



Getting ready

First steps to prepare for the new employer duties

February 2012 v3.0

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About this guidance

- This guidance is aimed at professionals and employers with in-house pensions professionals.
- An employer reading this guidance should note that it provides a summary of the main steps in getting ready and that much of the detail about the requirements is contained in our other guidance. These will be signposted in this document where relevant. An employer may need to return to this guidance when they have completed the others, as it should provide an easy-reference point for the preparations they will have to make ahead of the introduction of the new employer duties.
- Some of the preparations detailed in this guidance are of most relevance to an employer setting up new pension provision.
- We recognise that many employers will already have pension provision for their workers, and that this will often match or exceed the minimum requirements contained in the duties.
- In these cases, such employers may just need to check that the minimum requirements are covered in their existing processes.
- We have identified **7 steps to prepare for automatic enrolment**, which summarises the main steps towards achieving compliance. Employers may find this helpful when navigating this guidance: www.tpr.gov.uk/7-steps. This guidance covers four of these steps and sets out some detail about some of the implementation considerations for these steps.
- It will be helpful to employers to be familiar with the different categories of workers. These are explained in detail in **Detailed guidance no. 1 – Employer duties and defining the workforce** or a quick reminder is available in **Key terms** on page 24.
- This guidance has been updated as a result of recent legislative changes including the Pensions Act 2011 receiving Royal Assent. Additionally, some content has been updated as a result of feedback from employers and general review. Appendix B on page 23 provides details of significant changes made to this guidance. Further minor changes have been made but where these do not significantly impact on the structure or content, they are not listed in the appendix.
- The Department for Work and Pensions has announced that it will be consulting on proposed changes to some staging dates. We will be updating this guidance when the revised staging profile and phasing timescales are published.

**This guidance
is a reference
point for the
preparations**

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Key points

- The first thing an employer should do in preparation for the introduction of the new employer duties is to find out when their staging date is likely to be.
- An employer should make an initial assessment of how their workforce is likely to look on their staging date, to work out what duties they are likely to have.
- An employer can then work back from the staging date and prepare for those duties. This could include:
 - deciding on a pension scheme to use to fulfil their duties
 - preparing the data to send to that scheme
 - preparing the information to send to their workers, and
 - setting up their payroll processes.
- Employers must be ready to comply with the new duties on the staging date.
- Employers should note that some elements of the legislation, such as the safeguards for individuals, will be effective for all employers from July 2012.



**Employers
must be ready
to comply with
the new duties**

Section 1: Introduction

1. The law on the new employer duties and safeguards will commence from July 2012. Each employer will be allocated a date from when the new duties will apply to them, known as their 'staging date'. The staging dates will start from October 2012. Finding out their staging date should be an employer's first step in getting ready for the new duties.
2. One of these duties will place new requirements on employers to automatically enrol certain workers into a pension scheme. There will be other duties as well as automatic enrolment, including the provision of certain information to their workforce.
3. This guidance contains further information about what steps an employer can take to prepare for the introduction of the new duties.
4. An employer should work back from their staging date to understand when they should start to take the actions outlined in this guidance. It is each employer's responsibility to identify their staging date and to work out when they must act to be ready for the new duties.
5. Although employers will be subject to the duties at different dates, it is important to note that some elements of the legislation, in particular the inducement and prohibited recruitment conduct safeguards (as highlighted in **Detailed guidance no. 8 – Safeguarding individuals**), will be applicable to all employers from July 2012.



It is each
employer's
responsibility
to identify their
staging date

Section 2: Identifying the staging date

6. The staging date is based on the number of people in the employer's largest **Pay As You Earn (PAYE)** scheme.
 7. Staging will start in October 2012 and will be rolled out based on the largest to smallest PAYE schemes. The **Department for Work and Pensions (DWP)** has announced that employers with fewer than 50 persons in their PAYE scheme will not be brought into the employer duties until June 2015 at the earliest. This means that the staging dates for many employers may change, although employers with 250 or more persons in their largest PAYE scheme will be unaffected and will be staged between October 2012 and February 2014.
 8. DWP proposes that:
 - medium-size employers (50 to 249 persons in their largest PAYE scheme) will have staging dates between 1 April 2014 and 1 April 2015
 - small employers (fewer than 50 persons in their largest PAYE scheme) will have staging dates between 1 June 2015 and 1 April 2017
 - new employers setting up business from 1 April 2012 up to and including 30 September 2017 will have staging dates between 1 May 2017 and 1 February 2018.
 9. DWP plans to publish a consultation document on the detail of these changes later in 2012.
 10. The remainder of this section, together with appendix A, will be of relevance to those employers with more than 250 persons in their PAYE scheme. This section will be updated when the DWP publishes the revised staging dates.
 11. The staging date will be based on the size of the employer's PAYE scheme on 1 April 2012. The number of persons in an employer's PAYE scheme may well change between 1 April 2012 and their staging date. However, the staging date will not be affected, even if the change is significant.
- ### Complex PAYE structures and corporate groups
12. Most employers will have one PAYE scheme that they use in relation to their workers. This PAYE scheme will be easily identifiable to the employer through their payroll systems.
 13. However, larger employers may operate more than one PAYE scheme. If they do, the PAYE scheme with the greatest number of persons in it will set the employer's staging date. This means that the duties will come into effect on the same date for all the workers they employ.
 14. Some employers are part of complex corporate or group structures. To understand how staging will affect these structures, an employer will need to find out where in the group the workers' contracts of employment are held. This will identify who, for the purposes of the new duties, the employers are within the corporate structure.
 15. Workers may have a contract of employment with the individual business they work for, or contracts may all be held through one employer, regardless of which of the businesses the individual actually works for. This could mean that, for the purposes of the new duties, there are multiple employers within the group, or just one.
 16. Once it has been established who in the group is an employer, each employer's staging date will be determined by what PAYE scheme, or schemes, they use:
 - Employers with a single PAYE scheme of their own will have a staging date determined by the size of that PAYE scheme.
 - Employers with multiple PAYE schemes will have a staging date determined by the largest of those PAYE schemes.
 - Employers who share a single PAYE scheme with other employers will all have the same staging date, determined by that PAYE scheme.

Takeovers and mergers

17. If employers merge after 1 April 2012, and both employers retain the existing contracts of employment for their workers, the staging date of the merged entity will be determined by the largest PAYE scheme of the merging employers. For example, where one employer with a staging date of 1 September 2013 merges with a larger employer with a staging date of 1 April 2013, the staging date of the merged entity will be 1 April 2013.
18. If an employer is taken over and as a result ceases to exist, or where existing contracts of employment are transferred to the take-over employer, the staging date of the employer that has taken them over will apply.
19. If a new entity is created as a result of a takeover, the new entity will be treated as a new employer and allocated a staging date.
25. Employers who want to bring forward their staging date are doing so in relation to all their workers. This may include workers in several PAYE schemes.
26. Where two employers share a PAYE scheme, and therefore have the same staging date, they may bring forward their staging dates independently.

Bringing forward the staging date

20. Some employers may want to align their staging date with other key dates in their financial or operational calendar, eg the beginning of the financial year. To allow some flexibility, employers may choose a different staging date, as long as it is earlier than their originally allocated date. They cannot choose a later date. Employers must choose a new staging date from the range of dates shown in appendix A.
21. Employers with staging dates of January 2013 or later, may bring forward their date up to October 2012 at the earliest.
22. Employers with staging dates of October or November 2012 may bring forward their date up to July 2012.
23. A change in staging date, once notified to **The Pensions Regulator** ('the regulator'), will be officially recognised as the date from which the employer must comply with the new duties.
24. The new staging date will also become the date on which the employer will be assessed for re-enrolment duties. Once a staging date has been brought forward, an employer cannot revert to the original staging date.

Example 1

Giant Corp Ltd has three PAYE schemes for its workers:

- Scheme 1 comprises 3,050 people, giving a staging date of 1 July 2013.
- Scheme 2 comprises 10,100 people, giving a staging date of 1 March 2013.
- Scheme 3 comprises 9,225 people, giving a staging date of 1 April 2013.

Because scheme 2 is the largest, it has the earliest staging date, so this sets the date for all three PAYE schemes. Giant Corp Ltd's staging date is, therefore, 1 March 2013.

This is an especially busy period for Giant Corp Ltd, so they decide to bring their staging date forward. Looking at the table in appendix A, they see that there are five possible dates listed before 1 March 2013 that they could choose as their new staging date.

They decide to bring their date forward to a quieter period and choose a new staging date of 1 November 2012. They must notify the regulator of their intentions by 1 October 2012.

The new employer duties then apply to Giant Corp Ltd from 1 November 2012.

continued over...

Bringing forward the staging date continued...

Example 2

Alight Consultancy Ltd has offices in London and Belfast. There is one PAYE scheme for the workers in both offices.

Looking up their staging date, they identify it as being 1 April 2013.

Alight Consultancy Ltd has a subsidiary company, Alight Solutions Ltd, which also uses the same PAYE scheme for its workers.

Alight Solutions Ltd's year end is 31 December and they decide they would like to align their staging date with this, as an easy way of remembering it. Looking at the table in appendix A, they choose 1 January 2013 from the list of possible dates as their new staging date.

As the new employer duties apply to Alight Consultancy Ltd from 1 January 2013, they must notify the regulator of their intention to bring the date forward by 1 December 2012.

Alight Solutions Ltd, however, has not decided to bring its staging date forward.

It retains its original staging date of 1 April 2013 and the new employer duties apply from this date.

27. Employers must be ready to comply with their duties if they decide to bring forward their staging date.

Conditions to be met for bringing forward the staging date

28. Firstly, the employer must have an existing staging date – this can be checked on our website: www.tpr.gov.uk/staging
29. Secondly, the employer must have:
- contacted a pension scheme that could be used to comply with the employer duties
 - sought and obtained agreement that the selected scheme can be used to fulfil the duties from the new (earlier) staging date. This agreement must be obtained from:
 - the trustees or managers, for occupational pension schemes, or
 - the provider, for personal pension schemes, or
 - the scheme administrator as registered with **Her Majesty's Revenue & Customs (HMRC)**.

Notifying the regulator

30. Employers must notify the regulator of the new staging date they have chosen.
31. This notification must be in writing, which can include being sent by email. The regulator must be notified at least one calendar month before the new staging date an employer has chosen. An online form will be available from the regulator and more detail will be available later in 2012.

Employers must notify the regulator of the new staging date

Section 3: Decide whether to use postponement at staging

32. Once the employer has identified their staging date, they will need to decide whether they intend to use postponement at their staging date in respect of one, some or all of their workers.
33. Postponement is described as 'postponement of automatic enrolment', and is sometimes referred to as a 'waiting period'. The way postponement works is to postpone the assessment of a worker for a period of up to three months. It is therefore effectively a postponement of whichever employer duty may apply, depending on the category of worker.
34. The way an employer exercises the choice to use postponement in relation to a worker is to issue that worker with a notice. An employer can choose varying degrees of detailed information, depending on which of the four types of postponement notice they choose.
35. Postponement is described in **Detailed guidance no. 3a – Postponement**.
36. Using postponement at an employer's staging date does not mean that the staging date itself is postponed. The staging date remains the date that the new duties start to apply to an employer.
37. However, if the employer is using postponement in respect of all of their workforce, the practical effect may be the same as if the staging date was postponed. This is because most of the activity that an employer has to start carrying out (with the exception of providing the postponement notice) would be put back by up to three months.
38. This will only be the case if the employer uses a particular type of postponement notice, known as 'general notice A'.
39. This is why it is key for an employer making their preparations to decide early on if they intend to use postponement at their staging date and which type of postponement notice they intend to use.

An employer should consider the makeup of their workforce

Section 4: Make an initial assessment of the workforce

40. The next step for an employer is to take an initial view of their workforce, to determine what preparations they will need to make before their staging date. The makeup of the workforce is described in **Detailed guidance no. 1 – Employer duties and defining the workforce**.
41. An employer's initial assessment should take a view of the likely makeup of the workforce on their staging date. This does not have to be an in-depth assessment, but it is necessary as it will give an employer an idea about whether they will have workers who they will have to automatically enrol, or workers with a right to opt in or to join a scheme. An employer will then be able to determine what preparations they need to make, eg whether they need to have a pension scheme in place to fulfil their duties.
42. An employer will need to look at the contractual relationships they have with the people working for them to ensure they have correctly identified those who are considered workers. It is this group of people in respect of whom the employer may have duties.
43. An employer should assess each contract separately, even if they have more than one contract with an individual. If an employer has multiple contracts with the same individual, they will need to consider if the totality of those contracts constitute a single employment relationship with the worker. The employer may wish to consider taking appropriate advice, if they are unsure.
44. Where the employer considers that a single employment relationship exists, they will need to treat all the contracts as one contract. If this is not the case, they will need to treat each contract separately.
45. Where the employer changes for a worker as a result of a TUPE transfer, the new employer will be responsible for complying with the employer duties that arise in relation to that worker. This means they will have to assess the worker and, where appropriate, automatically enrol them.

Section 5: The pension scheme for automatic enrolment

46. Having completed the initial assessment of their workforce, an employer will know whether they are likely to have an automatic enrolment duty from their staging date.
47. If so, they will need to select an 'automatic enrolment scheme' to fulfil their duty. This is a pension scheme that meets the automatic enrolment and qualifying criteria. The scheme can be based in the UK or within the European Economic Area (EEA). More information can be found in **Detailed guidance no. 4 – Pension schemes**. The employer may wish to seek advice on what type of scheme is most appropriate for their circumstances.
48. If an employer only has non-eligible jobholders with a right to opt in, or entitled workers with a right to join, there is no requirement to select a scheme in advance of the staging date, although they can if they wish.
49. If an employer already provides a pension scheme to some or all of their staff, they have a number of options, including:
 - A. using their existing scheme for automatic enrolment (provided it meets the automatic enrolment criteria). An employer may want to discuss any necessary amendments to the scheme rules, and the process for making them, with the trustees, managers or provider of the scheme.
 - B. using their existing scheme as a qualifying scheme for existing members (provided it meets the qualifying criteria), and setting up an alternative scheme to fulfil their automatic enrolment duties.
 - C. setting up an alternative pension scheme to fulfil their automatic enrolment duties for all their eligible jobholders.
50. An employer who does not already provide a pension scheme will need to identify a scheme which they can use to fulfil their duties.
51. When choosing their scheme to fulfil their duties, an employer might use an existing scheme or set up a new occupational or personal pension scheme.
52. Among the choices of new schemes for employers is **NEST**, the **National Employment Savings Trust**, which is a pension scheme with the following characteristics:
 - It has a public service obligation, meaning it must accept all employers who apply.
 - It has been established by Government to ensure that employers, including those that employ low to medium earners, can access pension saving and comply with their automatic enrolment duties.
53. Alternatively, employers may find a pension provider offering pension schemes for automatic enrolment by contacting the **Association of British Insurers** at www.abi.org.uk/pensionproviders
54. An employer may wish to take advice on how to find a suitable pension scheme, or they can find general information about pensions on the following websites:
 - Money Advice Service
www.moneyadvice.service.org.uk
 - The Pensions Advisory Service
www.pensionsadvisoryservice.org.uk
 - Business Link
www.businesslink.gov.uk
 - The National Association of Pension Funds
www.napf.co.uk
55. To find a financial adviser or financial planner, an employer can contact:
 - IFA Promotion
www.unbiased.co.uk
56. Whether it is a new or existing scheme, an employer must be satisfied that it meets the criteria to be an automatic enrolment scheme before they can use it.

57. **Detailed guidance no. 4 – Pension schemes** has more information on the criteria a scheme must meet to be an automatic enrolment scheme.
58. It is important to note that the criteria listed in **Detailed guidance no. 4 – Pension schemes** are the minimum features the scheme is required to have. There will be other things to consider before an employer makes a decision about what type of scheme to use.
59. Some employers will pay for professional advice while others will make decisions with information from a range of sources. The regulator will be supporting employers in understanding the process for selecting a pension scheme for automatic enrolment. Later in 2012, we will be providing further information for employers to help them understand types of good quality features that will help deliver good member outcomes and should therefore be present in pension products.
60. Trustees and managers of pension schemes need to be ready to process a large number of new joiners in a short period of time. They may also need to amend the joining process to fit with the requirements of automatic enrolment. As a result, the time taken to achieve active membership may be longer than it would be ordinarily. An employer should factor in this additional time when making preparations for their new automatic enrolment duties and should contact their chosen scheme about the time it will take.
61. It is important for an employer to know how long it will take to achieve active membership, as they only have one month after the eligible jobholder's automatic enrolment date to complete automatic enrolment and achieve active membership. More detailed information about the steps needed to complete the automatic enrolment process can be found in **Detailed guidance no. 5 – Automatic enrolment**.

Put administrative procedures in place

60. Once an employer knows which scheme they are going to be using, there are a number of administrative steps they could take before their staging date that will help them to fulfil their duties on time.

Contact the chosen scheme and understand the joining process

61. An employer will need to send data to the pension scheme and also find out certain information about how the pension scheme is set up. If an employer is using a new pension scheme, they should also find out from the scheme provider what is needed to create active membership and how long it will take the pension scheme to complete this process. This is crucial in terms of meeting the automatic enrolment criteria.
62. The employer will need to provide the pension scheme with certain information about the eligible jobholder who is being automatically enrolled. A list of the information required to be provided to schemes can be found in the section called **Eligible jobholder information to the scheme** in **Detailed guidance no. 5 – Automatic enrolment**.
63. An employer using an existing pension provider will only need to check that these data requirements are already included in their joining process. If the employer is using new pension provision, they should also check with the trustees or managers of the scheme whether, as part of the joining process, the scheme requires any additional information. Only if the employer is satisfied that they can provide the required information without any difficulty, will they be able to use the scheme for automatic enrolment. Familiarity with any additional data requirements will help smooth the process.
64. The employer may send any required information to the scheme ahead of their staging date, if they wish.

Contractual enrolment into a pension scheme

67. Some employers already use contractual agreements with their staff (for example the contracts of employment) to establish active membership of a pension scheme that they provide. They may do this because they choose to:
- immediately enrol workers into pension schemes when they first start work with an employer
 - annually re-enrol workers back into the pension scheme if they have ceased membership in the year
 - put in place salary sacrifice or flexible benefits arrangements.
68. The new employer duties do not prevent an employer from continuing with agreements of this type, nor are they prevented from putting new agreements in place. However, the employer must understand how the employer duties impact on their current processes.
69. If an employer is enrolling workers into a pension scheme using a contractual agreement, enrolment is in accordance with the contract into which the worker has entered, instead of in accordance with the employer duties. The worker does not have the right to 'opt out' within the opt-out period of the scheme to which they have been contractually enrolled and receive a full refund of contributions. If the worker decides to leave the scheme, they are 'ceasing membership' under the scheme rules and they will only get a refund if the scheme rules allow.
70. For an employer who has chosen to use a contractual agreement to enrol their workers into a pension scheme, it is important to understand the interaction with the employer duties and the action they may still need to take. As a minimum, they will still be required to provide some information to their workers under the new duties and they will still be required to register with the regulator to tell us how they have complied with their duties. They should also ensure that the scheme they are using for workers who must otherwise be automatically enrolled under the employer duties is a scheme which would meet the qualifying criteria if it were being used for automatic enrolment.
71. More information about the considerations for employers who are using contractual enrolment can be found in section 5 of **Detailed guidance no. 6 – Opting in, joining and contractual enrolment**.

Other responsibilities

72. Existing employer responsibilities, such as funding the scheme remain unchanged in light of the new duties. The extent of these ongoing responsibilities will depend on the type of automatic enrolment scheme selected. The employer pages on our website have more information for employers in matters relating to the efficient running of a pension scheme: www.tpr.gov.uk/employers

**Familiarity
with data
requirements
will smooth
the process**

Section 6: Get information ready

73. One of the employer duties is to provide information to workers. Irrespective of the category into which those individuals fall, every employer will have an obligation to provide certain, specified information to groups of their workers within prescribed time limits.
74. **Entitled workers**
Information telling them about their right to join a pension scheme.
75. **Non-eligible jobholders**
Information telling them about their right to opt in to an automatic enrolment scheme.
76. **Eligible jobholders**
- **For those being automatically enrolled**
Information about automatic enrolment and what it means for them, and about their right to opt out.
 - **For those already members of a qualifying pension scheme with that employer**
Confirmation that the scheme is a qualifying scheme.
 - **For those subject to the transitional period for defined benefit (DB) and hybrid schemes**
Information about the deferral of automatic enrolment to the end of the transitional period. For more information on the transitional period, see **Detailed guidance no. 3b – Transitional period for defined benefit and hybrid pension schemes**.
77. If the employer uses postponement to postpone the assessment of all their workers at their staging date, they will have to issue a notice to all their workers telling them that the employer has postponed automatic enrolment.
78. Until an employer completes the formal assessment of their workforce (as described in section 12), they cannot know with certainty which of these particular groups of workers they have. However, this does not prevent an employer preparing the information in advance, and it is also not necessary to wait until their staging date to issue it.
79. Each of these information requirements is explained in **Detailed guidance no. 3c – Having completed the assessment**, **Detailed guidance no. 3a – Postponement** and **Detailed guidance no. 5 – Automatic enrolment**. A reference table of all the information requirements is also available in the **Information to workers** resource.

Providing the information

80. The information must be provided in writing. This can include information sent by email, but does not include merely signposting to an internet or intranet site or displaying a poster in the workplace.
81. Someone acting on the employer's behalf, such as an independent financial adviser, pension scheme provider or benefit consultant can provide the information, but it remains the employer's responsibility to make sure that the right information is provided to the right individual on time, and that it is complete and correct.
82. An employer may wish to provide all the information in one communication, eg as part of a handbook or joining pack. Where the employer is using postponement for all workers, a general notice covering all workers is one of the information options available to them for the type of postponement notice to issue.
83. Where the employer is not using postponement, it may be possible to provide a generic communication where the specified information does not require individual data, eg the information to a jobholder about their right to opt in.
84. Where the information includes personal or individual data, it will be necessary to communicate with workers individually.

Section 7: Set up payroll

85. An employer's payroll system can support various aspects of the enrolment process and ongoing scheme membership, so it must be ready to deal with this and be capable of doing so. Not all aspects of the employer duties can be supported by payroll systems, but for those that are it is important that the employer gets their system and processes ready ahead of their staging date.
86. An employer will need to pay their own contributions as well as the jobholder's contributions (if they are making any) to the automatic enrolment scheme. They must do this for as long as the jobholder remains in employment with that employer and an active member of the scheme.
87. The actual process of calculating and paying contributions is unchanged by any of the employer duties. However, what may change is the rate of contributions and the components of pay included in the calculation of pension contributions.
88. An employer should establish from the scheme whether tax relief is to be given at source (contributions deducted from net pay) or under net pay arrangements (contributions deducted from gross pay)¹, and ensure their payroll is set up accordingly.
89. If the jobholder is also paying contributions, the employer is required, by law, to deduct them for every pay reference period from their automatic enrolment date. ('Pay reference period' and 'automatic enrolment date' are explained in **Detailed guidance no. 3 – Assessing the workforce**.) This applies from the staging date, even if the scheme is still processing the enrolment during the joining window. The employer should ensure that their payroll is able to make deductions of jobholder contributions and to transfer the money to the pension scheme.
90. When the law first comes into effect (on the employer's staging date), it is likely there will be a number of eligible jobholders to be enrolled at the same time. Payroll should be ready to make deductions and pay across to the scheme from the staging date. Employers who operate a weekly payroll should allow enough time to set this up because, if the eligible jobholder is making contributions, deductions must be made from the first week.
91. Trustees and managers of occupational (trust-based) pension schemes will operate a schedule of payments, as required by law. This schedule is usually agreed with the employer. It will set out the due dates for paying jobholder contributions (if any) and employer contributions to the scheme, and the amount of those contributions. Employers using an occupational pension scheme for automatic enrolment should build these dates into their payroll processes.
92. To use a personal pension scheme for automatic enrolment there will have to be direct payment arrangements in place. The due dates for the payment of contributions under these arrangements are set out in law. As with occupational schemes, the employer should build the relevant due dates into their payroll processes.
93. As is currently the case, the scheme rules, schedule of payments, or direct payment arrangements will define:
 - what components of pay are included in pensionable pay
 - the rates of contributions to be applied
 - the due dates for paying contributions.
94. Finally, the employer should build into their payroll processes the ability to refund any contributions deducted from a jobholder who opts out during the opt-out period.

¹ For more information on net pay arrangements see HMRC's Employer Guide CWG2: www.hmrc.gov.uk/guidance/cwg2.pdf

Section 8: Get ready to manage opt outs

95. A jobholder has a one-month period after automatic enrolment during which they may choose to opt out. 'Opting out' has a specific meaning in pensions reform. It refers to a mechanism under the law which has the effect of undoing active membership, as if the worker had never been a member of a scheme on that occasion.
96. An employer should familiarise themselves with the steps they need to take if they receive an opt-out notice. Processes may need to be amended or new ones put in place, to deal with opt outs. **Detailed guidance no. 7 – Opting out** provides more information.
97. One of the steps required is for the employer to refund any contributions made by the worker. The trustees or managers of the scheme must refund any contributions paid over to the scheme.
98. An employer using an occupational (trust-based) pension scheme to fulfil their duties will need to decide if they wish to negotiate a change to the due dates on the relevant schedule with the trustees or managers of the scheme, to avoid the need for the pension scheme to refund contributions to the employer. Section 2 in **Detailed guidance no. 5 – Automatic enrolment** has more information about the time limits for paying contributions.

Section 9: Get ready to manage opt ins

99. If an employer has identified that they are likely to have jobholders who have a right to opt in, they should familiarise themselves with the steps they will need to take if they receive an opt-in notice. For more information, see **Detailed guidance no. 6 – Opting in, joining and contractual enrolment.**

Section 10: Assess the impact on business processes

100. It is likely that the administration of the employer duties will fall across different areas of an employer's business. For example, the assessment of a worker's category to determine what duties the employer has is broadly an assessment of age and earnings. An employer's HR function is likely to hold the information about a worker's age, whilst the payroll function will hold the information about their earnings.
101. We expect that supporting the employer duties will involve an employer's HR, pensions administration and payroll functionality as a minimum. It is also likely to include a third party, ie the provider of the pension scheme.
102. Some employers will have individual systems and software supporting their different functions. This may include outsourced administration. Where this is the case, an employer will need to ensure that the relevant systems and processes can interact and communicate with each other.
103. This may involve changes to business software. Business software providers have already been made aware of the changes they will need to make so their products are able to support the new employer duties.
104. Making changes to software and processes can take time so employers should plan ahead. They should work with any third-party suppliers (for example payroll software providers) and the pension provider or administrator to ensure any necessary changes are made in time.

Section 11: Record-keeping

105. An employer must keep certain records in support of the employer duties that will enable them to demonstrate their ongoing compliance. An employer should build these record-keeping requirements into their existing processes.
106. More information on the records an employer must keep is available in **Detailed guidance no. 9 – Keeping records**.

Section 12: Make a formal assessment of the workforce

107. An employer will already have an idea from the initial assessment of the workforce whether, on their staging date, they are likely to have:

- an eligible jobholder who they have to automatically enrol
- a non-eligible jobholder with a right to opt in to whom they will have to give information
- an entitled worker with a right to join to whom they will have to give information.

108. The final step for an employer in preparing for their staging date is to make a formal assessment of their workforce, to identify the different groups of workers and what the employer will be required to do – whether that will be providing information or completing automatic enrolment.

109. The first time they will need to do this is on:

- their staging date
- if they have chosen to use postponement and the general notice A postponement notice:
 - on the deferral date, or
 - on the date an opt-in notice is received from a worker during the postponement period.

110. Further information on how to make the assessment can be found in **Detailed guidance no. 3 – Assessing the workforce**.

What next?

For an employer to start making the preparations outlined in this guidance, a good place to start would be reading the other guidance in this series to identify what is relevant for them.

Every employer who is likely to have any enrolment duties should read the following guidance:

- **Detailed guidance no. 4 – Pension schemes**
Explains the criteria that pension schemes must meet to be able to be used in relation to the new duties.
- **Detailed guidance no. 5 – Automatic enrolment**
Detailed information on the entire automatic enrolment process.
- **Detailed guidance no. 7 – Opting out**
What to do if a jobholder chooses to opt out of the pension scheme after being enrolled.

Employers who are likely to have workers with a right to join a scheme outside the automatic enrolment process should read **Detailed guidance no. 6 – Opting in, joining and contractual enrolment**.

For more information on how an employer determines if they have an enrolment duty, an employer should read **Detailed guidance no. 3 – Assessing the workforce**.

An employer who is considering using postponement should read **Detailed guidance no. 3a – Postponement**.

Employers must also be aware of the legal safeguards that have been put in place to protect the rights of individuals under the pensions reform. These safeguards apply to all employers from the date the law becomes effective in July 2012. For many, this will be some time ahead of their staging date, so it is vital that employers gain familiarity with these safeguards to ensure compliance from July 2012. **Detailed guidance no. 8 – Safeguarding individuals** has full details.

Appendix A:

Bringing a staging date forward

Table 1 lists the available dates for an employer to choose from if their staging date is before August 2013 and they wish to bring it forward (see paragraphs 20-27). An employer may choose any date from this list that is earlier than their originally allocated staging date. They cannot choose a later date.

Employers with a staging date of October or November 2012 may bring forward their staging date to July, August or September 2012 (note this is not illustrated in table 1).

Employers wishing to bring forward their staging date must notify the regulator of the new date they have chosen, at least one calendar month before the new staging date.

Table 1

Available dates for an employer to choose from if they wish to bring forward their staging date

Available dates² (the date an employer chooses must be earlier than their originally allocated staging date)	1 October 2012
	1 November 2012
	1 December 2012
	1 January 2013
	1 February 2013
	1 March 2013
	1 April 2013
	1 May 2013
	1 June 2013
	1 July 2013
	1 August 2013
	1 September 2013
	1 October 2013
	1 December 2013
1 January 2014	

² The DWP has announced proposals for the revised staging dates. This table and appendix will be of relevance to those employers with more than 250 persons in a PAYE scheme and will be updated for other employers when the DWP publishes the revised staging dates.

Appendix B:

Changes from v2.0

This guidance has been updated in light of changes to legislation made by the Pensions Act 2011, which has now received Royal Assent. Specifically, new content has been added relating to postponement.

In addition, we have amended the staging content in light of the Government's announcement about changes to staging dates.

We have also added new content on contractual enrolment as a result of feedback.

Significant changes from v2.0 (published July 2011) as a result of the above are as follows:

- New content in section 2 relating to the recent government announcement stating that staging will be delayed for employers with fewer than 50 persons in their PAYE scheme. This also affects example 1 and appendix A.
- New section 3 and new content in section 12 relating to postponement.
- New content in section 4 relating to TUPE transfers, in response to feedback.
- New content in section 5 relating to contractual enrolment into a pension scheme.

Table 2 lists other substantial changes included in version 3. This list is not exhaustive. It does not include minor editorial changes.

Table 2
Record of additional changes included in v3.0

Page	Location	Change
6	Paragraphs 14 and 15	Additional: For clarity in the case of takeovers and mergers, as a result of feedback
7	Paragraph 21	Additional: For clarity in the case of shared PAYE schemes, as a result of feedback
11	Paragraph 51	Additional: New content regarding regulator's position on good pension schemes
18	Section 10	Additional: New content regarding impact on business process, for clarification

Key terms:

Summary of the different categories of worker

Category of worker	Description of worker
Worker	<ul style="list-style-type: none">• An employee or <ul style="list-style-type: none">• Someone who has a contract to perform work or services personally, that is not undertaking the work as part of their own business.
Jobholder	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• has qualifying earnings.
Eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 22 and state pension age• has qualifying earnings above the earnings trigger for automatic enrolment.
Non-eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 16 and 21 or state pension age and 74• has qualifying earnings above the earnings trigger for automatic enrolment or <ul style="list-style-type: none">• is aged between 16 and 74• has qualifying earnings below the earnings trigger for automatic enrolment.
Entitled worker	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• does not have qualifying earnings.

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Detailed guidance no. 2

Getting ready

First steps to prepare for the new employer duties

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