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# 3HR Legal Weekly

## Employee Benefits

### Pension Scheme Auto Enrolment – Time Running Out



For small and micro businesses, time is starting to run out to comply with their auto enrolment duties. This year, 45,000 small and micro employers are legally required to automatically enrol their staff into a qualifying workplace pension scheme. This number will rise to 150,000 employers in 2016!

#### Preparing for auto enrolment

Many employers are not allowing themselves enough time to prepare for auto enrolment. Research recently published by the Regulator showed that more than 20% of employers due to stage between June and November this year had still not started making plans! The regulator has advised that businesses should start preparing for their staging date 12 months beforehand. This is to allow the appropriate time to complete all the necessary tasks and to be fully compliant.

As recently as 26<sup>th</sup> March of this year, the Regulator warned **“tens of thousands of small and micro employers that they must start preparing for their auto enrolment duties”**. The Regulator is sending out over 1.5 million letters to those employers due to stage after May 2016 in order to warn them of their impending duties.

#### Assisting with your duties

3HR are able to provide assistance to employers in preparing for their staging date. We have a wealth of experience in assisting businesses with their auto enrolment duties and can aid with the design and preparation, implementation and the initial running of the scheme. We consider the scheme design and preparation to be the most crucial stage of this project. This involves assessing which employees need to be enrolled into the scheme, agreeing on the contribution rates, sourcing a suitable provider and selecting a default investment fund. The success of this stage will impact the rest of the project and there is complex legislation that needs to be complied with.

#### Failure to meet your duties

The Pensions Regulator has powers to take actions against those employers who do not comply with their auto enrolment duties. These include fixed fines of £400 and further daily escalating fines for continued breaches. For wilful failure to comply with their duties, employers can face further fines and up to two years' imprisonment.

The total number of employers to have been fined reached 169 by the end of 2014, according to figures released by The Pensions Regulator in January 2015.

#### Planning ahead

Planning well ahead and spending time to select the right scheme will go a long way to ensuring the scheme is implemented correctly and a suitable provider can be sourced. Many providers will not take on schemes that are too close to their staging date. Because of the sheer number of employers beginning to stage, providers are experiencing significant demand and are becoming selective about the business they will accept.

While 3HR are able to provide assistance, because of the large number of companies yet to stage we will not be able to help every employer, especially if it is left late. We recommend employers plan ahead and if assistance is required they should seek it at the earliest opportunity. Ask your usual 3HR contract for information on costs and timing. Time is running out.....

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