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# 3HR Legal Weekly

## Workplace Pensions and Auto-enrolment

After issuing upwards of 160 compliance notices The Pensions Regulator (TPR) has now handed out its first fines to employers failing to meet their auto-enrolment duties. With this in mind, an increasing number of smaller companies are starting to prepare and are asking when and where they should begin.

### When do we need to comply with auto-enrolment?

Every employer in the UK has a staging date, which is the day auto-enrolment comes into effect for them. This date depends on the size of your payroll and its PAYE reference number. The smaller a business is the later its staging date is likely to be.

### When should we start our preparations?

Employers should leave themselves plenty of time to prepare for automatic enrolment. It is advisable, even for the smallest of businesses, to start preparing at least 12 months before their staging date. Not all employers will need a full 12 months, but there are many that will require much longer.

By making a start with their preparations, companies can begin to understand how they are individually affected by auto-enrolment and exactly what they'll need to do in order to comply with the new laws. For example, many businesses will need to incorporate the cost of new pension contributions and related systems into their budgets, but some will also need to review the contractual arrangements they have in place for expatriates, contractors, agency workers and even suppliers. In many cases these workers will fall within the scope of an employer's auto-enrolment duties and the company will need longer than 12 months to review the arrangements and potentially restructure them.

### What if we already have a pension scheme?

The criteria that a pension scheme must meet to be qualifying for auto-enrolment is very strict and most existing pension schemes, including stakeholder schemes, fail against it. As such, all employers will need to review the arrangements they have in place and many will have to make changes to their existing scheme or find a new one altogether.

### How late can we leave our preparations?

Employers leaving their auto-enrolment preparations to the very last minute risk missing their staging date and failing to meet their legal obligations, resulting in significant fines and potential bad press.

Many advisers and pension providers consider 6 months to be the barest minimum amount of time needed to stage for auto-enrolment. Indeed, some providers are refusing to take on new clients that leave it late. Employers will always be able to use the government-sponsored NEST to comply with their auto-enrolment duties. However, the solution offered by NEST is very limited when it comes to additional support and considering the level of administration and compliance associated with auto-enrolment, many companies will want much more from their pension provider. This means early preparation is essential.

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