



LUCAS FETTES
& PARTNERS

PENSION REFORM

A QUICK GUIDE FOR TRUSTEES

From 2012 onwards, significant changes to pension law will affect all employers in the UK.

Regardless of size, every employer will be required to automatically enrol certain workers into a qualifying pension scheme and make contributions towards it.

Each employer will have a 'staging date' when their duties will commence. This date will depend on their size and possibly PAYE reference, with the largest employers joining first.

At their staging date, employers will need to be able to:

Automatically enrol certain employees into a workplace pension scheme

Collect from and pay an Employer contribution on behalf of these workers

Register the pension scheme with The Pensions Regulator

Provide certain information to all workers



How does this affect a board of Trustees?

Trustees will need to discuss and agree a plan with the employer to ensure compliance with the new regulations.

To do this they will need to gain sufficient awareness of the regulatory requirements and are likely to need specialist professional advice.



What are the **considerations**?

Costs - Trustees will need to calculate what additional costs the employer is likely to incur, not only in relation to increased contributions but also administration of the pension scheme.

These additional costs will need to be factored into budget forecasting and could be a significant increase where there is little or no existing workplace pension provision.



Timescales - Auto-enrolment will not just impact employers at their staging dates. All employers will need to regularly review the profile of their workers to ensure they continue to meet their duties. It is therefore imperative to implement robust processes through both HR/ payroll systems and scheme administration.

Pension options - To meet their Auto-Enrolment duties, all employers will have access to the State's National Employment Savings Trust (NEST). However there will be a choice of other schemes, such as group personal pensions, available to meet auto-enrolment requirements. For this reason, Trustees may wish to benchmark the available offerings to ascertain which would best serve the needs of the charity.

Penalties - Failure to adhere with the new regulations may result in financial penalties.

What should you be **thinking** about now?

Q. When will the staging date for our organisation be?

This can be identified from the The Pension Regulators website* or by contacting us at www.lucasfettes.co.uk/pension-reform or 0845 357 8910.

Q. What will be the additional cost to the employer?

By making an initial assessment of the workforce you can identify your duties and project additional costs.

Q. What type of scheme should we use for auto-Enrolment?

There are many differences in the types of scheme available so you may wish to undertake due diligence so you can make an informed decision.

For all these tasks you could consider establishing a sub-committee, if appropriate, who will be responsible for your automatic enrolment duties. We can help with planning, education and communication in a cost effective way.

Q. What shortfalls are there on my existing scheme?

Unless it commenced or was reviewed recently it is unlikely to be as competitive compared with a newer scheme. It may also not qualify under the new legislation to meet future requirements.



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* www.thepensionsregulator.gov.uk

