

Detailed guidance for employers

Automatic enrolment: An explanation of the automatic enrolment process

Publications in the series

- 1 **Employer duties and defining the workforce**
An introduction to the new employer duties
- 2 **Getting ready**
First steps to prepare for the new employer duties
- 3 **Assessing the workforce**
How to identify the different categories of worker
- 3a **Postponement**
- 3b **Transitional period for schemes with defined benefits**
- 3c **Having completed the assessment**
- 4 **Pension schemes**
Pension schemes under the new employer duties
- 5 **Automatic enrolment**
An explanation of the automatic enrolment process
- 6 **Opting in, joining and contractual enrolment**
How to process pension scheme membership outside of the automatic enrolment process
- 7 **Opting out**
How to process 'opt-outs' from workers who want to leave a pension scheme
- 8 **Safeguarding individuals**
The new safeguards for workers
- 9 **Keeping records**
Records that must be kept by law under the new employer duties
- 10 **Information to workers**
- 11 **Automatic re-enrolment**

Accompanying resources



Information to workers

Summary of information requirements in a quick-reference table format



The different types of worker

Diagram of the different categories of worker and the criteria for each category



Employer duties and safeguards

At-a-glance summary of the duties and safeguards

Contents

	page
About this guidance	5
Key points	6
Introduction	7
1. How to automatically enrol	9
Information an employer must give	10
Enrolment information to the eligible jobholder	12
Making arrangements for active membership	16
Summary of automatic enrolment	19
2. After completing automatic enrolment	20
Deducting and paying pension contributions	20
Required deduction of contributions	21
Time limits	25
Further assessing of the worker's category	27
Information requirements	29
What next?	30
Changes from last version	31
Key terms: Summary of the different categories of worker	33



Please note: This guidance is linked to the following appendices

Appendix A: Summary of automatic enrolment process
Available at: www.tpr.gov.uk/docs/dg-5-appendix-a.pdf

Appendix B: Example process for automatic enrolment into an occupational pension scheme
Available at: www.tpr.gov.uk/docs/dg-5-appendix-b.pdf

Appendix C: Example process for automatic enrolment into a personal pension scheme
Available at: www.tpr.gov.uk/docs/dg-5-appendix-c.pdf

About this guidance

This guidance is aimed at professional advisers and employers with in-house pensions professionals. Trustees, managers and pension scheme providers should also familiarise themselves with the automatic enrolment process.

It contains information on the law surrounding automatic enrolment. To aid understanding, we have split the guidance into two sections.

Section 1: How to automatically enrol describes the process an employer must follow to make an eligible jobholder an active member of an automatic enrolment pension scheme. It contains lists of the information an employer is required to provide as part of the new employer duties in relation to automatic enrolment.

Section 2: After completing automatic enrolment explains an employer's ongoing responsibilities once they have completed the initial stages of the process.

Employers reading this guidance should have already read the following guidance in this series:

- **Detailed guidance no. 1 – Employer duties and defining the workforce**
- **Detailed guidance no. 2 – Getting ready**
- **Detailed guidance no. 3 – Assessing the workforce**
- **Detailed guidance no. 3a – Postponement.**

In addition, it will be helpful for employers to be familiar with the content in **Detailed guidance no. 4 – Pension schemes** that is relevant to them.

'One month' means 'one calendar month' throughout this guidance.

We recognise that many employers will already have pension provision for their workers, and that this will often match or exceed the minimum requirements contained in the duties. In these cases, such employers may just need to check that the minimum requirements are covered in their existing processes.

Use our automatic enrolment planner to understand what you need to do and when for automatic enrolment. It also summarises the main steps towards achieving compliance. Employers may find this helpful when navigating this guidance: www.tpr.gov.uk/ae-planner.

It will be helpful to employers to be familiar with the different categories of workers. These are explained in detail in **Detailed guidance no. 1 – Employer duties and defining the workforce** or a quick reminder is available in the Key terms.

This guidance has been updated to include reference to automatic re-enrolment and the new guidance on re-enrolment. On 1 November 2013, the Department for Work and Pensions (DWP) introduced a number of technical changes to the legislation. Some of these changes will take effect from 1 April 2014. References to these forthcoming changes are included where relevant. The section Changes from last version contains a table of the changes made to the guidance.

Key points

A key requirement of the new employer duties is for employers to make arrangements so that their eligible jobholders become active members of an automatic enrolment pension scheme from their automatic enrolment date.

As part of the automatic enrolment process, an employer has to provide certain information to:

- the pension scheme about the eligible jobholder
- the eligible jobholder about the pension scheme.

An employer has ongoing responsibilities once they have completed the initial stages of the automatic enrolment process.



**An employer
has ongoing
responsibilities**

Introduction

1. Automatic enrolment is one of the key employer duties. The core requirement is that employers must make arrangements so that their eligible jobholders become active members of an automatic enrolment pension scheme from their automatic enrolment date.
2. An employer must automatically enrol any eligible jobholder working for them who is not already an active member of a qualifying pension scheme with that employer, either from the automatic enrolment date, or from the end of the postponement period (where they have chosen to use postponement). The considerations and action for an employer choosing to use postponement are described in **Detailed guidance no. 3a – Postponement**.
3. Section 1 of this guidance describes the process required to automatically enrol an eligible jobholder into an automatic enrolment pension scheme. The arrangements that an employer must make are set out in law.
4. Employers, trustees, managers and providers of pension schemes alike should familiarise themselves with the automatic enrolment process. It is likely that some changes to the existing process of joining will be necessary for an existing pension scheme to be able to be used, even if the scheme rules currently allow immediate enrolment.
5. Section 2 outlines what happens after automatic enrolment has been completed.
6. If an employer is given an opt-in notice by a jobholder they must arrange active membership of an automatic enrolment scheme. (Opting in is explained in **Detailed guidance no. 6 – Opting in, joining and contractual enrolment**.) They are required to follow the automatic enrolment process to achieve this.
7. When reading this guidance and applying it to opting in, the following terms apply:
 - for 'eligible jobholder' read 'jobholder'
 - for 'automatic enrolment' read 'enrolment'
 - for 'automatically enrolled' read 'enrolled'
 - for 'automatic enrolment date' read 'enrolment date'.

Automatic enrolment is one of the key employer duties

8. The employer must automatically re-enrol any eligible jobholders who have come out of pension saving, on a three-yearly cycle ('cyclical automatic re-enrolment'). The employer must also automatically re-enrol jobholders immediately when certain events have caused a jobholder's active membership of a qualifying scheme to cease ('immediate automatic re-enrolment'). (Cyclical and immediate automatic re-enrolment are explained in **Detailed guidance no. 11 – Automatic re-enrolment**.) Employers must follow the automatic enrolment process to automatically re-enrol their jobholders (eligible and non-eligible).
9. When reading this guidance and applying it to automatic re-enrolment, the following terms apply:
 - for 'eligible jobholder' read 'jobholder' when applying it to immediate re-enrolment
 - for 'automatic enrolment' read 'automatic re-enrolment'
 - for 'automatically enrolled' read 'automatically re-enrolled'
 - for 'automatic enrolment date' read 'automatic re-enrolment date'.

1. How to automatically enrol

10. Having identified an automatic enrolment duty in respect of an eligible jobholder, the process for automatically enrolling eligible jobholders into an automatic enrolment scheme consists of a number of steps set out in law.
11. The law also sets out the time limit for completing automatic enrolment. Before the end of what is known as the 'joining window' (the one-month period¹ from the eligible jobholder's automatic enrolment date), the employer must:
 - give information to the pension scheme about the eligible jobholder
 - give enrolment information to the eligible jobholder
 - make arrangements to achieve active membership for the eligible jobholder, effective from their automatic enrolment date. They can do this by making arrangements with either:
 - the trustees or managers of an occupational pension scheme to create active membership under the scheme rules, or
 - the provider of a personal pension scheme, to ensure that the eligible jobholder is given the information about the policy that is deemed to exist between them and the pension scheme provider.
12. These steps are not sequential and can be done in any order. Flowcharts of example processes can be found in Appendices B and C.
13. The employer is also required to keep certain records of this process. For more information on the records to keep, see **Detailed guidance no. 9 – Keeping records**.

¹ From 1 April 2014, the joining window will be a period of six weeks.

Information an employer must give

Information to the pension scheme about the eligible jobholder

14. A key feature of an automatic enrolment scheme is that the eligible jobholder must not be required to provide information to either join or remain a member. It is the employer's responsibility, working with the pension scheme trustees, managers or pension scheme provider, to achieve active membership for the eligible jobholder.
15. The employer must give certain personal information about the eligible jobholder to the pension scheme trustees, managers or pension scheme provider. They must do this before the end of the joining window.
16. This is the minimum amount of information required to achieve active membership, although its provision alone does not necessarily mean that active membership has been established. The employer should be aware that the trustees, managers or provider of the pension scheme may require more information, depending on the scheme rules, as long as this does not act as a barrier to automatic enrolment. See **Detailed guidance no. 4 – Pension schemes** for more information.

Who to give the information to

17. For personal pension schemes: the information must be given to the pension scheme provider (often an insurance company).
18. For occupational pension schemes: the information must be given to the pension scheme trustees or managers.

Giving the information

19. The information must be given in writing. Someone acting on the employer's behalf, such as an independent financial adviser, benefit consultant, accountant or bookkeeper can send the information, but it remains the employer's responsibility to make sure it is provided, on time, and is correct and complete.

Information to the pension scheme about the eligible jobholder

For each eligible jobholder who is being automatically enrolled, it is mandatory for the employer to give the trustees, managers or providers of the pension scheme, the eligible jobholder's:

- name
- sex
- date of birth
- automatic enrolment date²
- postal residential address.

National Insurance number (NINO) – if the employer does not have the eligible jobholder's NINO, they can provide it to the pension scheme at a later date. This must be within one month³ of the employer receiving it.

Employers should also give the following information, unless the pension scheme does not require it. The eligible jobholder's:

- postal work address
- work email address (if one exists)
- personal email address (if the employer holds this information)
- gross earnings in any pay reference period
- the value of any contributions payable to the pension scheme by the employer and the eligible jobholder in any pay reference period (where this information is available to the employer. The value can be shown as a fixed amount or a percentage of any qualifying earnings or pensionable pay due to the eligible jobholder).

2

If giving this information to the pension scheme about a jobholder who is opting in, replace with: 'the jobholder's enrolment date'. If giving this information to the pension scheme about a jobholder who is being automatically re-enrolled, replace with: 'the jobholder's automatic re-enrolment date'.

3

From 1 April 2014 this must be given within six weeks of the employer receiving it.

Enrolment information to the eligible jobholder

20. Once enrolled into an automatic enrolment pension scheme, an eligible jobholder can decide to opt out of the pension scheme. It is important they are able to make an informed decision. The employer must provide the eligible jobholder with certain enrolment information, before the end of the joining window, that tells them:
- that they have been, or will be, automatically enrolled and what this means to them
 - of their right to opt out and their right to opt back in
 - a statement about where to find further information about pensions and saving for retirement.

An eligible jobholder's right to opt out

Automatic enrolment into a qualifying pension scheme is compulsory, but ongoing membership is not. A jobholder has the right to opt out of pension scheme membership, but cannot opt out of automatic enrolment. For more information on managing the opt-out process, see **Detailed guidance no. 7 – Opting out.**

Giving the information

21. The information must be given in writing. 'Giving' information, in the regulator's view includes:
- sending hard copy information by post or internal mail
 - handing over hard copy information by hand
 - sending information in the body of an email
 - sending information in pdf attachments or other attachments by email.
22. Someone acting on the employer's behalf, such as an independent financial adviser, benefit consultant, accountant or bookkeeper can send the information, but it remains the employer's responsibility to make sure it is provided, on time, and is correct and complete.
23. Where an employer is giving information to a worker by post, they should allow sufficient time for the delivery of the letter in the ordinary course of post, in order that the information can be given before the end of the specified time limit for giving information.

More information on 'giving' information and the point at which it can be considered 'given' can be found in **Detailed Guidance no. 10 – Information to workers**.

24. There is nothing that prevents the employer, or an agent acting on their behalf, from preparing the information ahead of the eligible jobholder's automatic enrolment date.

Mandatory information to the eligible jobholder about automatic enrolment

The employer must give the following enrolment information to each eligible jobholder who is being automatically enrolled within the joining window. This information is prescribed in regulations. The text in **bold** below provides a further explanation from the regulator.

About being automatically enrolled

- A statement that the eligible jobholder has been, or will be, automatically enrolled into a pension scheme to help save for the eligible jobholder's retirement⁴
- The eligible jobholder's automatic enrolment date⁵
- The name, address, telephone number and electronic contact details of the pension scheme of which the eligible jobholder is, or will be, an active member
- The value of any contributions payable to the pension scheme by the employer and the eligible jobholder in any applicable pay reference period. The value can be shown as a fixed amount or a percentage of any qualifying earnings or pensionable pay due to the eligible jobholder in any pay reference period
- If the pension scheme chosen for automatic enrolment is a DC occupational pension scheme or personal pension scheme, a statement advising the jobholder of the phased increase in contributions as part of the introduction of the reform. **More information about the phased increase in contributions can be found in Detailed guidance no. 4 – Pension schemes**
- A statement that any contributions payable to the scheme by the eligible jobholder have been, or will be, deducted from any qualifying earnings or pensionable pay due to the eligible jobholder

4

If giving this information to a jobholder who is opting in, replace with: 'a statement that the jobholder has been, or will be, enrolled into a pension scheme to help save for the jobholder's retirement'. If giving this information to a jobholder who is being automatically re-enrolled, replace with: 'a statement that the jobholder has been, or will be, automatically re-enrolled into a pension scheme to help save for the jobholder's retirement'.

5

If giving this information to a jobholder who is opting in, replace with: 'the jobholder's enrolment date'. If giving this information to a jobholder who is being automatically re-enrolled, replace with: 'the jobholder's automatic re-enrolment date'.

continued...

- Confirmation as to whether tax relief will be given through relief at source or relief under net pay arrangements.
Net pay arrangements can be used if the automatic enrolment scheme is an occupational pension scheme and registered with Her Majesty's Revenue & Customs (HMRC). If the automatic enrolment pension scheme is a personal pension scheme, employers should check with the pension scheme as to how tax relief is to be administered and build in either relief at source, or net pay arrangements into their payroll processes. Net pay arrangements cannot be used in any other circumstances. For more information see HMRC's Employer Guide CWG2 at: www.hmrc.gov.uk/guidance/cwg2.pdf
- A statement that if the eligible jobholder, on a date, ceases to be an active member of the pension scheme (without the eligible jobholder ceasing to be employed by the employer), by reason of something other than an action or omission by the eligible jobholder, the employer must make arrangements by which the eligible jobholder becomes an active member of an automatic enrolment scheme with effect from the day following that date.

About the eligible jobholder's right to opt out and opt back in

- A statement that the eligible jobholder has the right to opt out of the pension scheme during the opt-out period
- If the start and end of the opt-out period are known by the employer: the start and end date of the opt-out period for the eligible jobholder
- If the start and end of the opt-out period are not known by the employer: a statement that the opt-out period is to be determined in accordance with regulation 9(2) or (3) of the Occupational and Personal Pensions Schemes (Automatic Enrolment) Regulations 2010: **This means that the opt-out period will start on the latest of:**
 - **the date of the issue of this enrolment information, or**
 - **the date active membership is established for an occupational scheme or the date the terms and conditions are sent to the eligible jobholder for a personal pension scheme.**

continued...

- The source from which the opt-out notice may be obtained
- A statement that opting out means that the eligible jobholder will be treated for all purposes as not having become an active member of the pension scheme on that occasion
- A statement that after a valid opt-out notice is given to the employer, any contributions paid by the eligible jobholder will be refunded to the eligible jobholder by the employer
- A statement that where the eligible jobholder opts out, the eligible jobholder may then choose to opt in, in which case the employer will be required to arrange for that eligible jobholder to become an active member of an automatic enrolment pension scheme once in any 12-month period
- A statement that a written notice from the worker must be signed by the worker or, if it is given by means of an electronic communication, must include a statement that the worker personally submitted the notice
- A statement that after the opt-out period, the eligible jobholder may cease to make contributions towards their pension scheme in accordance with the scheme rules
- A statement that an eligible jobholder who opts out or ceases active membership will normally be automatically re-enrolled into an automatic enrolment pension scheme by the employer, in accordance with section 5 of the Pensions Act 2008. **Broadly this means every three years, although in some special circumstances it will be earlier.**

About where to find more information

- Where to obtain further information about pensions and saving for retirement. **Eligible jobholders can go to: www.gov.uk/workplacepensions for more information on pensions and saving for retirement.**

25. A template is available on our website: www.tpr.gov.uk/eligible-no-postponement. This template is one way that an employer may choose to communicate the information. An employer may add their own wording or use their own templates as long as the underlying requirements in the table above are met.

Making arrangements for active membership

26. It is the employer's responsibility to make arrangements to establish active membership of the pension scheme for the eligible jobholder. These arrangements differ depending on the type of pension scheme the employer chooses to use.

In an occupational pension scheme

27. It is up to the employer to communicate with the trustees to establish active membership for the eligible jobholder.
28. Active membership for an occupational pension scheme means that the eligible jobholder is in pensionable service under the pension scheme. This means service by the eligible jobholder in any employment (to which the scheme relates), which qualifies them for pension (or other) benefits under the scheme.
29. The rules of the pension scheme will state what creates membership or pensionable service, eg often the rules may say that membership starts as soon as employment starts.
30. Often, the provision of the jobholder information to the pension scheme on its own will not be enough to create active membership, unless the rules of the pension scheme expressly defines active membership as being created by the receipt of this information. If they do not, active membership is created by whatever the rules stipulate.
31. An employer will need to find out from the pension scheme the date on which active membership is achieved. This is important as they will need it to work out the start of the period during which the eligible jobholder can opt out.
32. Regardless of what point in the joining window active membership is created for the eligible jobholder, it must take effect from the automatic enrolment date. Pensionable service under the pension scheme must be backdated to that date.

33. Contributions are due and must be calculated on earnings paid from the automatic enrolment date. If the eligible jobholder is making contributions, the employer must deduct their contributions from every pay after the automatic enrolment date. Paragraphs 49-52 have more information.

In a personal pension scheme

34. Personal pension schemes are contract-based, meaning they are made up of an agreement between the provider of the scheme and the scheme member. The member is given the key features information about the personal pension, including the terms and conditions of the agreement. The member then agrees to it.
35. For automatic enrolment, it will be up to the employer and the pension scheme provider to establish that agreement on behalf of the eligible jobholder.
36. To fulfil their automatic enrolment duty, the employer must make arrangements with the pension scheme provider so that the eligible jobholder is given the terms and conditions of the contract into which they are being entered to become an active member of the pension scheme.
37. These terms and conditions must be given to the eligible jobholder during the joining window. They can be part of the key features information that the provider must issue under the Financial Conduct Authority (FCA) rules.
38. Whilst in practice the provider may give the terms and conditions, it remains the employer's responsibility under the law to make arrangements for this to happen.
39. The eligible jobholder is deemed by law to have entered into the agreement, with effect from their automatic enrolment date on the later of:
 - a. the date the pension scheme provider gives them the terms and conditions of the contract, or
 - b. the date the employer gives them the enrolment information.
40. Employers should be aware that this alone does not create active membership of the pension scheme. An active member of a personal pension scheme is a person for whom there is an agreement in place between the pension scheme provider and the employer about employer contributions (part of the minimum requirements for personal pension schemes).

1. How to automatically enrol

41. If the eligible jobholder is being automatically re-enrolled, or the jobholder who is being enrolled is already a member of a personal pension scheme with that employer, and the employer wants to use that scheme to fulfil their re-enrolment or enrolment duty, they may choose to use a modified automatic enrolment process. Under this modified process the employer must make arrangements with the scheme provider so that:
 - a. the scheme becomes an automatic enrolment scheme and
 - b. the jobholder becomes an active member of that scheme.
42. This may mean that the terms and conditions do not need to be given as there may not be any need to put new agreements in place, just simply to reactivate the existing agreements. More information about this alternative process can be found in **Detailed guidance no.6 – Opting, joining and contractual enrolment** and **Detailed guidance number 11 – Automatic re-enrolment**.
43. Regardless at what point or by which process in the joining window active membership is created for the eligible jobholder, it must take effect from the automatic enrolment date.
44. Contributions are due and must be calculated from the automatic enrolment date. If the eligible jobholder is making contributions, the employer must deduct their contributions from every pay after the automatic enrolment date. Paragraphs 49-52 have more information.

Mandatory information to be included in the contract

45. The minimum information that the terms and conditions of the agreement must contain is listed below. If there are other terms and conditions that the pension scheme provider usually issues, these can also be included in this agreement. There is no need for separate documents.

Terms and conditions of the contract between the pension scheme provider and the eligible jobholder

The terms and conditions that the agreement must contain as a minimum are to:

- explain the purpose of the personal pension scheme
- specify the services to be provided by the personal pension scheme provider
- specify the value of any contributions payable by the eligible jobholder, where this information is available to the pension scheme provider
- specify the charges payable to the pension scheme provider
- in the absence of a choice made by the eligible jobholder, explain the investment strategy adopted by the pension scheme provider for the contributions made by the eligible jobholder and employer.

Summary of automatic enrolment

46. Figures 1 and 2 in Appendix A illustrate the process for completing automatic enrolment.
47. Flowcharts of example processes can be found in Appendices B and C.

2. After completing automatic enrolment

48. Once automatic enrolment has been completed, an employer will have ongoing responsibilities either:
- with the pension scheme, as the jobholder remains a member of the scheme, such as paying contributions, or
 - to manage the opt-out process, if the jobholder chooses to opt out of the pension scheme, and
 - to keep records (see **Detailed guidance no. 9 – Keeping records**).

Deducting and paying pension contributions

49. The employer will need to calculate and pay their own contributions as well as calculating, deducting and paying the jobholder's contributions (if they are making any) to the automatic enrolment scheme. They must do this for as long as the jobholder remains in employment with that employer and is an active member of the pension scheme.
50. The actual process of calculating and paying contributions is unchanged by any of the new employer duties. The rules or governing documentation of the pension scheme determine what contributions are due in relation to the eligible jobholder.
51. As part of setting up the scheme, the employer should understand the contributions to be paid and the components of pensionable pay from which the contribution is to be calculated. This may involve discussion with the pension provider or it may involve reviewing the provider's online or hard copy information. They should also agree the due date(s) for the payment of contributions.
52. However, the new duties have introduced a requirement for employers to deduct contributions. They have also amended certain time limits for paying contributions over to a scheme during the joining window and opt-out period and an employer should understand the impact of these when agreeing the due date(s) for payment with their provider. (More information about opting out and opt-out periods is in **Detailed guidance no. 7 – Opting out**.)

Required deduction of contributions

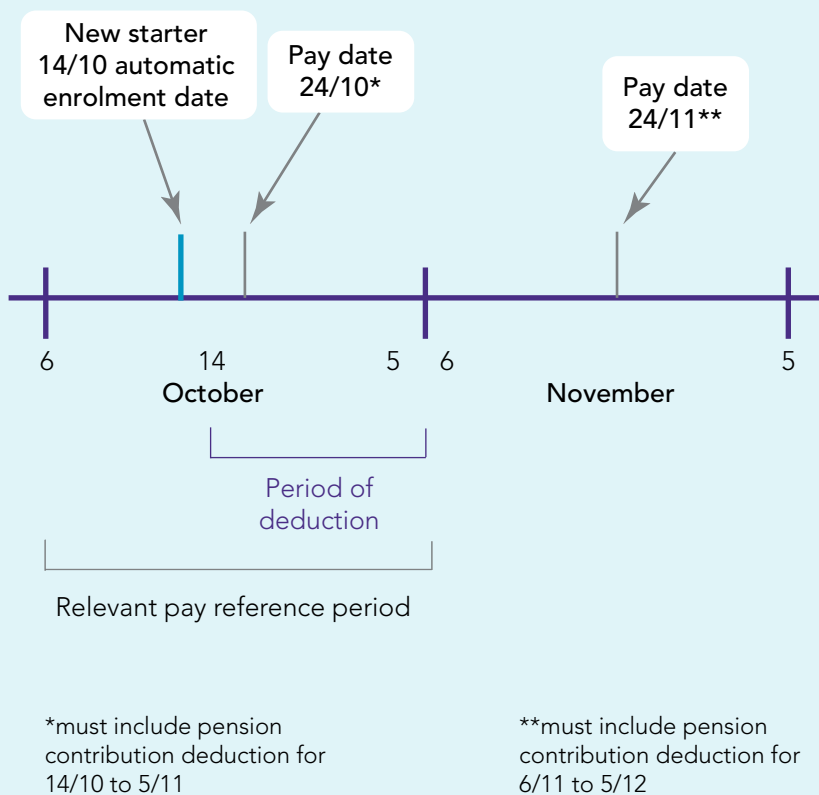
53. The employer must, on or after the automatic enrolment date, deduct any contributions payable by the eligible jobholder under the scheme rules or governing documentation from any qualifying earnings or pensionable pay due to the eligible jobholder.
54. Active membership must start from the automatic enrolment date.
55. This means that, contributions are due on that part of the earnings paid from the automatic enrolment date to the end of the pay reference period, and in each subsequent pay reference period, unless the scheme rules or governing documentation provide otherwise.
56. Where the scheme rules or governing documentation do not provide otherwise and the automatic enrolment date falls within a pay reference period, this will mean that for the first payment, contributions will need to be calculated on part-period earnings.
57. Employers should note that this is different to assessing the category of worker, where earnings for the whole pay reference period are assessed (see examples 1a and b).

Examples 1a and 1b use the same facts. In example 1a the definition of a pay reference period is aligned to tax weeks or months. In example 1b the definition of a pay reference period is aligned to the period by reference to which the worker is paid their regular wage or salary.

Example 1a

Where the definition of pay reference period is aligned to tax weeks or months

This example uses a pay reference period that is a month in length.



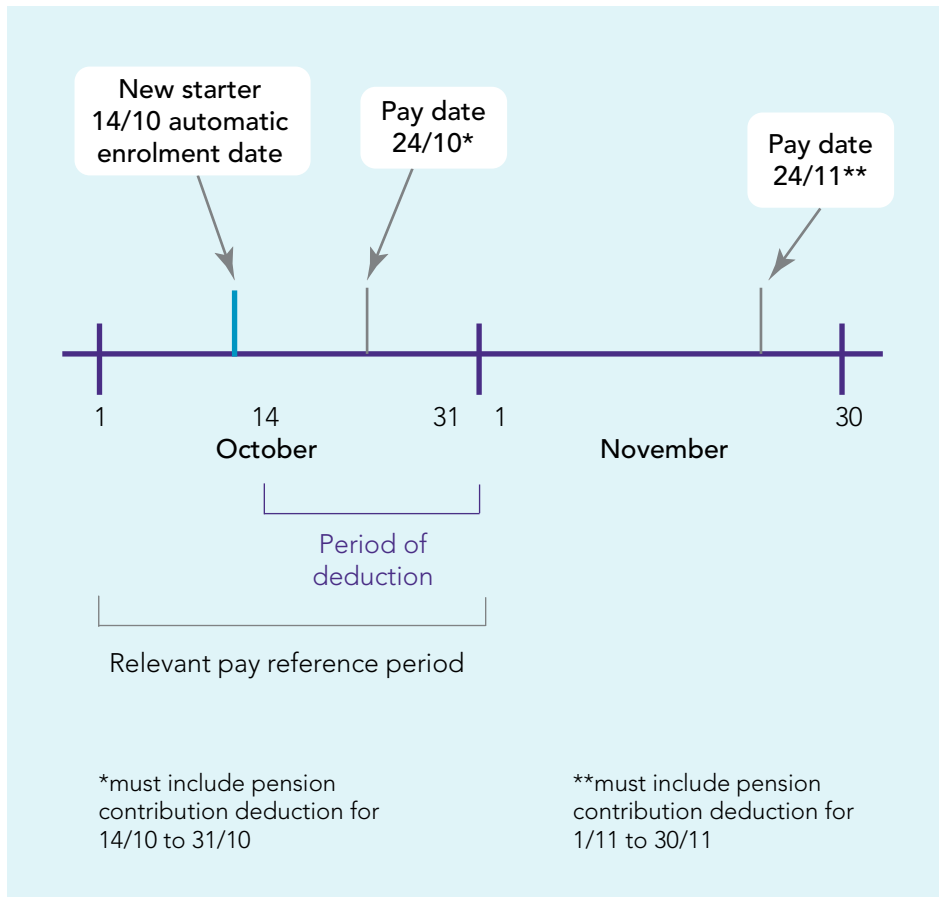
Example 1b

Where the definition of pay reference period is aligned to the period by reference to which the worker is paid their regular wage or salary

This example uses a calendar monthly pay reference period, starting on the first day of the calendar month.

continued...

2. After completing automatic enrolment



58. It may also mean that the first contribution payment is in respect of a period longer than a pay reference period, depending on when the automatic enrolment date falls (see examples 2a and 2b).

Examples 2a and 2b use the same facts. In example 2a the definition of a pay reference period is aligned to tax weeks or months. In example 2b the definition of a pay reference period is aligned to the period by reference to which the worker is paid their regular wage or salary.

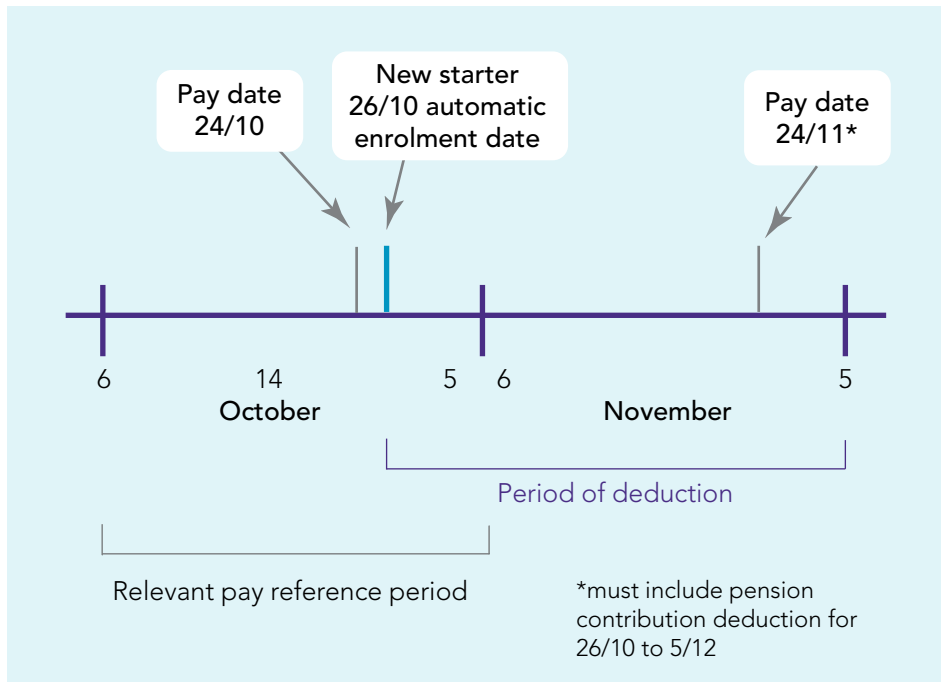
Example 2a

Where the definition of pay reference period is aligned to tax weeks or months

This example uses a pay reference period that is a month in length.

continued...

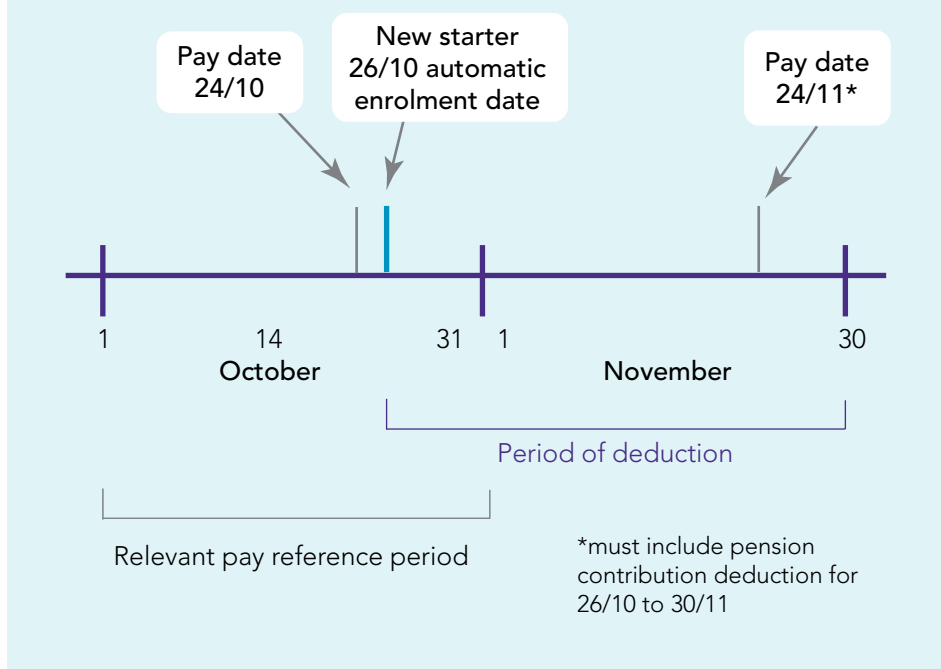
2. After completing automatic enrolment



Example 2b

Where the definition of pay reference period is aligned to the period by reference to which the worker is paid their regular wage or salary

This example uses a calendar monthly pay reference period, starting on the first day of the calendar month.



2. After completing automatic enrolment

59. An employer may use postponement to avoid such part-period calculations.
60. If an employer is not using postponement, they will need to ensure that their payroll processes can calculate contributions on part-period earnings.

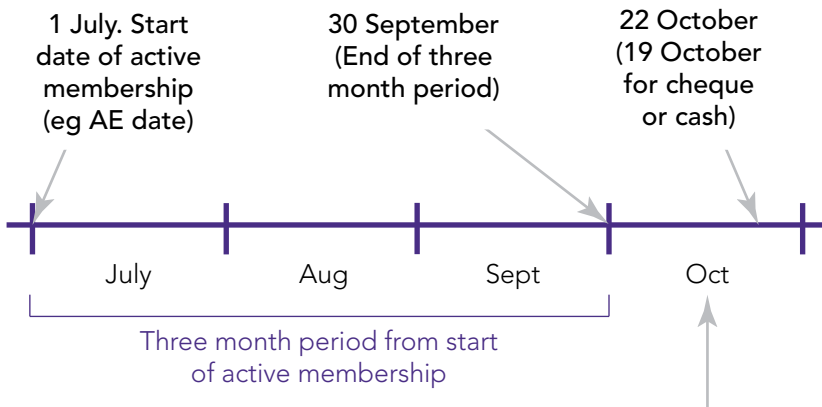
Time limits

61. The timely ongoing payment of contributions is fundamental to pension saving. Employers should therefore note the changed time limits set out below.

Occupational pension schemes

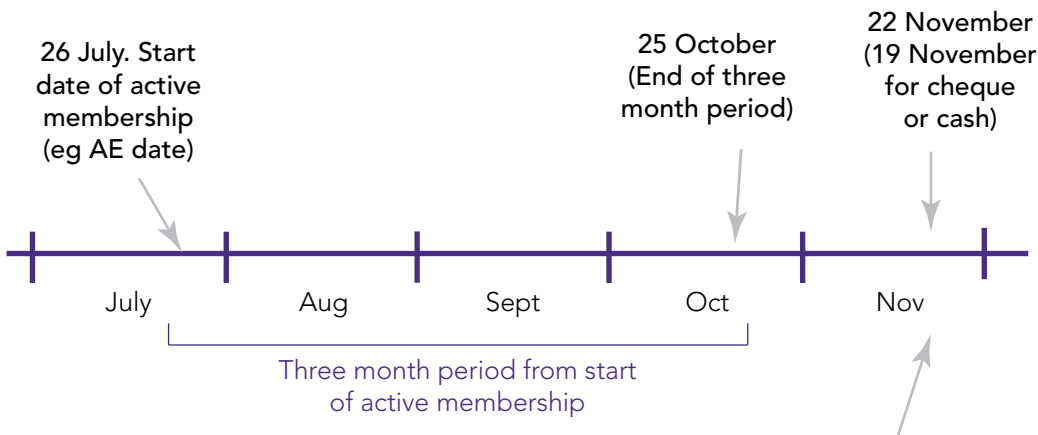
62. Trustees and managers of occupational pension schemes will operate a schedule of payments, as required by law. This schedule is usually agreed with the employer. It will set out the due dates for paying jobholder contributions (if any) and employer contributions to the scheme, and the amount of those contributions.
63. There is an additional requirement in the law where contributions are deducted from earnings for the payment of these deductions across to the trustees or managers of an occupational pension scheme.
64. Where a person becomes an active member of a qualifying scheme (as a result of automatic enrolment, re-enrolment, enrolment or as a result of contractual enrolment) or where an entitled worker becomes an active member of a non-qualifying scheme after giving the employer a joining notice, any contributions deducted in the three month period starting from the start date of active membership must be paid across to the scheme by the 22nd day (for electronic payments) or 19th day (for cheque or cash payments) of the month after the last day of that three month period (illustrated below).

Example 3



Any contributions deducted from 1 July to 30 September must be paid across by 22 October (19 October for cheque or cash payment)

Example 4



Any contributions deducted from 26 July to 25 October must be paid across by 22 November (19 November for cheque or cash payment)

2. After completing automatic enrolment

65. Any other contributions that have been deducted from pay must be paid across to the trustees or managers of the pension scheme by the 22nd day (for electronic payments) or 19th day (for cheque or cash payments) of the month after deduction.
66. It is important to note that in the case of occupational pension schemes, the due date for payment of contributions (both eligible jobholder contributions deducted from salary and employer contributions) is the date or dates agreed on the relevant schedule, operated by the scheme trustees or managers, for the payment of contributions.
67. The employer should not agree a due date for paying eligible jobholder contributions deducted from pay later than this to ensure that this additional requirement in the law is always met.

For personal pension schemes

68. To use a personal pension scheme for automatic enrolment there will have to be direct payment arrangements in place. The due dates for the payment of employer contributions is whatever date is set out under these arrangements.
69. The due date for paying any eligible jobholder's contributions to the scheme is set out in law:
 - Where a person becomes an active member of a qualifying scheme (as a result of automatic enrolment, re-enrolment, enrolment or as a result of contractual enrolment) or where an entitled worker becomes an active member of a non-qualifying scheme after giving the employer a joining notice any contributions deducted in the three month period starting from the start date of active membership must be paid across to the scheme by the 22nd day (for electronic payments) or 19th day (for cheque or cash payments) of the month after the last day of that three month period
 - Any other contributions that have been deducted from pay must be paid across to the trustees or managers of the pension scheme by the 22nd day (for electronic payments) or 19th day (for cheque payments) of the month after deduction.

Further assessing of the worker's category

70. In practice, as long as the eligible jobholder remains in active membership of the automatic enrolment pension scheme, there is no need to assess whether qualifying earnings are payable as described in **Detailed guidance no. 3 – Assessing the workforce**, even if earnings fall below the earnings trigger.

2. After completing automatic enrolment

71. The rules of the pension scheme will determine what contributions are due in relation to the eligible jobholder and, if earnings fall, may mean that in relation to that eligible jobholder, no contributions are paid for that period.
72. If active membership ceases at any stage after the automatic enrolment date, or if the scheme ceases to be a qualifying scheme in relation to the worker who was automatically enrolled, the employer may need to start the process of assessing the worker again. This is to identify if re-enrolment is triggered and also whether any information requirements are triggered (see paragraph 78).
73. If the worker who was automatically enrolled or automatically re-enrolled opts out or ceases membership on their own account, then in practice, there is no need for the employer to assess earnings again to identify the next point at which the criteria to be an eligible jobholder are met, until their re-enrolment date. This is because the employer will not have to re-enrol that worker until their three-yearly re-enrolment date. However, the employer may still need to assess the worker on an ongoing basis to identify when information requirements are triggered (see paragraph 78).
74. If the worker who was enrolled (ie they opted in) following the automatic enrolment process opts out or ceases membership on their own account, and their employer has not provided all the information that they are required to, then the employer will need to assess the worker again on an ongoing basis to identify when the information requirements are triggered. In addition if the worker has never been an eligible jobholder, the employer will also need to assess the worker again. This is to identify the first time that the criteria to be an eligible jobholder are met after active membership has ceased, and therefore when automatic enrolment is triggered.
75. An employer will need to take further action if active membership of a qualifying scheme ceases because of any of the following:
 - a. The employer has caused active membership to cease and it was not at the request of the worker who was automatically enrolled, enrolled or automatically re-enrolled.
 - b. The trustee, managers or other third party have caused active membership to cease.
 - c. The worker who was automatically enrolled, enrolled or re-enrolled ceased to be working or ordinarily working in the UK.
 - d. The worker ceased to have qualifying earnings in the relevant pay reference period.

76. In these circumstances, the employer will need to assess the worker again. This is because re-enrolment back into a qualifying scheme must be immediate for a jobholder to whom a) or b) applies, and on the first occasion the worker starts working or ordinarily working in the UK again (c), or regains qualifying earnings (d).
77. More information about cyclical re-enrolment and immediate re-enrolment can be found in **Detailed guidance no 11 – Automatic re-enrolment**.

Information requirements

78. An employer has a duty to give a different set of information the first time any of their workers become:
- a jobholder with a right to opt in – information about the right to opt in to an automatic enrolment scheme
 - an entitled worker with a right to join – information about the right to join a pension schemes and
 - a jobholder and an active member of a qualifying scheme with that employer (other than by virtue of automatic enrolment, re-enrolment or enrolment) – information about the qualifying scheme.
79. Once the information has been provided there is no recurring duty, ie there is no need to provide the information every time the worker changes category, just the first time.
80. This does mean that an employer may need to start assessing the worker again once active membership ceases to identify if any of the information requirements in paragraph 78 above are triggered. They need to do this if they have not previously issued any of this information to the worker. The employer may have chosen to issue all of these information requirements in one communication, perhaps as part of a postponement notice (general notice A or general notice B).
81. For more information on the information requirements see **Detailed guidance no. 10 – Information to workers**.

What next?

Any employer who has an automatic enrolment, enrolment or re-enrolment duty must also have processes in place to deal with any jobholders who wish to opt out.

Detailed guidance no. 7 – Opting out explains when the right to opt out applies, the timescales involved and the process an employer must follow, if they receive an opt-out notice.

In addition to record-keeping for automatic enrolment, there are other records an employer must keep in relation to the new duties, see **Detailed guidance no. 9 – Keeping records**.

Changes from last version

This guidance has been updated to include reference to automatic re-enrolment and the new guidance on re-enrolment. This affects content throughout the document, in particular:

- paragraphs 8 and 9
- paragraphs 39 and 40.

Further guidance on the meaning of 'give' when giving information has been added (paragraphs 19 to 22) and any references to 'provide' or 'issue' changed to 'give'. Paragraph numbers have consequently changed.

The table lists other changes included in this version. This list is not exhaustive. It does not include minor editorial changes.

Location	Change
Paragraph 11	Footnote added to reference the change to the legislation from 1 April 2014
Table of information to jobholders	Footnote added to reference the change to the legislation from 1 April 2014. Footnotes added to reference re-enrolment and enrolment (opt in)
Table of mandatory information to eligible jobholder	Footnotes added to reference re-enrolment
Paragraphs 41-42	Added to reference the modified process for automatic enrolment when automatically re-enrolling or enrolling (following opt-in) in some circumstances
Paragraphs 51-52	Additional changes have been made to the content on the payment of contributions to ensure consistency with the revised codes of practice and guidance on reporting on maintaining contributions

continued...

Location	Change
Paragraphs 53-60	Content amended as result of changes to the legislation from 1 November 2013
Paragraphs 61-69	Content amended as result of changes to the legislation from 1 November 2013
Paragraphs 73 and 77	Information requirements for re-enrolment
Paragraphs 78-81	Further information about the information requirements

Key terms

Summary of the different categories of worker

Category of worker	Description of worker
Worker	An employee or someone who has a contract to perform work or services personally, that is not undertaking the work as part of their own business.
Jobholder	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• has qualifying earnings.
Eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 22 and state pension age• has qualifying earnings above the earnings trigger for automatic enrolment.
Non-eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 16 and 21 or state pension age and 74• has qualifying earnings above the earnings trigger for automatic enrolment or <ul style="list-style-type: none">• is aged between 16 and 74• has qualifying earnings below the earnings trigger for automatic enrolment.
Entitled worker	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• does not have qualifying earnings.

How to contact us

PO Box 16314
Birmingham
B23 3JP

T 0845 600 1011
F 0845 606 9970
E customersupport@autoenrol.tpr.gov.uk

www.thepensionsregulator.gov.uk
www.trusteetoolkit.com

Detailed guide for employers no. 5
Automatic enrolment

© The Pensions Regulator November 2013

You can reproduce the text in this publication as long as you quote The Pensions Regulator's name and title of the publication. Please contact us if you have any questions about this publication. We can produce it in Braille, large print or on audio tape. We can also produce it in other languages.

The Pensions
Regulator