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Managing automatic re-enrolment

Once you've been running auto-enrolment for three years you'll need to re-enrol workers.

Over the last five years there has been a seismic shift in attitudes towards retirement saving.

Auto-enrolment means workplace pensions are now regarded by many employees as a normal part of working life.

Although detractors argue that minimum contributions lull people into thinking they are saving enough for a dream retirement, auto-enrolment has got considerably more people saving something, however small.

As an employer you have probably been through the process of starting auto-enrolment and managing your ongoing responsibilities.

These include making contributions, deducting employee contributions through payroll and paying at least the minimum contributions.

But auto-enrolment doesn't stop with the routine tasks.

Every three years employers have to re-enrol eligible workers who are not part of a scheme. These are usually workers who opted out when you first began auto-enrolment.

Although this may sound like another administrative burden to get your head around, this process is very similar to getting started.

And, like beginning auto-enrolment, it pays to plan ahead.



Setting your re-enrolment date

The process centres on your re-enrolment date, which marks the start of a six-week period you have to complete your duties. So the first step is to set this date.

Unlike your auto-enrolment start date, you can't postpone your re-enrolment date but you do have some flexibility over the exact day.

You can choose any day within three months either side of the third anniversary of your original staging date.

For example, if your initial staging date was 1 February 2015, you could choose a re-enrolment date any time between 1 November 2017 and 30 April 2018.

This six-month window gives you the chance to align your re-enrolment date with other business events, such as your financial year-end or perhaps to avoid a busy period.

Auto-enrolment at a glance

Auto-enrolment aims to make saving into a workplace pension automatic for most employees, with eligible workers and their employers having to contribute to the pension.

An eligible worker is:

- between 22 and state pension age
- works in the UK
- earns more than £10,000 (for the 2017/18 tax year).

Employers have to make a minimum contribution, which is a percentage of an employee's earnings between £5,876 and £45,000.

The minimum contribution is 2% with at least 1% coming from the employer. The minimum employer contribution increases to 2% at the start of the 2018/19 tax year and 3% from 2019/20.



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On your re-enrolment date

Re-enrolment only applies to certain staff and you won't have any re-enrolment responsibilities towards staff who are already paying into a workplace pension as part of auto-enrolment.

In theory, this means the process should be less strenuous than starting auto-enrolment for the first time.

It is possible to complete some tasks before or after your re-enrolment date, but you must base your assessment on the worker's circumstances on your re-enrolment date.

Identify staff

The first thing to do on your re-enrolment date is work out which staff you need to assess.

These are people who:

- opted out or left your auto-enrolment pension scheme
- are in the scheme but pay less than the minimum contributions.

Assess staff

Once you have identified any staff who are affected by re-enrolment, you will need to assess them to see if they meet the criteria for auto-enrolment. This is the same process you went through when starting auto-enrolment.

Broadly speaking, if someone is 22 or over and earns more than £10,000 a year, they will be eligible for auto-enrolment.

Re-enrol staff

Your final task is to re-enrol any staff who meet the criteria and make contributions straightaway.

After your re-enrolment date

Inform staff

You have six weeks from your re-enrolment date to write to any staff you have re-enrolled and tell them what's happening.

The Pensions Regulator and some pension providers supply template letters to help you communicate these changes.

Re-declaration of compliance

The final step is to complete a re-declaration of compliance online with The Pensions Regulator, which confirms you've met your duties.

All employers have to complete a re-declaration of compliance even if they don't have any eligible staff to re-enrol.

There is a list of information you will need to provide, including:

- your PAYE scheme reference
- details about your pension scheme
- number of staff you re-enrolled.

Don't worry if you don't have all the information you need to hand – you can begin your re-declaration with the information you have, save your progress and update it at a later date.

The deadline is five calendar months after the third anniversary of your original staging date.

Re-declaration deadline example

Staging date: 1 February 2015

Re-compliance date: between 1 November 2017 and 30 April 2018

Re-declaration deadline: 30 June 2018

Given that this date is potentially a little confusing to work out, it's best to get it done as soon as possible to avoid any penalties.

Your next re-enrolment date

After three years you'll need to complete the re-enrolment process again.

The Pensions Regulator will write to you nearer the time to confirm the details, so it's important to keep your contact details up to date.

Ongoing responsibilities

Managing opt-outs

Employees you have re-enrolled have one month to choose whether or not to remain in the scheme.

There are three stages to the opt-out process:

1. The individual gives the employer an opt-out notice (usually provided by the pension scheme provider)
2. The employer removes the individual from the scheme
3. The employee is refunded any money they are due for contributions made (a full refund is due if the employee opts out within a month).

Keeping records

It's not enough to meet your duties – you will also need to keep records to show how you have met them.

There are two types of information you will need to keep:

Employee information including basic personal details, national insurance number, gross qualifying earnings, auto-enrolment date, opt-in or opt-out notices.

Pension scheme information including your employer pension scheme reference, scheme name and address.

In general, you will need to keep records for six years but information related to opt-outs only needs to be kept for four years.

Planning pointers

Let your pension provider know you are approaching your re-enrolment date, particularly if you are likely to re-enrol a significant number of staff. Similarly, you should make sure your payroll systems are able to handle any changes.

Re-enrolment is a good time to look at whether your pension scheme meets your needs. Your organisation may have changed considerably since you started auto-enrolment.

Get in touch to discuss the impact of re-enrolment on your business.