RWC Corporate Benefits
Corporate Financial Planning

What is pension reform?

Possibly the biggest change to company pensions ever!

"The impact of the Government's Pension Reforms on UK employers of all sizes cannot be over estimated.

We would urge all employers to review their current pension arrangements and make appropriate provisions.

We are happy to provide our clients an initial no obligation audit of their current arrangements which will include a detailed cost analysis of the implications of the changes."

Rob Cresswell
Managing Director

Pension reform means that employers will have a duty to make pension provision of a qualifying standard for their staff. This will apply from a 'staging date' between 2012 and 2018. This staging date depends on company size.

Which staff are affected?

Pension changes mean that employers will have to make pension provision for their staff who:

- Are not already in a qualifying pension scheme
- Are at least 22 years old
- Have not yet reached State Pension age
- Earn more than the minimum earnings trigger
- Work or ordinarily work in the UK.

Employers will need to automatically enrol eligible employees into a qualifying pension scheme. They will also need to make pension payments for them. Employees can opt-out but they must be automatically re-enrolled approximately every three years.

Other staff can choose to opt-in to the scheme, however employers only have to make payments for them if they earn over a set level.

What does your business have to do?

Before your staging date, you'll need to have systems and procedures in place to comply with the new legislation. You will have to make arrangements to include most of your employees in a qualifying pension scheme, and make payments for them.

We can help you meet your duties in a way that reduces your administrative burden, minimises the changes you must make and provides a better enrolment experience for your staff.

The legislation is being introduced in stages, depending on your staging date. They start in October 2012 with the very largest employers, gradually rolling out to cover all employers.

What is the staging date?

It's the date when your duty to enrol eligible staff into a qualifying pension scheme begins. There are a number of key staging dates between 2012 and 2018, and your date depends on the size of your company. Staging begins in October 2012 for large companies and will be rolled out over the following months and years for all other companies. You can bring forward the date set for you or defer it for up to three months. This provides some flexibility to choose a date that better suits the needs of your business.

Contact Us

To find out more now, contact our pensions team on **0161 643 7078**

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How much do you have to pay into your employees pensions?

When auto-enrolment is first introduced, the minimum contribution will be 2% of qualifying earnings. As an employer, you will have to pay a minimum of 1%. Longer term, it will be 8% in total (minimum employer payment 3%).

	Minimum employer payment	Minimum total payment
Up to 30 September 2017	1%	2%
From 1 October 2017	2%	5%
From 1 October 2018	3%	8%

You can use an alternative earnings basis to calculate payments, as long as these minimums are met.

You can base payments on your usual pensionable pay definition, rather than band earnings. However you will need to certify that this meets an alternative standard. The alternative standards will be phased in and by 2018 will range from 7% of total pay to 9% of basic pay.

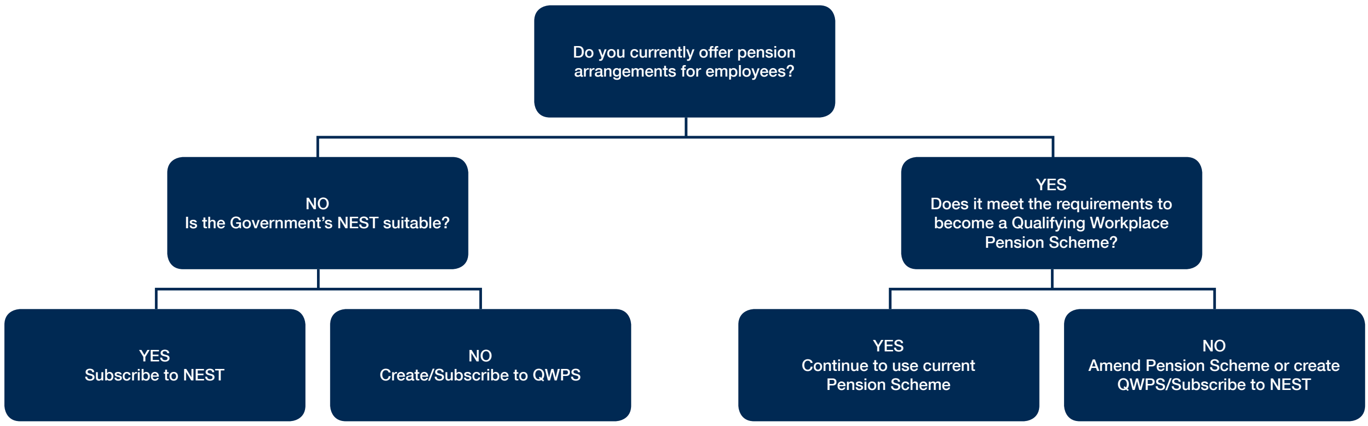
Pensionable pay	Minimum employer payment	Minimum total payment
Total pay	3%	7%
At least 85% of total pay	3%	8%
Basic pay	4%	9%

What's a Qualifying Workplace Pension Scheme ("QWPS")

A qualifying pension scheme is one which:

- Allows you and your employees make at least the minimum pension payments
- Allows employees automatically enrol as members
- Offers a default investment fund, for employees who prefer not to make investment decisions

If your current scheme meets these criteria, you may be able to use it. You could also use the new pension scheme NEST (National Employment Savings Trust) to meet your new obligations – or use it alongside your current scheme. You're not restricted to using a single scheme; you can use different ones for different parts of your workforce.



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