



CHILTERN CONSULTANCY

INDEPENDENT FINANCIAL ADVISERS

HUMAN RESOURCES

REGULATORY FUNCTIONS
PENSION SCHEME

WORKPLACE PENSION ASSISTANCE SUPPORT GUIDANCE RECORD KEEPING ADMINISTRATION REGULATORY RETURNS ADVICE
PENSION BENEFITS
AUTO ENROLMENT & EMPLOYEE BENEFITS
COMMUNICATION COMPLIANCE SELF GOVERNING TPR THE PENSIONS REGULATOR
BENEFITS TAILOR MADE SOLUTIONS

Finding the right solution



The Chiltern Guide to Auto Enrolment

Our in-house Auto Enrolment and Employee Benefits team have a wealth of experience in advising companies and professional services firms.

We have the ability to combine both leading edge benefits consultancy with an individually focused employee advisory service. Benefits are a tangible expression of a business's commitment to employees. They have an important role to play in employee recruitment, retention and incentivisation. However, they also come at a cost, both in specific product terms and in the additional administration placed on the business.

We aim to assist businesses in managing the costs whilst optimising the value delivered to employees. In essence we seek to maximise the return on benefits spend.

On 1 October 2012 the first phase of a radical set of pension reforms got underway.

Whether you are an employer or an employee – or both – you cannot afford to ignore these major changes. For once they are not concentrated on the arcane world of pension taxation.

Instead their focus is firmly on what pensions are all about: the provision of retirement income.

The National Association of Pension Funds (NAPF) described a key aspect of the revisions, auto enrolment, as 'one of the biggest reforms to UK pensions in decades'.

The Department for Work and Pensions (DWP) estimates that the new pension rules 'could almost double private pension income by the time people now starting work reach their retirement'.

As at March 2017, over 7 million workers had been auto-enrolled, according to the Pensions Regulator.

Don't leave it too late...

You can prepare now by gaining a thorough understanding of the changes and their potential impact upon you and your company.

The reforms all hinge on the introduction of one new principle: the automatic enrolment of employees and certain other workers into workplace pension schemes.

The idea is not new: it was originally floated in the first report of the Pensions Commissions, back in 2004. That in turn drew on 'nudge theory' the notion that individuals can be 'nudged' into taking beneficial actions that they might otherwise avoid, such as joining and contributing to a pension plan.

An increase in private pension provision has been an aim of successive governments, primarily motivated by a desire to reduce old age dependency upon the state.

However, for various reasons the proportion of people who are members of workplace pension arrangements had been declining for years until auto enrolment started to take effect.

Auto-enrolment – the basics

The easiest way to understand auto-enrolment is to work through a few simple questions.

If you are an employer, you have to automatically enrol your eligible 'jobholders' (which has a broader definition than 'employee') who:

- are not already in a suitable workplace pension scheme;
- are aged 22 or over;
- are under state pension age (a moving target, these days);
- earn more than £10,000 a year in 2017/18
- work, or usually work, in the UK.

Some complex legislation determines whether an existing workplace pension is good enough to mean auto-enrolment is not required. Many existing pension arrangements will fail to do so, not least because they cover only basic pay rather than total pay.



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For expert advice call 01494 451441

When?

Auto-enrolment is being phased in with various 'staging dates' running to 1 February 2018.

The first staging date, 1 October 2012, applied to the largest employers (those with a PAYE scheme size of 120,000 or more on 1 April 2012).

By February 2018, the current schedule for employers to meet their duties will have come to an end.

From October 2017, anyone setting up a business and taking on staff will need to work Auto-Enrolment into their plans from start-up.

There is no exemption for employers with fewer than five employees, a floor that applied under the now defunct stakeholder pension employer access rules.

In theory there is nothing to prevent an employer beginning auto-enrolment earlier than its official staging date.

If you are a 'jobholder', you can opt out of auto-enrolment at any time because the regime is not compulsory. Should you opt out, you will be automatically re-enrolled at a later date, usually after three years or when you change employers.

On the other hand, if you are an employee who does not qualify for auto-enrolment, e.g. because you are past the state pension age (SPA), you can opt *in* or join your employer's auto-enrolment scheme once it is established. However, your employer will only be required to make contributions to the scheme if your earnings are above the lower earnings limit (£5,876 in 2017/18).

How much?

Auto-enrolment requires a minimum overall level of pension contribution to be made for eligible jobholders as a percentage of their 'qualifying earnings'.

These are defined to include overtime, commission and bonuses and several statutory payments.

In 2017/18 this covers a band between £5,876 (the national insurance contribution [NIC] lower earnings limit) and £45,000 (the NIC upper earnings limit).

The thresholds will be reviewed each tax year, but will not necessarily continue to match the revised NIC limits.

Employee Benefits

The areas we commonly advise on are:

- Private Medical Insurance
- Death in Service
- Group Income Protection
- Reinforcing the perceived value of the benefits offered
- Reviewing existing Group risk benefits
- Simplifying benefits administration

This is a highly dynamic area and it would value an informal discussion on how recent market developments may be beneficial to you.

Please feel free to contact us **01494 451441** or email us at enquiries@chilternconsultancy.com.



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To arrange an informal, no obligation meeting at home,
your workplace or at our offices in Stokenchurch, please contact us

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PLEASE NOTE:

The information contained within this brochure is intended to provide
a general appreciation of the topic and it is not advice.