-Sept 18	5%	2%
Oct 18 onwards	8%	3%

Auto-enrolment

Other points to be aware of

- It will be deemed illegal to take any action which results in temporary workers ceasing active membership of the NOW: Pensions scheme. Any choice to leave the scheme or opt-out must be made solely by the candidate themselves. Similarly, any attempt to induce or pressure workers into leaving the scheme (for example, by offering extra pay or suggesting that future progression within the company would be compromised), is illegal.
- Jobholders aged under 22 or those on earnings above £5,772 can opt-in and receive employer contributions. Lower paid workers can request to join the scheme but an employer contribution is not mandatory.
- The pay reference period is worked out on the basis of the worker's normal pay period. As our candidates are paid on a weekly basis, our temps will be assessed weekly.