

Briefing Note

Pension Enrolment

as at 28 January 2022

The Pensions Act 2008 requires every employer in the UK to assess their workforce to determine the individual pension contribution requirements of each worker. There are three categories of worker, each with different entitlements.

<p>'Workers work under a contract of employment (an employee) OR have a contract to perform work or services personally and are not undertaking the work as part of their own business.'</p> <p>https://www.thepensionsregulator.gov.uk/en/document-library/automatic-enrolment-detailed-guidance/resources-the-different-types-of-worker</p>		
TYPE OF WORKER	CRITERIA	ENTITLEMENT
Eligible Job Holder	<ul style="list-style-type: none"> • Aged 22 to State Pension Age (SPA) • Works in the UK • Earns more than £10,000 per annum 	<p>Worker must be automatically enrolled.</p> <p>Worker can opt out of pension scheme after enrolment.</p>
Non-Eligible Job Holder	<ul style="list-style-type: none"> • Aged between 16-21 or SPA and 74 • Must also earn above £10,000 per annum. <p>OR</p> <ul style="list-style-type: none"> • Aged 16-74 • Working in the UK • Earn between £6,240 - £10,000 	<p>Worker has the right to opt-in to the pension scheme.</p> <p>If a worker opts-in, the employer must also contribute to the pension scheme.</p>
Entitled Workers	<ul style="list-style-type: none"> • Aged between 16-74 • Work in the UK • Earn below £6,240 	<p>Worker has the right to join the pension scheme.</p> <p>Employer is not required to contribute.</p>

Employers are required to assess their workers each payroll period, as the workers' personal circumstances (age, pay etc) may have changed. Any change in a worker's circumstance may alter the employers' legal requirements for that worker.

Automatic Enrolment

All 'eligible job holders' must be automatically enrolled in the employers pension scheme from the date they become eligible (postponement may apply). A worker can choose to opt-out of the pension scheme at any point by following the instructions in their scheme welcome pack. If a worker opts-out of the pension scheme within 30 days of enrolment, any contribution paid will be refunded. If the worker opts-out after 30 days any contributions paid will remain in the scheme until the worker is eligible to draw their pension. Both contributions paid and refunded should be shown on the workers payslip.

Postponement

An employer may 'postpone' enrolling a worker into a pension scheme for a period of up to 3 months. The employer must inform the worker, in writing, within the statutory 6-week period, that their enrolment has been postponed.

Workers may request to be auto enrolled at any time during postponement. The worker should be enrolled when the request has been received.

On the last day of the postponement period, the workers must be assessed again to determine if they meet the criteria for auto-enrolment. If they do, they must be auto enrolled, and the employer cannot apply a further period of postponement for this worker. However, if a worker does not meet the criteria for auto-enrolment they can be postponed again later if necessary.

An employer can only postpone automatic enrolment from:

- their duties' start date
- a staff member's first day of employment
- the date a staff member first meets the age and earnings criteria to be put into a pension scheme that the employer also pays into.

For more detailed information, including statutory requirements, please visit the Pension Regulator's website: - <https://www.thepensionregulator.gov.uk/en>

Please be advised Voluntary Action Orkney are not Financial Advisors and therefore do not offer advice regarding personal pensions. If you have any questions regarding pension plans, please speak to a Financial Advisor.

Voluntary Action Orkney (VAO) is a company limited by guarantee registered in Scotland No 143208 and a Scottish Charity no SC010691. Registered office at Anchor Buildings, 6 Bridge Street, Kirkwall, KW15 1HR.