

## The Automatic Solution!

### ***Some Background***

Back at the beginning of the 20<sup>th</sup> century, when the first old-age pension was introduced in the UK, there were 10 people of working age for every person drawing their retirement income. Today, that ratio is 3:1 and it is set to drop still further to 2:1 by 2050.

Given that our pensions are covered by the current working population, it is hardly surprising that government has, for many years, been worrying about the long-term sustainability of state provision and urging us all to supplement our pension with private plans.

Auto-enrolment, following the implementation of the Pension Act 2008, requires every organisation to set up and contribute to a pension for their employees.

The system is being phased in up until 2018, giving smaller employers greater time to adapt. But the message from HPH is that even micro businesses now need to focus on the challenges that the legislation poses.

### ***What do you need to do?***

Owners and managers cannot afford to stick their heads in the sand and pretend that the transition to auto-enrolment will be plain sailing. The recommendation from experts is usually to allow a year of planning before your own 'go-live' date, known as the staging date. Registrations are expected to peak in the fourth quarter of tax year 2016/7, but you can check your own particular staging date very quickly by visiting The Pension Regulator's website at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

What are the complications for employers? Well, first of all, you will need to assess your employees to see who counts as an 'eligible worker' under the terms of the legislation. (This will probably be an ongoing process, as members of staff leave and others join.)

The next thing is to identify a qualifying pension scheme. The government, recognising that many providers may not be interested in a scheme with fixed criteria including a charge cap of 0.75%, has created the National Employment Savings Trust (NEST) as a backstop. Even if you choose this option though, the onus is on you, as an employer, to sign up.

After that, there is a process of communicating with your workforce, enrolling those who should be part of the scheme and registering with The Pensions Regulator. Naturally, there are records to keep as you manage auto-enrolment and you will need to ensure that your contributions are made in a timely fashion. Penalties for non-compliance with the regulations range from £50 a day to £10,000!

There is a hidden twist to the new arrangements too. Some people may be eligible to be part of the new pension, but elect to opt out.



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## What's the next step?

Talk to HPH and our professional pension advisers about exactly how the new system impacts on your business and the level of support we are able to offer you. An early discussion may pay real dividends in the long term.

**The automatic solution: talk to HPH about Auto-enrolment and your payroll and pensions.**

*For further information please contact*


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