AE INDUSTRY LIAISON MANAGER UPDATE - April 2016

The Pensions Regulator

Please circulate this email to appropriate colleagues and contacts.

- **If this has been forwarded to you and you would like to receive future updates directly, then please email me at rebecca.woodley@tpr.gov.uk with the word 'subscribe' in the subject title and you will receive these each month.**

New AE regulations effective 6 April 2016

Directors working under an employment contract and LLP partners

- New exceptions now apply to:
  a. **directors** who work under a contract of employment, where there is at least one other employee working for the company (ie the sole employee/director exemption does *not* apply)
  b. **LLP partners** who are workers and are not 'salaried members' under HMRC tax rules (duties continue to apply in full to salaried members).
- If any such individual becomes eligible for automatic enrolment or re-enrolment, then the **employer may *choose whether or not* to automatically enrol/re-enrol** them. All other duties remain, including the duty to communicate to the workers and the employer will still need to make a declaration of compliance (whether or not they choose to automatically enrol these workers). The individuals ***do*** have the right to opt in or join a pension.

Revised declaration of compliance after cyclical re-enrolment

- From 6 April 2016, for declarations after an employer's cyclical re-enrolment date (re-declarations) they must be completed:
  a. for the first re-declaration – by 5 months after the 3rd anniversary of the staging date
  b. for subsequent re-declarations – by 5 months after the 3rd anniversary of the previous cyclical re-enrolment date.
- This replaces the two different deadlines, which depended on whether the employer had anyone to re-enrol. As part of the re-declaration process, the employer must tell TPR what their chosen automatic re-enrolment date is (the employer will need to choose a re-enrolment date even if they have no one to automatically re-enrol).

AE thresholds for 2016/17

The 2016/17 AE thresholds have been approved by Parliament and are effective from 6th April 2016. The lower threshold and the earnings trigger have remained the same, ***only*** the upper threshold has changed (pension schemes based on banded qualifying earnings only require contributions based on earnings between the lower level and the upper level). The table below shows the 2016/17 thresholds.

Pay reference period	Lower level of qualifying earnings (£)	Earnings trigger for automatic enrolment (£)	Upper level of qualifying earnings (£)
Annual	**5,824**	**10,000**	**43,000**
Bi-annual	2,912	4,998	**21,500**
Quarterly	1456	2,499	**10,750**
1 month	486	833	**3,583**
4 weeks	448	768	**3,308**
Fortnight	224	384	**1,654**
1 week	112	192	**827**

• Football club fined over £22,000 for automatic enrolment failures

Swindon Town Football Company Ltd has been fined thousands of pounds after it repeatedly failed to comply with its automatic enrolment duties. The Pensions Regulator has fined them a total of £22,900 after it failed to put eligible workers into a pension scheme or comply with other workplace pension duties. Full details of the case, including a timeline of events, are outlined in our section 89 report at www.tpr.gov.uk/regulate-and-enforce/section-89-reports.aspx

Key lessons are:

- Employers should not ignore their duties. TPR will work with you to help you comply, but we will use our powers where appropriate.
- Deliberate non-compliance will not be tolerated.
- If you have received a fine, you will still have to pay it even if you then go on to become compliant.

• Pension scams - our latest scams campaign

We've just re-launched our scorpion pension scams campaign with the revamped message "**Don't be next, predators are after your pension**", as thousands of people continue to be scammed out of their retirement.

We've produced a new short film and a booklet for members. The booklet contains a 10 step guide to help savers protect their pension and includes new warnings based on our intelligence, such as scammers pretending to be from Pension Wise or other government bodies. We've also produced a booklet for pensions professionals, which includes a checklist about what to do if a member is asking for a transfer and tips on due diligence schemes and advisers should undertake.

You'll find all the materials at www.tpr.gov.uk/pension-scams.aspx

New animation: the Duties Checker

We have now produced an animation that tells you about our 'Duties Checker' tool and what we're asking your clients to do. The Duties Checker helps employers work out what they need to do and by when and, by asking a few simple questions, ensures they only complete the tasks relevant to them, to comply with the law.

Watch the animation via this link - www.tpr.gov.uk/how-we-are-helping-employers.aspx

Key AE employer messages April 2016

Getting ready for automatic enrolment need not be costly:

- Our research found that amongst the first large group of small employers to comply, 60% with 1-4 staff had no overall set up costs. Employers can self serve, but may choose to ask for extra support. Small employers told us that if they did pay for advice, the costs ranged between £200 and £1000. The average cost for advice was around £440.

Make sure you file your declaration of compliance correctly:

- Every employer must complete a declaration of compliance within five months of their staging date. Don't risk a fine - although the declaration can be completed by someone else (such as an accountant, a financial adviser or member of staff), it is still the employer's legal responsibility to ensure that it's completed correctly and on time. Some employers have become non-compliant after failing to complete their declaration in full. We send a confirmation to the employer when the declaration is completed.

TPR Mailing – "Avoid a fine: complete your chair's statement; and tell us who your chair of trustees is"

We are aware that a number of pension scheme providers and advisers have been approached by their customers regarding emails from us relating to their duties to complete a Scheme Return, appoint a Chair of Trustees and for the chair to prepare an annual statement. Whilst many of the employers may have already reached their staging date and established a scheme for automatic enrolment purposes, this communication will generally relate to a pension scheme that had previously been used prior to their automatic enrolment duties coming into force, eg a Small Self Administered Scheme (SSAS) or other small trust based pension scheme.

The emails have a reminder about the legal requirement to complete a chair's statement and the mandatory fines if you don't do this when you are required to do one. There are different versions of the email, depending on the scheme size and status, and some other factors. For an example of the email, please click here: https://e1.m.tt/a/viewaswebpage.aspx?id=7EF648A07792650EEC18AA025D76DB15F514BCE4D9F0059DAC07988CAC9F5FD3

Further emails will be sent out to trustees and scheme contacts to remind them about the scheme return and there will be similar messages in these, highlighting which questions are new this year.

For more information please see - www.tpr.gov.uk/trustees/dc-governance-standards.aspx#s16824

Kind regards

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Automatic Enrolment

www.tpr.gov.uk
www.tpr.gov.uk/employers/detailed-guidance (Employers Detailed Guides on Automatic Enrolment and Employee Safeguards)

The information we provide is for guidance only and should not be taken as a definitive interpretation of the law

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