

## AUTO-ENROLMENT WORK-PLACE PENSION REFORMS - IS YOUR BUSINESS READY?

Far reaching and potentially expensive changes to company pension schemes are on the way – and business of all sizes should be starting to plan for them.

From October 2012 practically all employers will be required by law to provide a pension scheme *and* make contributions on behalf of their staff. The legislation is already in place, and whilst there could be some tinkering with the detail, the consensus is that auto-enrolment will go ahead.

### **Quick Summary of the New Rules \***

- All eligible employees will have to be automatically enrolled into a qualifying pension scheme from a specified date.
- Employers will have to contribute a minimum of 3% of qualifying earnings, the employee 4% and the Government will add 1%. These levels will be phased in.
- Qualifying earnings include bonuses, commissions and overtime.
- There are some exceptions for the young and old workers and the very low paid, but almost all other staff whether full time, part time, temporary or casual will be included.
- Young workers who want to join will be entitled to employer contributions.
- Employees can choose to opt-out, but cannot be encouraged or incentivised to do so. There are tough penalties for employers who try.
- Employees who opt-out will need to be re-enrolled again three years later
- Auto-enrolment is being phased in over four years starting with the largest employers. The smallest firms will have start dates in 2015-2016.
- Existing schemes can be used, provided they meet the new minimum requirements.

*\*as applicable at 1/9/10. This is being reviewed by the new Government and some details may change.*

### **Implications for Businesses**

The impact on small businesses will be far reaching and costly. Most with a stakeholder pension scheme or no arrangements will be starting from scratch. Those already making pension contributions will still have to review and possibly amend their arrangements to ensure they meet the new minimum qualifying standards.

Costs will be incurred from :

- Reviewing and assessing existing schemes for compliance with new rules
- Amending rules of existing schemes
- Researching and setting up new scheme (if none already exists)
- Providing staff with information
- Initial administration of enrolling staff and making payroll adjustments
- Ongoing administration of collecting contributions, enrolling new staff and providing information

### **Identify and Quantify - Juniper Can Help**

As pension professionals with many years experience of occupational and personal pensions, Juniper Pensions can help you identify and quantify the impact on your business.

We can take on the research and planning to present you with a solution that meets the requirements and fits in with your workplace needs. Just give us a call on 01903 237116 or visit our website [www.juniperpensions.co.uk](http://www.juniperpensions.co.uk) for more information.

### **Juniper Pensions**

**Abbey House, Railway Approach, Worthing, West Sussex, BN11 1UR**

**Tel 01903 237116 Fax 01903 234379 email [juniper@juniperpensions.co.uk](mailto:juniper@juniperpensions.co.uk)**

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