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## WORKPLACE PENSIONS

### QUICK CHECKLIST

There is legislation in place which requires companies with employees to offer pension plans and, in some cases, automatically enrol employees into a plan. To minimise the risk of penalties it is important to consider some key points:

- Consider which employees fall into which category (i.e. which need to be auto-enrolled).
- Keep on top of this review so you can enrol new joiners and employees whose circumstances /salaries change over time.
- Make sure you choose a pension plan that fits your requirements as a business.
- Communicate to your employees and explain their options.
- Make sure you have registered with HMRC to notify them of your pension plan.
- Where you are taking contributions (whether employee or employer), make sure you pay these across to the applicable pension plan on a timely basis.
- Make sure your pension plan is competitive and acts as an incentive to ensure you can attract and retain key employees.

### WHAT ARE MY OBLIGATIONS AS AN EMPLOYER?

All companies need to provide employees with the opportunity to participate in a workplace pension. Depending on the age of the employee and their level of income, this may include the requirement for the company to contribute into the pension and may also mean the company has to automatically enrol employees (this means automatically enrol employees, who can then choose to opt out of the scheme).

It is important to meet these obligations as you can be fined by the Pensions Regulator for non-compliance.

Pensions are often seen as a key part of an employee's remuneration package and can make the difference between hiring / retaining a key member of staff and losing them to another Company. You should therefore make sure all decisions on pension plans are made taking this into account - and you may wish to consider what your competitors are offering.

### WHICH EMPLOYEES NEED TO BE AUTO-ENROLLED?

- Employees earning over £833 per month (or £192 per week) AND are between 21 years old and the State Pension Age MUST automatically be enrolled into the pension plan.
- These employees can choose to opt out (but this would be their decision).
- The Company also has to contribute at least 1% of each employee's pensionable salary into the plan.

### WHAT ARE MY OBLIGATIONS TO EMPLOYEES THAT DON'T NEED TO BE AUTO-ENROLLED?

Your obligations are dependent on the employee's age and income levels:

- Employees earning less than £490 per month (or £113 per week) have the right to ask to join the pension plan, however the Company does NOT need to contribute.
- Employees earning between £490 and £833 per month (or £113 and £192 per week) have the right to opt into the full auto-enrolment pension plan with employer contributions, but do not get enrolled automatically.
- Employees earning over £833 per month (or £192 per week) who are aged between 16 and 21 also have the right to opt into the full auto-enrolment pension plan with employer contributions, but do not get enrolled automatically.



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### WHAT STEPS SHOULD I TAKE?

- You should review all employees to make sure you know which category they fall into (and keep an eye on this review as it may change with time).
- Write to EACH employee explaining the situation they are in (i.e. whether they are being auto-enrolled, or explaining they have the right to opt into the pension plan).
- Keep all pension records for six years.
- Monitor salary levels and employee ages on a monthly basis (and make sure this check is done for new joiners) to make sure you enrol all employees that fall within auto-enrolment.
- Pay contributions to the pension plan.
- Within five months of the start of the Company's legal duties, you must complete a declaration of compliance via the HMRC government gateway.
- Make sure you comply with your re-enrolment obligations (you need to re-enrol applicable employees every three years)

### WHICH PENSION PLANS CAN I USE?

There are a large number of pension plans that companies can offer to employees. You should consider how the plan will be administrated, any costs involved and what additional services the plan may offer when choosing the plan.

There is also a government scheme which is called NEST; this is often used by smaller businesses and start-ups due to how easy it is to use.

### HOW CAN BLUE-PEAK HELP?

With backgrounds in the Big 4, we have a wealth of experience assisting companies with their obligations in respect of employee remuneration. Please contact us for more information.

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