

July 2015



# AUTOMATIC ENROLMENT FAQs

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## Church of England Pension Schemes

This leaflet is aimed at Church employers to help answer some of the questions you may have about automatic enrolment. Please ask us if you need more information.

The Church of England Pensions Board

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Before reading these questions, the Pensions Regulator has produced a very helpful step-by-step guide to help you through the process of automatic enrolment. You can find this here –

[www.thepensionsregulator.gov.uk/employers/your-step-by-step-guide-to-automatic-enrolment.aspx](http://www.thepensionsregulator.gov.uk/employers/your-step-by-step-guide-to-automatic-enrolment.aspx)

This step-by-step guide covers general questions you may have such as:

- What is automatic enrolment?
- When does automatic enrolment start?
- What pension scheme must I use?
- Which staff must I enrol?
- Do I have to write to staff?
- What are the costs?
- What I need to do after your staging date.
- Opt outs, and opt ins.

The frequently asked questions below are designed to answer more specific questions you may have, and are aimed at smaller Church organisations.

If you have any questions that are not covered please get in touch.

### Can I bring our staging date forward?

Yes. You need to tell The Pensions Regulator at least one month before your new chosen date. You can find out more about bringing your staging date forward at:

[www.thepensionsregulator.gov.uk/employers/bringing-your-staging-date-forward.aspx](http://www.thepensionsregulator.gov.uk/employers/bringing-your-staging-date-forward.aspx)

Before your staging date you can still enrol staff in a pension scheme but you must obtain their consent to deduct any employee contributions.

### **Can I postpone automatic enrolment?**

You can postpone your staging date for up to 3 months. This may give you more time to prepare for any new responsibilities that automatic enrolment brings.

However, during this period staff have the right to join a pension scheme, and you will need a pension scheme available for them if they ask to join.

You do not need to tell the Pensions Regulator that you are postponing, but you need to write to your staff letting them know you are postponing automatic enrolment. You can find example letters here: [www.thepensionsregulator.gov.uk/employers/postponement.aspx#s9395](http://www.thepensionsregulator.gov.uk/employers/postponement.aspx#s9395)

You can only postpone once, even if you postpone for less than 3 months.

### **Can we use a Church of England pension scheme?**

Yes, providing you are associated with the Church. We have a number of pension schemes you can use. The most suitable scheme is likely to be Pension Builder 2014 (PB 2014). You can find further information on our website at [www.tinyurl.com/CWPFInfo](http://www.tinyurl.com/CWPFInfo), or on the Parish Resources website at [www.parishresources.org.uk/people/employing-staff/pensions](http://www.parishresources.org.uk/people/employing-staff/pensions).

PB 2014 is different from defined contribution arrangements offered by the mainstream providers and provides guarantees and automatic life cover. It may not be suitable for everyone, especially if minimising contributions in the next few years is a major priority.

### **How to join Pension Builder 2014**

If you would like to join Pension Builder 2014 please email or call us, our contact details are at the start of this leaflet.

We will send you a Participation Agreement for you to formally join along with an employer guide explaining how to join and the administration of the scheme. A copy of the employer guide is also available on our website at [www.tinyurl.com/CWPFemployergeneral](http://www.tinyurl.com/CWPFemployergeneral) and follow the links to Pension Builder 2014.

### **Are there other schemes we can use?**

Yes. National Employment Savings Trust (NEST) is the Government backed automatic enrolment pension scheme and will accept any employer that applies to them. Contributions for NEST start at a lower level than Pension Builder 2014 and gradually increase to 8%. You can find more information at [www.nestpensions.org.uk](http://www.nestpensions.org.uk).

There are also other providers that may be able to help such as Now Pensions and Peoples Pensions.

### **Can I delay enrolling staff?**

Yes, you can postpone enrolling staff for up to 3 months. For example, if you have a probationary period of 6 months you will have to enrol them after 3 months.

Many employers' enrol staff immediately.

## **Is salary sacrifice allowed?**

We will allow salary sacrifice, and most other pension schemes will also allow this, but there are points you should consider if you are using this.

This link will guide you through these points:

[www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf](http://www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf)

## **What if I only employ staff who earn between £5,824 p.a. and £10,000 p.a. ('non-eligible' staff)?**

Staff can ask to 'opt in' and if they do, you need to have a qualifying pension scheme for them to join. There is no need to have a pension scheme set up in advance, but you may want to have back up arrangements in place in case someone opts in.

You need to write to these staff to let them know they can join a pension scheme. You can find a template letter at [www.thepensionsregulator.gov.uk/employers/write-to-your-staff.aspx](http://www.thepensionsregulator.gov.uk/employers/write-to-your-staff.aspx)

## **What if I only employ staff who earn less than £5,824 p.a. ('entitled' staff)?**

These staff have the right to join a pension scheme and this scheme must be a registered pension scheme.

There is no requirement for the employer to contribute. However, if you use a personal pension scheme, you must set up a direct payment arrangement and pay the employee's contributions to the provider.

Joining is not the same as opting in. You do not have to pay employer contributions and the pension scheme does not have to meet the Government standards. Although you may feel a moral duty to offer them a pension scheme that meets the Government standards and pay contributions on their behalf.

We do not provide a pension scheme that these staff can join, but you can approach NEST.

You need to write to these staff to let them know they can join a pension scheme. You can find a template letter at [www.thepensionsregulator.gov.uk/employers/write-to-your-staff.aspx](http://www.thepensionsregulator.gov.uk/employers/write-to-your-staff.aspx)

## **What if 'eligible' staff later become 'non-eligible' or 'entitled' staff?**

If an eligible staff member later reduces their hours or pay and becomes a non-eligible or entitled staff member they must remain in the pension scheme, unless they decide to opt-out.

## **What about part-time staff?**

Part time staff are treated the same as full time staff. If a part-timer has another job their other employer will also consider them for automatic enrolment.

## **What about staff on zero hour contracts?**

You need careful consideration and assessment if you employ staff on zero hour contracts. This guidance can help you decide whether you need to automatically enrol them:

[www.thepensionsregulator.gov.uk/docs/detailed-guidance-3.pdf](http://www.thepensionsregulator.gov.uk/docs/detailed-guidance-3.pdf)

## What if pension contributions are covered by the Diocese or another organisation?

If someone is employed by a small Church organisation, but the Diocese pays their pension contributions, this can continue. If there is an arrangement where the Diocese pays the pension contributions and the small Church organisation reimburses the Diocese, either in full or in part, in most cases this can continue.

The Church organisation should become a Participating Employer with our scheme as this will satisfy the need to provide a pension scheme under automatic enrolment.

Please let us know if you have an arrangement like this and we will check whether this meets automatic enrolment requirements.

## What if we are not a registered company?

This may be the case if you do not employ anyone who earns above the Lower Earnings Limit (currently £5,824 for 2015/16).

Automatic enrolment will start when you first pay PAYE income (i.e. income above the Lower Earnings Limit).

However, staff can ask to join a pension scheme. Please see the section **What if I only employ staff who earn less than £5,824 p.a. ('entitled' staff)?** so you understand what to do in this situation.

## I already have a pension scheme for staff, does automatic enrolment still apply?

First, you need to check if this scheme meets the Government standards. Your pension provider can tell you if it meets the requirements. If it does not then you will need to find another pension scheme that does, or amend your current scheme so that it meets the standards.

## Contact us

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**The information provided is our understanding of current legislation and does not cover every aspect of automatic enrolment.**

**You should seek professional advice if you are unsure about the impact of automatic enrolment.**

