

ABG[®]



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Auto Enrolment - you can't avoid the Big Blue Monster!

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Auto Enrolment

TO WHOM DOES AUTO ENROLMENT APPLY?

All companies, unless you are exempt...

Am I exempt if my company is small?

You still have to go through the process (unless exempt). Your employees can then opt out once they are automatically opted in, and you then assess new employees as you go.

How much will the company have to pay?

Minimum contributions are being introduced gradually over time. You will usually pay pension scheme contributions either as a fixed amount or based on a percentage of earnings.

Date	Employer minimum contribution	Total minimum contribution
Employer's staging date to 05/04/18	1%	2% (including 1% staff contribution)
06/04/18 - 05/04/19	2%	5% (including 3% staff contribution)
06/04/19 onwards	3%	8% (including 5% staff contribution)

Is that all?

No, as well as assessing new employees, you have to be reassessing each person again 3 years after they opt out!

Reasons for exemption:

If the company or individual is not considered an employer i.e:

They are a sole director with no staff

The company has a number of directors, none of whom has an employment contract

The company has a number of directors, only one of whom has an employment contract

The company has ceased trading

The company has gone into liquidation

The company has been dissolved

Auto Enrolment - is it really complicated?

Auto enrolment is quite complex. There are consequences if you get it wrong. That is one of the reasons we recommend you outsourcing your payroll to us!



Is Auto enrolment important?

Yes, under payroll RTI (Real Time Information) your payroll and pensions data can be seen by:

HM Revenue & Customs

The Pensions Regulator

Department for Work and Pensions

The Border Agency



What are the penalties if I do it myself and get it wrong?

The penalties are hefty and include:

Fixed Penalty Notice - fine £400

Escalating Penalty Notice - penalty of £50 - £10,000 per day you are non-compliant (depending on the number of workers you employ)

Number of employees	Daily rates of escalating penalty
1 - 4	£50
5 - 49	£500
50 - 249	£2,500
250 - 499	£5,000
500 or more	£10,000

Prohibited Recruitment Conduct Notice - maximum £5,000

Civil Penalty Notice (where contributions have been paid).
Fine can be up to £5,000 per individual and £50,000 per organisation.

If you fail to pay a penalty, the Regulator can take legal action to recover it from you. If you remain non-compliant you could face criminal prosecution and a prison term of up to 2 years.



What should I do if I am worried?

Please come and speak to us with any queries you may have.

We can help you with the big blue furry monster!

If you wish to arrange a free initial meeting to discuss auto enrolment please contact us on 020 7330 0000 or contact your usual ABG contact.

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Auto enrolment

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