

# AUTOMATIC ENROLMENT FACTSHEET 10:

## RE-ENROLMENT

It's important employers fully understand their duties as part of automatic enrolment. To assist with this, Scottish Widows has produced a range of fact sheets covering some of the key technical aspects of the regulations. Further details may be found on the Pension Regulator's website:

<http://www.thepensionregulator.gov.uk/employers/tools/employer-duties.aspx>

Every three years an employer is required to go through an exercise to put employees back into its automatic enrolment scheme. This is to sweep up those who have opted out or left the automatic enrolment scheme and, in some cases, those who have ceased membership of a qualifying scheme after being contractually enrolled.

The Pensions Regulator's detailed guidance refers to two separate types of re-enrolment; cyclical and immediate. The latter refers to an employer's duty to immediately re-enrol an employee back into an automatic enrolment scheme where they have caused them to be taken out of a scheme. We will not look at immediate re-enrolment further.

### CYCLICAL RE-ENROLMENT

Three years from the staging date an employer will need to assess its workforce and determine if any employees need to be automatically re-enrolled. The enrolment process is broadly the same as at the staging / deferral date, but there are some points an employer needs to be aware of:

1. Postponement cannot be used at the re-enrolment date.
2. It only applies to those who have left a scheme having previously been automatically enrolled or opted in or those who have ceased membership of a qualifying scheme.
3. There is one fixed re-enrolment date that applies to all that are eligible.

The above points are discussed in more detail at the end of this factsheet under difference between automatic enrolment and automatic re-enrolment.

Previous members of a qualifying scheme who left the scheme more than 12 months before the re-enrolment date are subject to re-enrolment provided that they are eligible jobholders at the re-enrolment date and were also eligible at some point whilst in membership of the qualifying scheme.

The employer will, therefore, need to assess those who have previously opted out or ceased membership of their automatic enrolment and/or qualifying schemes. If they opted out or ceased membership of the scheme more than 12 months before the re-enrolment date and they are eligible jobholders at that date, they must be re-enrolled.

### CHOOSING THE RE-ENROLMENT DATE

The re-enrolment date can be any date within a six month window that spans the 3-yearly anniversary of the staging date. The earliest start date is 3 months before the anniversary; the latest 3 months after.

#### Example

A large employer reached its staging date on 1 October 2012. The 3rd anniversary of its staging date is 1 October 2015. The employer can choose any date from 1 July 2015 to 31 December 2015.

Given this flexibility, the employer can choose the most suitable date. For example, they may wish to align the re-enrolment date with the start of their accounting year or the annual start date for any other employee benefit schemes they run.

One of the principal things they must look at is their pay reference period. Ideally, they should align the re-enrolment date with the start of a pay reference period to avoid part period calculations. If the employer operates more than one pay reference period because of workforce segmentation, this may not be possible for everyone.

Taking these factors into account, the employer should choose the most appropriate date, noting that postponement cannot be used in conjunction with re-enrolment.

## DIFFERENCE BETWEEN AUTOMATIC ENROLMENT AND AUTOMATIC RE-ENROLMENT

Although the actual process of enrolling workers under re-enrolment is the same as the automatic enrolment process, there are some additional points to note.

- 1. Postponement.** Automatic re-enrolment cannot be postponed. When the employer reaches their re-enrolment date, they must arrange pension scheme membership for those workers that qualify for re-enrolment. The flexibility around the re-enrolment date effectively allows for a 3-month deferral date, so if the employer needs some breathing space before re-enrolling they should use the latest possible re-enrolment date, but note the interaction with the re-declaration deadline as explained below.
- 2. Not everyone has to be re-enrolled.** At the re-enrolment date, only eligible jobholders who have previously been automatically enrolled or opted in need to be re-enrolled, along with those who have ceased membership of a qualifying scheme having been eligible jobholders whilst in the scheme. Those who opted out or ceased membership within the 12 months before the re-enrolment date can be excluded from the process.
- 3. The re-enrolment date is fixed.** The employer has one re-enrolment date every 3 years. Unlike automatic enrolment, it is not possible to have different dates applying to different workers or to gradually phase in re-enrolment to adjust to the increased costs, for example.

## TIME LIMITS

Eligible jobholders will become active members of the automatic enrolment scheme from the re-enrolment date. The joining window – during which the employer must complete the automatic enrolment process – lasts 6 weeks starting on the re-enrolment date. The re-enrolment date is also the start date for the calculation of contributions to the scheme.

Re-declaration of compliance is required at re-enrolment. If no jobholders need re-enrolling, the employer must submit their re-declaration no later than the day before the 3 yearly anniversary of their original declaration (registration) date. This can have some unfortunate consequences as an employer may wish to use the latest possible re-enrolment date, but if they have no eligible jobholders to re-enrol, they will be in breach if their original declaration (registration) was more than 3 years before their re-enrolment date.

### Example

An employer had a staging date of 1 April 2013. It did not use postponement and registered with The Pensions Regulator on 28 April 2013. If it has no eligible jobholders to re-enrol, the re-declaration must be submitted to the Regulator no later than 27 April 2016.

To comply with its re-declaration duty in this case, the company can not make its re-declaration any later than this date and so may have to ensure that its re-enrolment date is not later than the re-declaration date.

Every care has been taken to ensure that this information is correct and in accordance with our understanding of the law and HM Revenue & Customs practice, which may change. However, independent confirmation should be obtained before acting or refraining from acting in reliance upon the information given.

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