

## Pensions Auto-Enrolment

### **What?**

From a date after October 2012, businesses will be required to automatically enrol eligible 'jobholders' in a workplace pension scheme. 'Jobholder' can include permanent, fixed term and temporary workers, as well as agency workers.

A business will, where certain requirements relating to quality are met, be able to use an occupational or personal pension scheme. Otherwise, employers will be required to enrol jobholders in the National Employment Savings Trust – a central contribution scheme, established by government.

### **Opt out?**

Employers cannot opt out of the auto-enrolment requirement, nor are small businesses exempt (although, businesses with less than 50 employees have been given an extended period of time within which to implement the measures).

Jobholders can opt out of the pension scheme, but only once they have been auto-enrolled. Employers are required to re-enrol jobholders every three years, after which the jobholder can again choose to opt out.

### **Income threshold?**

Not all jobholders will be automatically enrolled. Only those who reach the income tax threshold (£10,000 in 2014/2015).

However, any jobholder with earnings between the National Insurance lower earnings limit (£5772 in 2014/2015) and the National Insurance upper limit (£41,860 in 2014/2015) will be able to opt in to the pension scheme and receive employer contributions.

### **Age limit?**

Jobholders must be aged between 22 years and the state pension age, to be eligible for auto-enrolment.

### **Three month waiting period?**

A business can use a three month waiting period, to avoid automatically enrolling jobholders who leave employment soon after joining (for example, temporary jobholders).

**If you would like to discuss any of the matters raised in this newsletter or other employment matters, please contact:**

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*The information in this newsletter is not meant as a substitute for advice on particular issues and is written in general terms. You should seek specific advice before taking any action based on the information in this newsletter.*

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**Voluntary compliance?**

Businesses scheduled to automatically enrol in October or November 2012 were allowed to voluntarily bring forward their enrolment date to 1 July, 1 August or 1 September 2012.

Businesses required to enrol later can also opt to bring forward their enrolment date. A qualifying pension scheme must be in place and the business must notify the Pensions Regulator.

