

AUTOMATIC ENROLMENT FACT SHEET 9:

ASSESSING WORKERS

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>

Employer duties involve regular workforce assessments to ensure that pension scheme enrolment and access rights are met for the various categories of worker.

WORKERS

Here the term 'workers' simply means individuals working or effectively working under a contract of employment or contract of service. Workers are broken down into two sub-categories:

- **Entitled worker:** This is a UK based worker, aged between 16 and 74 without qualifying earnings, or in other words someone earning less than £5,824 per annum in 2015/2016 (£5,772 in 2014/2015). They must be given access to a pension scheme but have no statutory right to an employer contribution.
- **Jobholder:** This is a UK based worker, aged between 16 and 74 with qualifying earnings of more than £5,824 per annum in 2015/2016 (£5,772 in 2014/2015). Jobholders are further broken down into:
 - **Eligible jobholders:** Aged between 22 and state pension age with qualifying earnings higher than the automatic enrolment trigger which is £10,000 in 2015/2016 (and 2014/2015). They must be automatically enrolled into a qualifying workplace pension scheme unless they're already members of such a scheme or they're enrolled under the terms of their contract of employment. Employer contributions are compulsory.
 - **Non-eligible jobholders:** Jobholders who don't meet both the age and earnings criteria needed to be eligible jobholders. They don't have to be automatically enrolled into a qualifying workplace pension scheme but they can opt in and benefit from compulsory employer contributions.

WORKFORCE ASSESSMENT

All workers are subject to ongoing assessment by the employer to ensure that its legislative duty for each worker category is satisfied. This takes into account new starters as well as changes in age and earnings from one pay reference period to the next and potential movement of existing workers between categories.

Employers should complete assessments on the following occasions.

Staging date

- The employer has to assess its entire workforce on the day that the employer duties first apply under the legislation, even if some or all are already members of a pension scheme. This is not the case if the employer uses 'postponement', deferring the assessment by up to three months.
- In practice, preparation for this task will often start months in advance of the staging date, as part of the employer's plans to meet the new rules.

The first day of employment

- New employees joining after the staging date unless the employer postpones the assessment by up to three months.

Birthdays

- When workers reach the ages of 16 and 22.

Non-automatic enrolment joiners

- Workers opting in or joining the pension scheme of their own accord.

Deferral date

- If the employer uses the up-to-three-months-postponement provisions.

Each pay reference period

- Day one of every pay reference period for those previously recorded as non-eligible jobholders and entitled workers.

Re-enrolment date

- Eligible jobholders who have opted out, ceased active membership, or reduced contributions to below the minimum levels, have to be reassessed approximately every three years based on the employer's staging date.

Defined benefit schemes: end of transitional period

- Employers with defined benefit schemes may choose to delay assessment under special transitional rules.

Change of circumstances

- When active membership of a scheme ceases because the worker temporarily stopped working in the UK and/or stopped having qualifying earnings or when a non-eligible jobholder ceases membership, then regular assessments must start again.
- Similarly, if the scheme stops being a qualifying scheme then assessments will be triggered for all members.

WHEN IS (RE)ASSESSMENT NOT REQUIRED?

- If eligible jobholders remain active members of a pension scheme.
- If eligible jobholders opt out or cease active membership of the pension scheme within 12 months of the automatic re-enrolment date.

HOW WE CAN HELP

The assessment process places a burden on employers who will need to develop additional HR and payroll procedures to accommodate it. Many employers will welcome the availability of external support such as Scottish Widows' AssistMe solution. Amongst other things AssistMe is capable of linking to an employer's payroll system, identifying worker categories and performing assessments.

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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