

# Automatic enrolment, workplace pensions reform and the role of trustees



The Pensions  
Regulator

# Background to pensions reform

- As a society, we are living longer, healthier lives
- Experts predict that without change, millions of people will have inadequate income in retirement
- Following the 2005 Pensions Commission, a package of reforms covering state and private pensions are being introduced
- Pensions Acts passed in 2007 and 2008
- Pensions Bill 2011



**7 million  
people are  
under-saving**

The Pensions  
Regulator

# Introducing automatic enrolment

## What employers must do

- ✓ Automatically enrol those staff who are eligible into a qualifying scheme
- ✓ Contribute according to the rules of the qualifying scheme
- ✓ Provide information to staff
- ✓ Maintain scheme records
- ✓ Register with the regulator

## What employers must not do

- ✗ Induce workers to opt out
- ✗ Discriminate against potential employees

# Introducing automatic enrolment

## What the regulator will do

- ✓ Maximise employer compliance with the new duties
- ✓ Communicate the requirements to employers and the wider industry
- ✓ Develop a registration process
- ✓ Implement a compliance model

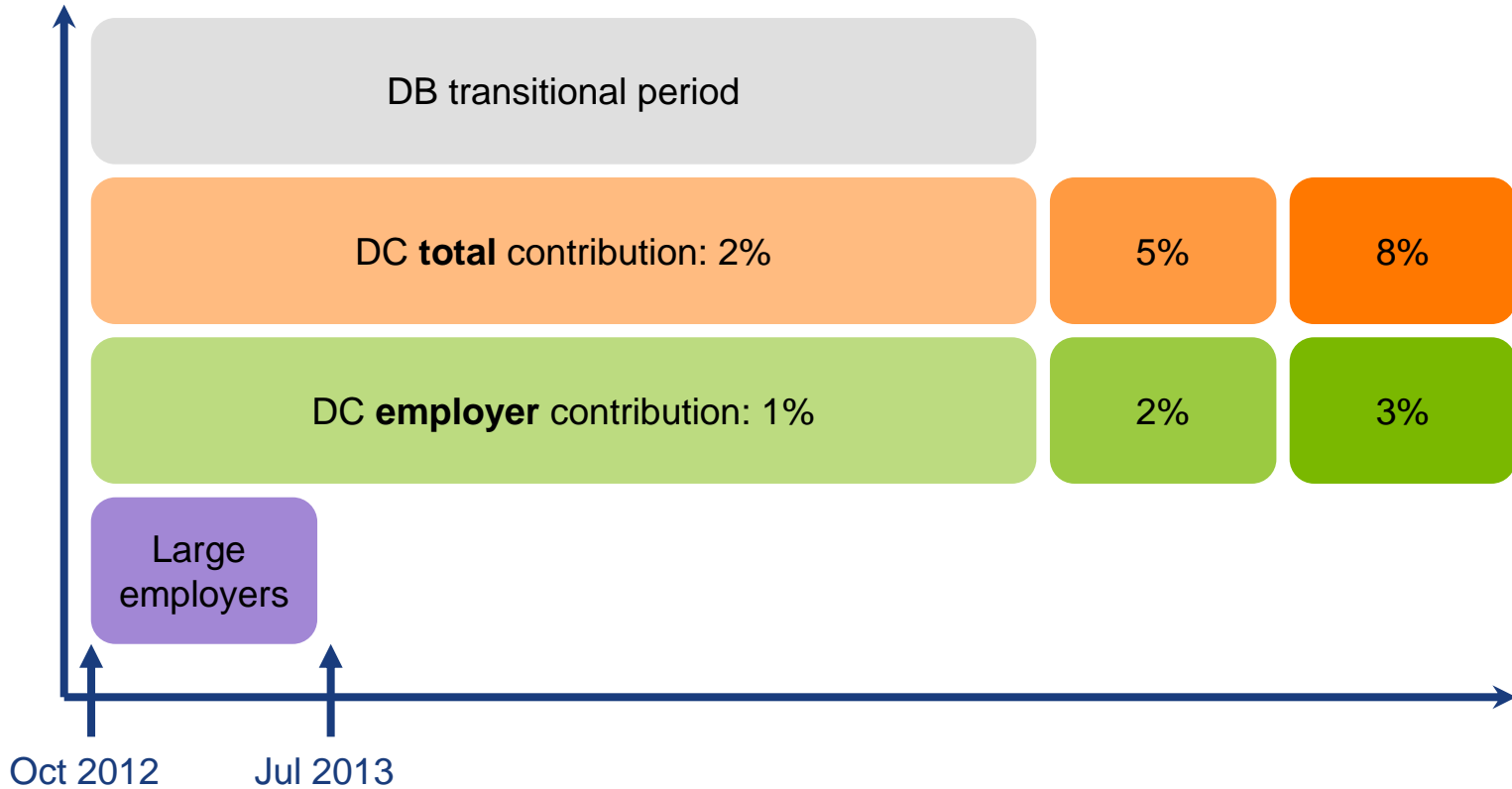
# Who is affected?

- Approximately **1.3** million employers will eventually be registered with The Pensions Regulator
- Up to **8** million individuals could be saving more, or saving for the first time into a pension
- Increase in annual pensions contributions of up to **£10bn** pa once phasing complete
- Companies employing **1/3** of the UK's workforce, will have staging dates within 6 months of Oct 2012
- The majority of employers will be staged in after Jan 2015
- Government has recently committed to amend staging dates for small and micro employers to give them longer to prepare and recover from the current difficult trading conditions

# PAYE – employer structure

- Largest PAYE scheme determines STAGING date
- Indicative until 1 April 2012
- Where multiple PAYE schemes for an employer, staging determined on the largest PAYE scheme
- Where employers within an organisation are autonomous and have separate PAYE schemes, they will have different STAGING but can be aligned, however, only FORWARD

# How the duties will be introduced



# 7 steps for employers to prepare for automatic enrolment

1. Know your staging date – when to act
2. Assess your workforce
3. Choose a pension scheme for automatic enrolment
4. Communicate the changes to all your eligible workers
5. Automatically enrol your eligible workers
6. Register with The Pensions Regulator and keep records
7. Contribute to your workers' pensions

# 5-step action checklist for trustees

1. Know when you need to act
2. Start the planning process
3. Consider the impact on your existing schemes
4. Set up a team
5. Communicate the changes to all scheme members

# Step 1: Getting ready


- For all employers, the first step is 'Find out your staging date now'
- Knowing the staging date enables trustees to establish when they need to start making detailed preparations
- For many medium and small employers, it may not be sensible to make detailed preparations now

## Step 2: Start the planning

- Assess whether existing scheme qualifies for existing active members
- Confirm if existing scheme can be used for automatic enrolment of new members
- We are developing a tool to help trustees

## Step 3: Consider the impact

- Continuing employer support
- Consider whether changes are required to schemes rules
- Examine administration processes
- Review defined contribution fund choices
- Examine the retirement processes



Your  
relationship  
with your  
employer is  
very important


The Pensions  
Regulator

## Step 4: Set up a team

- Establish a sub-committee (if appropriate)
- Understand the legal requirements and timeframes
- Assess the impact on systems, processes and interfaces
- Add automatic enrolment to your trustee meeting agenda
- Engage your pension advisers at the earliest opportunity

## Step 5: Member communications

- How the changes will affect existing members
- When the changes will occur
- Communications to new members



Many new members will be unengaged with saving

The Pensions  
Regulator

# Additional support available

- Guidance
- Information
- Tools
- Templates

# Our website

The screenshot shows the homepage of the The Pensions Regulator website. At the top, there is a navigation bar with links for Home, Glossary, Exchange login, Contact us, About us, How we regulate and enforce, and Press room. The main header features the title 'The Pensions Regulator' and the tagline 'Committed to increasing confidence and participation in work-based pensions'. Below this are five main navigation buttons: FOR PROFESSIONALS, FOR EMPLOYERS, FOR TRUSTEES, FOR INDIVIDUALS, and DOC LIBRARY.

The main content area is titled 'PENSIONS REFORM' and includes a paragraph explaining the government's aim to encourage more people to have adequate and well-protected pension savings. A central image of an alarm clock is present. To the right of the main text is a search bar with a 'GO' button and a list of search categories: Regulatory guidance, Codes of practice, and Consultations.

Below the main text are several informational boxes:

- Download our guide: Introduction to work-based pension changes**: A simple and concise guide to what every employer needs to know about the changes to work-based pensions.
- The changes**: An overview of what the changes are, why they're happening, when they start and where they will apply. Includes a button: [Read an overview of the changes](#)
- Learn the terms**: Here are some of the frequently-used terms relating to the reform, with an explanation of what they mean. Includes a button: [Quick guide to the terms](#)
- Automatic enrolment explained**: It's key to work-based pensions reform, but what exactly does it mean? Find out what it is and how it affects employers. Includes a button: [More about automatic enrolment](#)
- Staging and phasing**: The introduction of the new employer duties will be rolled out from 2012. This is known as 'staging'. Includes a button: [More about staging and phasing](#)

On the right side, there are additional sections:

- Keep up to date**: Includes options to [Subscribe to news by email](#), [Subscribe to news feeds](#), and [Share this page](#).
- Useful websites**: Lists external resources:
  - The Department for Work and Pensions (<http://www.dwp.gov.uk>)
  - Personal Accounts Delivery Authority (<http://www.padeliveryauthority.org.uk>)
  - The Pensions Advisory Service (<http://www.pensionsadvisoryservice.org.uk>) - information about pension reforms
  - Business Link - information for employers (<http://www.businesslink.gov.uk>)

www.thepensionsregulator.gov.uk  
0845 600 1011

The Pensions  
Regulator