



## Newsletter June 2015

**Dear client,**

We have been monitoring the auto-enrolment process closely since it was first announced in 2008. Having recently taken the decision to introduce auto-enrolment early to ABC we felt now was the right time to touch base with our clients and see what we can do to streamline their move onto this mandatory nationwide scheme.

You will be receiving letters from the pension regulator asking you to nominate your first point of contact. This is nothing to worry about and we are currently working through and requesting email correspondence to come to us on your behalf however, you will still receive all postal correspondence.

We are working closely with Darren Wood, a local pensions advisor, to ensure we correctly administer this process with an expert on hand and can then support all of our clients as they do the same.

### **What is auto enrolment?**

An automatic enrolment simply means that the staff members who meet the criteria as defined in legislation will be automatically allocated a pension. That does not mean that the employer does not have to action that scheme and have a provider and planned process in place.

Not all businesses are required to do this at the same time so you need to find out when your staging date will be (we have a record of all our clients staging dates). Ideally, you should start the process sooner rather than later since it is inevitable.

There are over 1 million employers who will be reaching their staging date within the next year so; it would make sense to begin preparation sooner than later.

You will need to seek advice and decide on the best pension scheme for your employees and your business moving forward. There are different options so there are choices and decisions to be made.

The process generally works by nominating a contact. The Pension Regulator will communicate the necessary information and processes to the contact. The contact will also possibly be the one to register new staff members on the pension scheme.

## **So who does this apply to?**

The criterion for auto-enrolment is as follows:

The employee needs to be aged between 22 and State Pension age

They need to earn more than £ 10 000 a year

The employee must work in the UK

## **How much will it cost you?**

This gets to the core of the fear that most employers are wrestling with – how much will it cost?

The fact that it is beneficial and makes sound sense for retirement doesn't make the outlay any easier to manage with a tight cash flow.

### **The employee:**

Minimum 0.8% of their 'qualifying earnings' rising to 4% by 2018

The employer:

Minimum 1% of 'qualifying earnings' rising to 3% by 2018

The government pays:

0.2% of your 'qualifying earnings' rising to 1% by 2018

The rise is staggered to help small businesses with the financial commitment they are making.

To some it will be a testing time but the scheme is designed for ease of integration and it offers employees a secure future.

Over the next few months Darren will be assisting us in the full process after which we will start the process for our clients in order of their Staging dates.

We will be keeping you informed of our experience on auto-enrolment and making sure you have nothing to worry about when the time comes for you to enrol.

In the meantime if you have any questions at all do not hesitate to get in touch,

Very best wishes,

**The ABC Accounting Services Team**

