

IMPORTANT INFORMATION - PLEASE DO NOT DISREGARD

Workplace Pensions; Basics You NEED to Know

Due to changes in the law, all employers must provide their workers with a workplace pension scheme. Dependent on the circumstances, you will be required to pay Employer Contributions into their pension too; see below for more details.

Your company must be compliant by its 'Staging Date'

You can check your company's staging date on The Pensions Regulator website.

There are three tiers to the requirements:

Tier 1 - Automatic Enrolment

For employees who are:

- Aged between 22 and the State Pension Age
- Earning at least £10,000 per year (based on 2017/18 tax year)
- Working in the UK

You will be legally obliged to automatically enrol them, into a qualifying pension scheme, and pay Employer Contributions.

They can choose to opt-out later, if they wish, but they must be enrolled initially and you must not:

- encourage or force an employee out of the scheme;
- unfairly dismiss or discriminate against an employee for staying in the scheme;
- imply someone is more likely to get a job if they opt-out;
- close a workplace pension scheme without enrolling all members into another;
- give any pensions advice to employees.

Tier 2 - Opt-In

For employees who earn between £5,876 and £10,000 per year (based on 2017/18 tax year), you will be legally obliged to allow them to opt-in to the pension scheme and you must not refuse. You will be required to pay Employer Contributions.

Tier 3 - Join

For employees who earn less than £5,876 per year (based on 2017/18 tax year), you will be legally obliged to allow them to join the pension scheme and you must not refuse. You will not be required to pay Employer Contributions.

Employer Contributions

In addition to enrolling the employees into the scheme and deducting pension contributions from their pay, your business must make employer contributions to the scheme, which will increase your overall staff costs. To assist with this, the law has allowed some 'phasing-in' of contribution levels, as follows:

Date	Minimum Employer Contributions
From Staging Date to 5 April 2018	1%
6 April 2018 to 5 April 2019	2%
From 6 April 2019 onwards	3%

Employer contributions will not be required if the employee earns less than £5,876 (based on 2017/18 tax year) per year.

Preparation

The process of setting up the pension scheme, and the associated pre-staging date administration, will take time. It is advised you start the process at least 3 months in advance of your Staging Date; it is much better to be ready well in advance rather than unsuccessfully trying to squeeze everything into the last few weeks. Your obligations will not begin sooner than your Staging Date, even if you are ready sooner.

There are large financial penalties for failing to meet the many legal requirements of the workplace pension reform; for smaller businesses this will be as much as £500 per day of non-compliance.

PLEASE DO NOT PANIC

As your Payroll Provider, Emerald is in the best position to deal with your requirements for the Workplace Pensions and we will be happy to carry out all of the administration work required for the planning, setup, implementation and on-going requirements. For more information on this, please see overleaf.

Workplace Pensions; Detailed Requirements

The following information provides some detail regarding the legal requirements expected of employers regarding compliance with the new workplace pension laws.

All of these requirements can be met by Emerald, on your behalf, in addition to the 'normal' payroll work. There will be extra costs involved for providing these supplementary services. However, the burden will be on Emerald rather than on you to fulfil all of these requirements.

Preparing for Workplace Pension Reform

- Know your staging date. You must be 100% ready to meet your legal obligations from this date.
- Nominate a contact to receive updates and information. Normally the payroll contact; Emerald.
- Carry out initial assessment and categorisation of employees into the correct worker category.
- Review your pension arrangements and set up an appropriate qualifying scheme.
- Communicate the pending changes to all employees in a written, personalised format.
- Automatically enrol eligible workers with the pension provider.
- Complete the Declaration of Compliance to inform The Pensions Regulator of the scheme details.

Ongoing Responsibilities

- Carry out ongoing re-assessment of your workforce every pay period.
- Carry out initial assessment of new employees and categorise into the correct worker category.
- Calculate deductions and apply the information to the payslip.
- Communicate regular required information to all employees in a written, personalised format.
- Process all opt-in/join and opt-out requests.
- Automatically re-enrol opt-out employees every three years.
- Create and provide the pay period pension files in suitable format to the pension provider.
- Maintain sufficient records relating to each scheme and each employee.
- Keep audit trail records for routine checks made by The Pensions Regulator.
- Ensure pension contributions are paid to the pension provider within pre-set deadlines.

Choosing a Pension Provider

Choosing a pension provider is the only part of the process that cannot be delegated; only the employer can decide.

NEST (National Employment Savings Trust) is the only scheme set up by the government specifically for the purpose of the Workplace Pension and is therefore certain to meet the minimum requirements of the law. There are no fees payable by the employer and it allows 'phasing-in' of contribution levels.

Other free and low-cost options are available from many other pension providers. For any provider other than NEST, you will need to be pro-active to make sure the provider sets up a scheme that complies with your legal obligations and allows 'phasing-in' of contribution levels.

Emerald does not recommend a particular provider.

Emerald will be happy to carry out the whole set-up process on your behalf, as long as your chosen pension provider allows for this to be carried out by a third party 'delegate'. Emerald is already registered as a third party 'delegate' with NEST.

Your express permission will be required to perform set-up and ongoing administration duties on your behalf. If you would like Emerald to take on this role, please communicate this in writing. No-matter which pension provider you choose, it will have a significant impact on the payroll processing, both before and after your staging date.

The legal responsibility to be aware of and fulfil the requirements of the law always remains with the employer and any non-compliance fines will be payable by the employer. Emerald will simply be carrying out the work on your behalf.