



Automatic enrolment

An explanation of the automatic enrolment process

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About this guidance

- This guidance is aimed at professional advisers and employers with in-house pensions professionals. Trustees, managers and pension scheme providers should also familiarise themselves with the automatic enrolment process.
- It contains complex information on the law surrounding automatic enrolment.
- To aid understanding, we have split the guidance into 3 sections.

Section 1: How to automatically enrol describes the process an employer must follow to make an eligible jobholder an active member of an automatic enrolment pension scheme. It contains lists of the information an employer is required to provide as part of the new employer duties in relation to automatic enrolment.

Section 2: When to automatically enrol explains the relevance of certain dates in relation to the automatic enrolment process. It also outlines the proposed concept of waiting periods and how this would work in practice.

Section 3: After completing automatic enrolment explains an employer's ongoing responsibilities once they have completed the initial stages of the process.

- Employers reading this guidance should have already read the following guidance in this series:
 - **Detailed guidance no. 1 – Employer duties and defining the workforce**
 - **Detailed guidance no. 2 – Getting ready**
 - **Detailed guidance no. 3 – Assessing the workforce**

In addition, it will be helpful for employers to be familiar with the content in **Detailed guidance no. 4 – Pension schemes** that is relevant to them.

- '1 month' means '1 calendar month' throughout this guidance.

- We recognise that many employers will already have pension provision for their workers, and that this will often match or exceed the minimum requirements contained in the duties.
- In these cases, such employers may just need to check that the minimum requirements are covered in their existing processes.
- It will be helpful to employers to be familiar with the different categories of workers. These are explained in **Detailed guidance no. 1 – Employer duties and defining the workforce** or a quick reminder is available in the **Resource** section on the website.
- We committed to update this guidance following Royal Assent of the Pensions Bill 2011. The Bill has not yet received Royal Assent so, in the small number of cases where changes proposed in the Bill impact the information in this guidance, footnotes still identify the affected passages in this version.

However, the Department for Work and Pensions (DWP) has recently published a consultation document on proposed changes to the regulations arising from the Pensions Bill 2011. Though these are proposals, and therefore not covered in this version of the guidance, the consultation highlights 2 key areas where the proposed changes would have a significant impact on this content. For this reason, we have updated the guidance to highlight these areas and also taken the opportunity to correct some typographical errors. All changes made to this document are listed in Appendix C on page 23.

For more information on DWP's proposed changes, see their consultation document at: www.dwp.gov.uk/consultations

- We will not be producing an interim version of this guidance on Royal Assent; we will instead update it once again when the final regulations are published. So be sure to check the website or simply sign up to our free news-by-email service at: www.tpr.gov.uk/news to keep up-to-date.

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Key points

- A key requirement of the new employer duties is for employers to make arrangements so that their eligible jobholders become active members of an automatic enrolment pension scheme from their automatic enrolment date.
- The eligible jobholder's automatic enrolment date is a key piece of information for the employer.
- It is essential for an employer to identify the first time any of their workers meet the criteria for being an eligible jobholder.
- As part of the automatic enrolment process, an employer has to provide certain information to:
 - the pension scheme about the eligible jobholder
 - the eligible jobholder about the pension scheme.
- An employer has ongoing responsibilities once they have completed the initial stages of the automatic enrolment process.



**An employer
has ongoing
responsibilities**

Introduction

1. Automatic enrolment is one of the key employer duties being introduced from 2012. The core requirement is that employers must make arrangements so that their eligible jobholders become active members of an automatic enrolment pension scheme from their automatic enrolment date.
2. An employer must automatically enrol any eligible jobholder working for them who is not already a member of a qualifying pension scheme with that employer. **Detailed guidance no. 3 – Assessing the workforce** describes how to identify an eligible jobholder.
3. Section 1 of this guidance describes the process required to automatically enrol an eligible jobholder into an automatic enrolment pension scheme. The arrangements that an employer must make are set out in law.
4. Employers, trustees, managers and providers of pension schemes alike should familiarise themselves with the automatic enrolment process. It is likely that some changes to the existing process of joining will be necessary for an existing pension scheme to be able to be used, even if the scheme rules currently allow immediate enrolment.
5. When an employer has identified that a worker is an eligible jobholder, they must automatically enrol them from what is known as the 'automatic enrolment date'. There are, however, 2 special cases where the employer may choose to delay automatic enrolment, which are explained in section 2.



Automatic enrolment is one of the key employer duties

Section 1: How to automatically enrol

6. Having identified an automatic enrolment duty, in respect of an eligible jobholder, the process for automatically enrolling eligible jobholders into an automatic enrolment scheme consists of a number of steps set out in law.
7. The law also sets out the time limit for completing automatic enrolment. During what is known as the 'joining window' (the 1-month period from the eligible jobholder's automatic enrolment date), the employer must:
 - give information to the pension scheme about the eligible jobholder
 - give enrolment information to the eligible jobholder
 - make arrangements to achieve active membership for the eligible jobholder, effective from their automatic enrolment date.They can do this by making arrangements with either:
 - the trustees or managers of an occupational pension scheme to create active membership under the scheme rules, or
 - the provider of a personal pension scheme, to ensure that the eligible jobholder is given the information about the policy that is deemed to exist between them and the pension scheme provider.
8. These steps are not sequential and can be done in any order. Flowcharts of example processes can be found in **Appendix A and B** on pages 21 and 22 of this guidance.
9. The employer is also required to keep certain records of this process. For more information on the records to keep, see Table 1 on page 19.

Information an employer must provide

Information to the pension scheme about the eligible jobholder

10. A key feature of an automatic enrolment scheme is that the eligible jobholder must not be required to provide information to either join or remain a member. It is the employer's responsibility, working with the pension scheme trustees, managers or pension scheme provider, to achieve active membership for the eligible jobholder.
11. The employer must provide certain personal information about the eligible jobholder to the pension scheme trustees, managers or pension scheme provider. They must do this during the joining window.
12. This is the minimum amount of information required to achieve active membership, although its provision alone does not necessarily mean that active membership has been established. The employer should be aware that the trustees, managers or provider of the pension scheme may require more information, depending on the scheme rules, as long as this does not act as a barrier to automatic enrolment. See **Detailed guidance no. 4 – Pension schemes** for more information.

Who to give the information to

13. **For personal pension schemes**
The information must be given to the pension scheme provider (often an insurance company).
14. **For occupational pension schemes**
The information must be given to the pension scheme trustees or managers.

Providing the information

15. The information must be provided in writing, which can include being sent by email.
16. Someone acting on the employer's behalf, such as an independent financial adviser (IFA) or benefit consultant can send the information but it remains the employer's responsibility to make sure it is provided, on time, and is complete and correct.

Information to the pension scheme about the eligible jobholder

For each eligible jobholder, it is mandatory for the employer to give the trustees, managers or providers of the pension scheme, the eligible jobholder's:

- name
- gender
- date of birth
- automatic enrolment date
- postal residential address
- National Insurance number (NINO) – if the employer does not have the eligible jobholder's NINO, they can provide it to the pension scheme at a later date. This must be within 1 month of the employer receiving it.

Employers should also provide the following information, unless the pension scheme does not require it. The eligible jobholder's:

- postal work address
- work email address (if one exists)
- personal email address (if the employer holds this information)
- gross earnings in any pay reference period and
- the value of any contributions payable to the pension scheme by the employer and the eligible jobholder in any pay reference period (where this information is available to the employer. The value can be shown as a fixed amount or a percentage of any qualifying earnings or pensionable pay due to the eligible jobholder).

Enrolment information to the eligible jobholder

17. Once enrolled into an automatic enrolment pension scheme, an eligible jobholder can decide to opt out of the pension scheme. It is important they are able to make an informed decision. The employer must provide the eligible jobholder with certain enrolment information, within the joining window, that tells them:

- that they have been, or will be, automatically enrolled and what this means to them
- of their right to opt out and their right to opt back in
- a statement about where to find further information about pensions and saving for retirement.



An eligible jobholder's right to opt out

Automatic enrolment into a qualifying pension scheme is compulsory but ongoing membership is not. A jobholder has the right to opt out of pension scheme membership, but cannot opt out of automatic enrolment. For more information on managing the opt out process, see **Detailed guidance no. 7 – Opting out.**

Providing the information

18. The information must be provided in writing, which can include being sent by email.
19. Someone acting on the employer's behalf (such as an IFA, pension scheme provider or benefit consultant) can provide the information but it remains the employer's responsibility to make sure it is provided on time and it is complete and correct.
20. There is nothing that prevents the employer, or an agent acting on their behalf, from preparing the information ahead of the eligible jobholder's automatic enrolment date.
21. However, the start and end date of the opt out period must be included with the enrolment information. In cases where this is not known ahead of the date the enrolment information was issued, we would expect employers to issue an update to the eligible jobholder as soon as it is known.

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Mandatory information to the eligible jobholder about automatic enrolment

The employer must provide the following enrolment information to each eligible jobholder within the joining window. This information is prescribed in regulations. The text in blue below provides a further explanation from the regulator.

About being automatically enrolled

- A statement that the eligible jobholder has been, or will be, automatically enrolled into a pension scheme to help save for the eligible jobholder's retirement.
- The eligible jobholder's automatic enrolment date.
- The name, address, telephone number and electronic contact details of the pension scheme of which the eligible jobholder is, or will be, an active member.
- The value of any contributions payable to the pension scheme by the employer and the eligible jobholder in any pay reference period. [The value can be shown as a fixed amount or a percentage of any qualifying earnings or pensionable pay due to the eligible jobholder.](#)
- If the pension scheme chosen for automatic enrolment is a defined contribution (DC) occupational pension scheme or personal pension scheme, a statement advising the jobholder of the phased increase in contributions as part of the introduction of the reform. [More information about the phased increase in contributions can be found in Detailed guidance no. 4 – Pension schemes.](#)
- A statement that eligible jobholder contributions have been, or will be, deducted from any qualifying earnings or pensionable pay in any pay reference period.
- Confirmation as to whether tax relief will be given through relief at source or relief under net pay arrangements. [Net pay arrangements can be used if the automatic enrolment scheme is an occupational pension scheme and registered with Her Majesty's Revenue & Customs \(HMRC\).](#) If the automatic enrolment pension scheme is a personal pension scheme, employers should check with the pension scheme as to how tax relief is to be administered and build in either relief at source, or net pay arrangements into their payroll processes. Net pay arrangements cannot be used in any other circumstances. For more information see HMRC's Employer Guide CWG2 at: www.hmrc.gov.uk/guidance/cwg2.htm
- A statement that the employer may not take any action or make any omission by which the eligible jobholder ceases to be an active member of the pension scheme (without the eligible jobholder ceasing employment), or that results in the pension scheme ceasing to be a qualifying scheme, unless the eligible jobholder is or becomes an active member of another qualifying pension scheme.

Enrolment information to the eligible jobholder continued...

Mandatory information to the eligible jobholder about automatic enrolment continued...**About the eligible jobholder's right to opt out and opt back in**

- A statement that the eligible jobholder has the right to opt out of the pension scheme during the opt-out period.
- If the start and end of the opt-out period are known by the employer: the start and end date of the opt-out period for the eligible jobholder.
- If the start and end of the opt-out period are not known by the employer: a statement that the opt-out period is to be determined in accordance with regulation 9(2) or (3): *This means that the opt-out period will start on the latest of:*
 - the date of the issue of this enrolment information, or
 - the date active membership is established for an occupational scheme or the date the terms and conditions are sent to the eligible jobholder for a personal pension scheme.

Where the start and end date become known to the employer after the enrolment information has been sent, we would expect employers to issue an update with the revised information. More information on managing opt outs can be found in **Detailed guidance no. 7 – Opting out.**

- The source from which the opt-out notice may be obtained.
- A statement that opting out means that the eligible jobholder will be treated for all purposes as not having become an active member of the pension scheme on that occasion.
- A statement that after a valid opt-out notice is given to the employer, any contributions paid by the eligible jobholder will be refunded to the eligible jobholder by the employer.
- A statement that where the eligible jobholder opts out, the eligible jobholder may then choose to opt in, in which case the employer will be required to arrange for that eligible jobholder to become an active member of an automatic enrolment pension scheme once in any 12-month period.
- A statement that after the opt-out period, the eligible jobholder may cease to make contributions towards their pension scheme in accordance with the scheme rules.
- A statement that an eligible jobholder who opts out or ceases active membership will normally be automatically re-enrolled into an automatic enrolment pension scheme by the employer, in accordance with section 5 of the Pensions Act 2008. *Broadly this means every 3 years, although in some special circumstances it will be earlier.*

About where to find more information

- A statement giving details of where to get more information about pensions and saving for retirement. *Eligible jobholders can access the **Build a better future** pages at www.direct.gov.uk/betterfuture for more information on pensions and saving for retirement.*

22. Guidance will be available on the **Business Link** website (www.businesslink.gov.uk) later in the year to help employers communicate with their workers in advance of automatic enrolment being introduced.

Making arrangements for active membership

23. It is the employer's responsibility to make arrangements to establish active membership of the pension scheme for the eligible jobholder. These arrangements differ depending on the type of pension scheme the employer chooses to use.

In an occupational pension scheme

24. It is up to the employer to communicate with the trustees to establish active membership for the eligible jobholder.
25. Active membership for an occupational pension scheme means that the eligible jobholder is in pensionable service under the pension scheme. This means service by the eligible jobholder in any employment (to which the scheme relates), which qualifies them for pension (or other) benefits under the scheme.
26. The rules of the pension scheme will state what creates membership or pensionable service, eg often the rules may say that membership starts as soon as employment starts.
27. Often, the provision of the jobholder information to the pension scheme on its own will not be enough to create active membership, unless the rules of the pension scheme expressly define active membership as being created by the receipt of this information. If they do not, active membership is created by whatever the rules stipulate.
28. An employer will need to find out from the pension scheme the date on which active membership is achieved. This is important as they will need it to work out the start of the period during which the eligible jobholder can opt out.
29. Regardless of what point in the joining window active membership is created for the eligible jobholder, it must take effect from the automatic enrolment date. Pensionable service under the pension scheme must be backdated to that date. Contributions are due and must be calculated from the automatic enrolment date.

In a personal pension scheme

30. Personal pension schemes are contract-based, meaning they are made up of an agreement between the provider of the scheme and the scheme member. The member is given the key features information about the personal pension, including the terms and conditions of the agreement. The member then agrees to it.
31. For automatic enrolment, it will be up to the employer and the pension scheme provider to establish that agreement on behalf of the eligible jobholder.
32. The employer must make arrangements with the pension scheme provider so that the eligible jobholder is given the terms and conditions of the contract they are being entered into to become an active member of the pension scheme.
33. These terms and conditions must be given to the eligible jobholder during the joining window.
34. It may be more practical for the pension scheme provider to give this information to the eligible jobholder, perhaps as part of the key features information they may need to issue under the Financial Services Authority (FSA) rules¹. However, it remains the employer's responsibility under the law to make arrangements for this to happen.
35. The eligible jobholder is deemed by law to have entered into the agreement, with effect from their automatic enrolment date on the later of:
 - the date the pension scheme provider issues them with the terms and conditions of the contract, or
 - the date the employer gives them the enrolment information.
36. Employers should be aware that this alone does not create active membership of the pension scheme. An active member of a personal pension scheme is a person for whom there is an agreement in place between the pension scheme provider and the employer about employer contributions (part of the minimum requirements for personal pension schemes). The employer should ensure that this agreement is in place on or before the eligible jobholder's automatic enrolment date.

¹ The FSA recently published a response to their consultation, **Pension reform – Conduct of Business Changes**, which aligned their conduct of business rules with the legislation implementing the pension reforms. It included the proposal that the terms and conditions and Key Features Document could be one document. For more information, see the FSA's website: www.fsa.gov.uk

37. The arrangements must be completed within the joining window. Regardless of what point in the joining window active membership is created for the eligible jobholder, it must take effect from the automatic enrolment date. Contributions are due and must be calculated from the automatic enrolment date.

Mandatory information to be included in the contract

38. The minimum information that the terms and conditions of the agreement must contain is listed below. If there are other terms and conditions that the pension scheme provider usually issues, then these can also be included in this agreement. There is no need for separate documents.
39. Similarly, it may be possible to include in this agreement the contribution information required as part of the qualifying requirements, rather than have separate written agreements with the same information. **Detailed guidance no. 4 – Pension schemes** has more information on the qualifying requirements for each pension scheme type.

Terms and conditions of the contract between the pension scheme provider and the eligible jobholder

This information is prescribed in regulations. The text below in blue provides a further explanation from the regulator.

The terms and conditions that the agreement must contain as a minimum are to:

- explain the purpose of the personal pension scheme
- specify the services to be provided by the personal pension scheme provider
- specify the value of any contributions payable by the eligible jobholder, where this information is available to the pension scheme provider. [To be a qualifying pension scheme and able to be used for automatic enrolment, there must be a separate agreement between the eligible jobholder and the pension scheme provider which will specify the eligible jobholder's contributions, so this information should be known to the pension scheme provider](#)
- specify the charges payable to the pension scheme provider
- in the absence of a choice made by the eligible jobholder, explain the investment strategy adopted by the pension scheme provider for the contributions made by the eligible jobholder and employer.

Section 2: When to automatically enrol

40. When an employer has completed the assessment of their worker and they have identified that the worker is an eligible jobholder, the employer must make arrangements so that the eligible jobholder becomes an active member of an automatic enrolment scheme from their automatic enrolment date.
41. The automatic enrolment date is the first date that a worker meets all the criteria to be an eligible jobholder. In practice, the automatic enrolment date will usually be the assessment date, if the criteria are met on this date.
42. The assessment date is described in **Detailed guidance no. 3 – Assessing the workforce**. Broadly, it is the day the employer must look at their worker and assess which category of worker they fall into, eg a worker's first day of employment.
43. The eligible jobholder's automatic enrolment date is a key piece of information for the employer. It is:
- the date from which active membership of a pension scheme must start
 - the start date of the joining window (the 1-month period during which automatic enrolment must be completed)
 - the date, by reference, to which many of the information requirements must be completed
 - the start date for the calculation of contributions due to the pension scheme.

Some examples of automatic enrolment dates

Nicola's pay reference period is monthly, from the 1st to the end of the month. She turned 22 years old on 10 August (her 'assessment date').

Her employer assessed whether qualifying earnings were payable above the earnings trigger in the period 1-31 August, and identified that they were.

Automatic enrolment was triggered from 10 August. Nicola's automatic enrolment date is 10 August.

Phillip's first day of employment with his employer is Wednesday 4 October (his 'assessment date').

He will be paid weekly. Payday is Friday in respect of the period Friday to Thursday.

His employer assessed whether qualifying earnings were payable above the earnings trigger in the period Friday 29 September to Thursday 5 October, and identified that they were.

Automatic enrolment was triggered from 4 October. Phillip's automatic enrolment date is 4 October.

Barrett's Farm's staging date is 1 May 2015 (the 'assessment date'). They have 5 people working for them on that date. They are paid monthly and their monthly pay reference period is from the 1st to the end of the month.

Barrett's Farm assessed whether qualifying earnings were payable above the earnings trigger to their 5 members of staff in the period 1-31 May 2015, and identified that they were for 1 of their workers, Hugh.

Automatic enrolment for Hugh was triggered from 1 May. Hugh's automatic enrolment date is 1 May 2015.

Postponing an eligible jobholder's automatic enrolment date

44. There are certain circumstances where an employer may choose to postpone the automatic enrolment date. The effect of the postponement is to remove that automatic enrolment date and create a new assessment date, on which the employer will have to assess whether the worker is an eligible jobholder in the usual way.
45. An employer may already provide a defined benefit (DB) or hybrid pension scheme when they first come to automatically enrol. In such circumstances, the employer may choose to move the automatic enrolment date of an eligible jobholder in employment on that date to the end of a transitional period². Paragraphs 51-81 on page 15 have more details.
46. The **Making Automatic Enrolment Work (MAEW)** review recommended that a waiting period should be introduced for employers. This recommendation is being taken forward in the Pensions Bill 2011 where it is known as 'postponement or disapplication of automatic enrolment'.
47. The 2 ways in which postponement operates are described in **Detailed guidance no. 3 – Assessing the workforce**. In this guidance, postponing an automatic enrolment date is the relevant consideration.
48. The employer may choose to postpone an eligible jobholder's automatic enrolment date for up to 3 months if the assessment date was:
 - the date of the eligible jobholder's 22nd birthday, or
 - the date that the eligible jobholder's qualifying earnings exceeded the earnings trigger for the first time (in practice, this will most likely be the first day of a pay reference period after the staging date, or the first day of a pay reference period after the first day of employment, or
 - the day after the end of **process 2** (described in **Detailed guidance no. 3 – Assessing the workforce**) pay reference period, where that pay reference period ended because the qualifying earnings had exceeded the annual earnings trigger.
49. The employer must have issued the eligible jobholder with information about the postponement before they can postpone the automatic enrolment date. Using this postponement removes the original automatic enrolment date, creating a new assessment date on which the employer must consider whether the criteria for being an eligible jobholder are met.

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² The Pensions Bill 2011 proposes an amendment to the transitional period so that the application of the transitional period can be at the employer's choosing.

Example of postponing an eligible jobholder's automatic enrolment date

Erica is a director of **Carol Songsheets Ltd**, with 15 staff. Kieran, one of the printers at **Carol Songsheets** turns 22 years old on 14 September.

Kieran is paid monthly on the last working day of the month. He is paid in arrears for the hours worked in the previous calendar month. He works part time to fit around his degree course.

Erica knows that a 22nd birthday is one of the assessment dates. She knows that he is working or ordinarily working in the UK and so knows that the trigger for automatic enrolment in this case is the assessment of qualifying earnings.

Erica identifies that Kieran's relevant pay reference period is the pay reference period from 1 September to 30 September.

On 28 September, Kieran is due to be paid a wage £658.33 in respect of the hours he worked during August.

Erica identifies that Kieran will have qualifying earnings in the relevant pay reference period of £658.33. This exceeds the monthly earnings trigger of £622.17 and so Kieran is an eligible jobholder. His automatic enrolment date is the assessment date – 14 September.

The automatic enrolment date is the start date for the calculation of contributions to the automatic enrolment pension scheme into which Erica is automatically enrolling Kieran. Erica would prefer, from an administrative perspective, to avoid this part-period calculation on earnings from 14 September.

Erica decides to postpone Kieran's automatic enrolment date until the day of the next pay reference period – 1 October – and gives him notice of the postponement of his automatic enrolment date and the deferral date of 1 October.

1 October becomes the new assessment date and, on this date, Erica must run the assessment of eligible jobholder status again.

In the pay reference period 1 October to 31 October, Kieran will be paid in respect of work done in September. In September, Kieran worked more hours so Erica identifies that the qualifying earnings payable to Kieran in the pay reference period 1 October to 31 October are £798.33.

This exceeds the monthly earnings trigger of £622.17 and so Kieran is an eligible jobholder. His new automatic enrolment date is the deferral date – 1 October.

50. This section will be updated when the legislative process is complete.

Transitional period for DB and hybrid pension schemes

51. The transitional period for defined benefit (DB) and hybrid pension schemes allows the employer to choose to delay automatic enrolment. This only applies to certain eligible jobholders where the employer provides a DB or hybrid pension scheme.
52. If an employer chooses to apply the transitional period, the automatic enrolment duty is modified for that eligible jobholder. The employer is required to make arrangements by which the eligible jobholder becomes an active member of an automatic enrolment scheme which is a DB or a hybrid scheme, with effect from the end of the transitional period (unless the eligible jobholder is already an active member of a qualifying pension scheme with that employer on that date).
53. The transitional period is a period of up to 4 years, starting from the date the law commences in 2012.
54. Practically, the transitional period removes the original automatic enrolment date and delays automatic enrolment for these eligible jobholders, until after the end of the transitional period.
55. However, during the transitional period, the employer must monitor that the conditions (listed in paragraph 63) continue to be met because, if they do not at any time, the modification falls away and the transitional period ends.
56. An employer should note that the transitional period does not delay automatic enrolment for all their eligible jobholders; it can only apply to those that meet the conditions, if the employer chooses to apply it.
57. The eligible jobholder is able to opt into any automatic enrolment pension scheme during the transitional period, if they wish. More information on opting in is in **Detailed guidance no. 6 – Opting in and joining**.

Which eligible jobholders can the transitional period apply to?

58. An employer can choose to apply the transitional period for DB and hybrid pension schemes to all their workers who meet the criteria to be an eligible jobholder on the employer's first enrolment date and provided certain other conditions (listed in paragraph 63) are met.
59. An employer's first enrolment date is the date that they first have an eligible jobholder. This will either be:
 - their staging date, if the assessment of their workers on this date identifies at least 1 eligible jobholder, or
 - the automatic enrolment date of the first eligible jobholder identified after these dates.
60. In most cases, an employer will have been able to identify their staging date or deferral date as their likely first enrolment date, from their initial assessment of their worker universe, as part of getting ready. See **Detailed guidance no. 2 – Getting ready** for further information.
61. If the assessment of eligible jobholder status on these dates identifies at least 1 eligible jobholder, the employer will be able to confirm that this is their first enrolment date.
62. If not, it will be the same date as the automatic enrolment date of their first eligible jobholder.
63. The conditions that must be met are that:
 - the eligible jobholder has been employed by that employer for a continuous period before the employer's first enrolment date, and
 - at a point before the employer's first enrolment date, the eligible jobholder was entitled to become an active member of a DB or a hybrid pension scheme, and
 - the eligible jobholder is, and always has been since that point, entitled to become an active member of a DB or a hybrid pension scheme
 - that DB or hybrid pension scheme is a qualifying scheme, as is any such pension scheme the eligible jobholder is entitled to become an active member of, on or after the employer's first enrolment date.

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Transitional period for DB and hybrid pension schemes continued.

Applying the transitional period

64. Once satisfied that the worker is an eligible jobholder and the conditions are all met, an employer can apply the transitional period to that eligible jobholder. They do this by giving notice to the eligible jobholder, within a prescribed period, of their intention to defer automatic enrolment.
65. The Department for Work and Pensions (DWP) propose to amend the information requirements to take into account the proposed change to the transitional period becoming optional for employers (as opposed to it being automatic, if the conditions are met). The DWP proposes to consult on these changes and the length of the prescribed period later in 2011.

During the transitional period

66. During the transitional period, the employer must monitor that the conditions continue to be met for that eligible jobholder because, if they stop at any time, the modification falls away and the transitional period ends.

When the transitional period ends

67. The transitional period ends on 1 of these dates:
 - A. The date that is 4 years after the law is commenced (in 2012), or
 - B. The date any of the conditions cease to be met, where that is earlier than A above.
68. The action an employer must take at the end of the transitional period, in respect of that eligible jobholder differs, depending on when it ends:

4 years after the law is commenced

69. At the end of the transitional period, the employer must automatically enrol the eligible jobholder into either a DB or a hybrid automatic enrolment scheme (providing they still work for that employer, still meet the criteria to be an eligible jobholder, and are not already a member of a qualifying pension scheme with that employer).
70. This means that the day after the end of the transitional period becomes the assessment date for that worker, and the employer must run the usual assessment of whether they are an eligible jobholder on that date.
71. If the worker meets the conditions as an eligible jobholder, then they must be automatically enrolled into a DB or hybrid automatic enrolment pension scheme.

The conditions stop being met

72. If, at any point, from the employer's first enrolment date to the end of the transitional period, the conditions for the transitional period, stop being met, the modification falls away and the automatic enrolment duty changes again.
73. The employer must automatically enrol the eligible jobholder into either a DB or hybrid automatic enrolment scheme, or a DC automatic enrolment scheme. The action required of the employer differs, depending on the type of pension scheme the employer chooses to fulfil their automatic enrolment duty.

DB or hybrid automatic enrolment pension scheme

74. If an employer chooses to fulfil their duty using a DB or hybrid automatic enrolment pension scheme, the duty becomes that the employer must make arrangements so that the eligible jobholder becomes an active member of such a pension scheme, with effect from the day after the conditions stopped being met.
75. Practically, this means that the employer must run the assessment of eligible jobholder status in the usual way, with a new assessment date of the day after the conditions stop being met. If the worker is an eligible jobholder on that date and is not already an active member of a qualifying pension scheme with that employer, automatic enrolment into a DB or hybrid automatic enrolment scheme is triggered.
76. If an employer chooses to fulfil their duty using a DC occupational or personal pension automatic enrolment scheme, the duty becomes that the employer must make arrangements so that the eligible jobholder becomes an active member of such a pension scheme, with effect from their automatic enrolment date. The automatic enrolment date is the eligible jobholder's original automatic enrolment date, as if the transitional period had never applied. In practice, this will be the same date as the first enrolment date.
77. This means that the employer must run the assessment of eligible jobholder status in the usual way, with a new assessment date of the day after the conditions cease being met. If the worker is an eligible jobholder on that date and is not already an active member of a qualifying pension scheme with that employer, automatic enrolment into a DC occupational or personal automatic enrolment scheme is triggered.
78. Where automatic enrolment is triggered, the employer's contributions must be backdated to the original automatic enrolment date. This usually has the practical effect of meaning contributions must be calculated and are due from the first enrolment date.
79. If the eligible jobholder would be required under the pension scheme rules (in the case of a DC occupational scheme) or minimum requirements (in the case of a DC personal pension) to pay any contributions, this does not apply between the first enrolment date and the day the conditions ceased being met.
80. The eligible jobholder can, however, choose to pay the contributions that would have been payable in this period, if they wish. If they decide to do this, the employer and the jobholder enter into an arrangement for the payment of these contributions. The amount of the contributions in this agreement is set by the law – the amount of contributions due from the first enrolment date to the day the conditions stopped being met. The period over which these contributions must be paid is also set by the law. The length of the arrangement is either:
 - from the next pay reference period after the date the eligible jobholder asked the employer to make the arrangements for them to pay contributions, to the date that is 5 years after the commencement of the law in 2012, or
 - a shorter period, as agreed with the eligible jobholder.

DC occupational or personal automatic enrolment pension scheme

76. If an employer chooses to fulfil their duty using a DC occupational or personal pension automatic enrolment scheme, the duty becomes that the employer must make arrangements so that the eligible jobholder becomes an active member of such a pension scheme, with effect from their automatic enrolment date. The automatic enrolment date is the eligible jobholder's original automatic enrolment date, as if the transitional period had never applied. In practice, this will be the same date as the first enrolment date.
77. This means that the employer must run the assessment of eligible jobholder status in the usual way, with a new assessment date of the day after the conditions cease being met. If the worker is an eligible jobholder on that date and is not already an active member of a qualifying pension scheme with that employer, automatic enrolment into a DC occupational or personal automatic enrolment scheme is triggered.
80. The eligible jobholder can, however, choose to pay the contributions that would have been payable in this period, if they wish. If they decide to do this, the employer and the jobholder enter into an arrangement for the payment of these contributions. The amount of the contributions in this agreement is set by the law – the amount of contributions due from the first enrolment date to the day the conditions stopped being met. The period over which these contributions must be paid is also set by the law. The length of the arrangement is either:
 - from the next pay reference period after the date the eligible jobholder asked the employer to make the arrangements for them to pay contributions, to the date that is 5 years after the commencement of the law in 2012, or
 - a shorter period, as agreed with the eligible jobholder.
81. For every pay reference period during the payment arrangement, the employer must deduct these contributions. The employer will need to establish the number of pay reference periods in the payment arrangement and the amount of contributions due, to work out the weekly or monthly (or whatever period the eligible jobholder is paid) payments.

Section 3: After completing automatic enrolment

82. Once automatic enrolment has been completed, an employer will have ongoing responsibilities either:
- with the pension scheme as the jobholder remains a member of the scheme, or
 - to manage the opt-out process if the jobholder chooses to opt out of the pension scheme, and
 - to keep records (see paragraph 87).
83. In practice, as long as the eligible jobholder remains in active membership of the automatic enrolment pension scheme there is no need to assess whether qualifying earnings are payable as described in **Detailed guidance no. 3 – Assessing the workforce**, even if earnings fall below the earnings trigger.
84. The rules of the pension scheme will determine what contributions are due from the eligible jobholder and, if earnings fall, may mean that the eligible jobholder does not pay contributions for that period.
85. However, the employer will need to take further action if active membership ceases because either:
- A. they, the trustee, managers or other third party have caused active membership to cease (eg because active membership is defined by the making of contributions), or for the pension scheme to cease to be a qualifying scheme, or
 - B. the eligible jobholder ceases to be working or ordinarily working in the UK, or
 - C. the eligible jobholder has opted out of or ceased membership of the pension scheme.
86. The employer must continue to assess the worker in each pay reference period to track when the worker changes category. This is necessary to identify both when the requirement to provide information applies and because, in the case of (A) above, the employer will have a re-enrolment duty the first time that the worker exceeds the lower level of qualifying earnings (currently £5,035).

Record-keeping for automatic enrolment

87. Employers will be required to:

- keep certain records of how they have complied with their automatic enrolment duty
- preserve them
- if requested, produce them to The Pensions Regulator.

88. The records listed in Table 1 below are the minimum record-keeping requirements relevant to automatic enrolment. For more information about all the record-keeping requirements for the new duties, see **Detailed guidance no. 9 – Keeping records**.

Table 1
Records about the eligible jobholder

Who the record relates to	What record must be kept	How long it must be kept for
Eligible jobholders who become members	<ul style="list-style-type: none"> • Name • National insurance number (where one exists) • Date of birth • Automatic enrolment date • Gross earnings in each relevant pay reference period • The contributions to which the eligible jobholder is entitled to under the pension scheme • The contributions payable in each relevant pay reference period by an employer to the pension scheme and the amount actually paid, if this is different from the amount payable. This includes contributions due on the employer's behalf and deductions made from earnings. • The date contributions were paid to the pension scheme 	6 years

What next?

Any employer who has an automatic enrolment duty must also have processes in place to deal with any jobholders who wish to opt out.

Detailed guidance no. 7 – Opting out explains when the right to opt out applies, the timescales involved and the process an employer must follow, if they receive an opt-out notice.

In addition to record-keeping for automatic enrolment, there are other records an employer must keep in relation to the new duties, see **Detailed guidance no. 9 – Keeping records**.

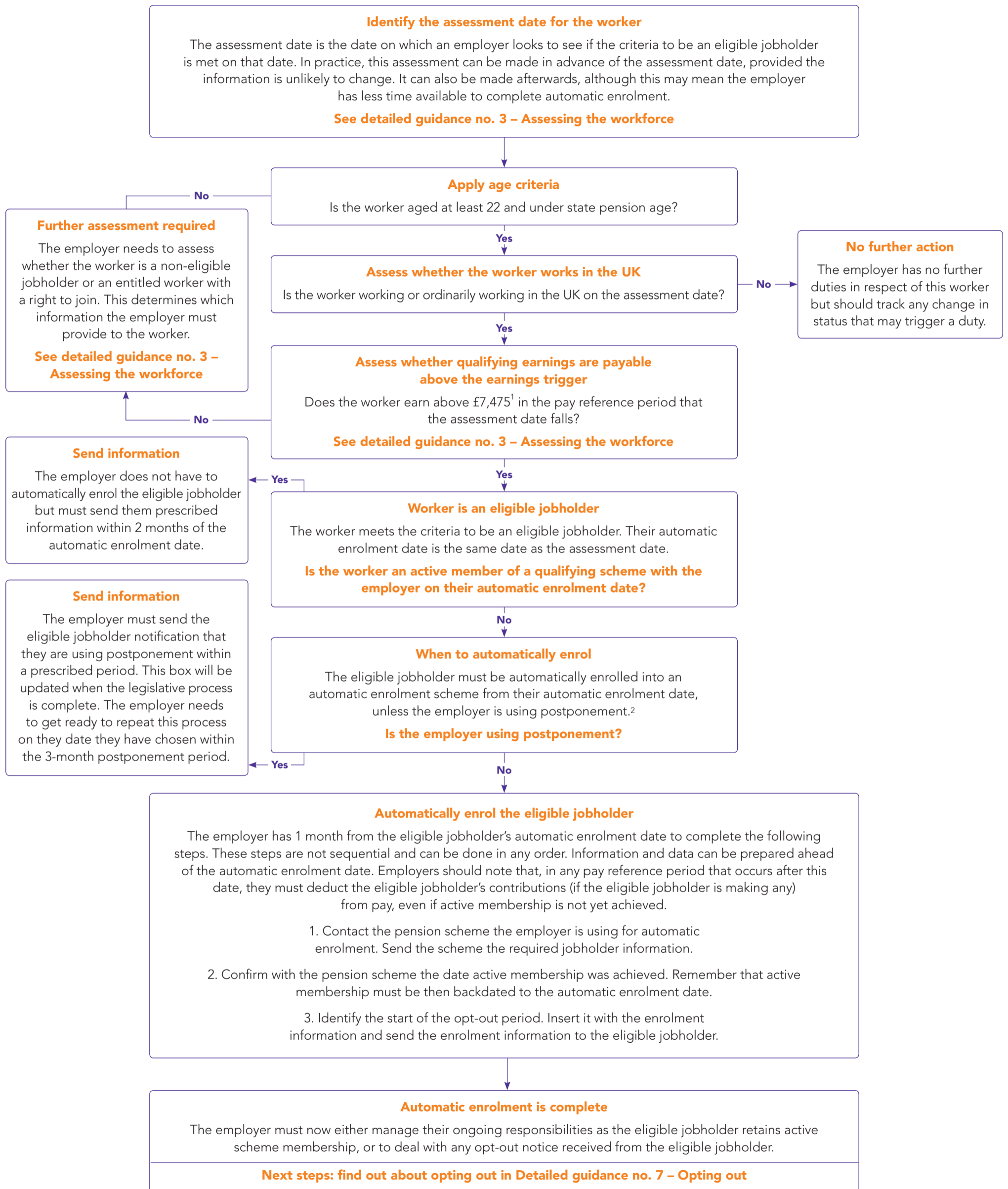


**Employers
will be
required to
keep certain
records**

Appendix A

Example process for automatic enrolment into an occupational pension scheme

Below is an example of the process for automatic enrolment into an **occupational pension scheme**. The required steps set out below are not sequential and can be done in any order – in many cases, simultaneously. Employers should incorporate the necessary steps into their processes in whichever way most suits their organisation. Where relevant, we have indicated where in our guidance to find the detailed content.



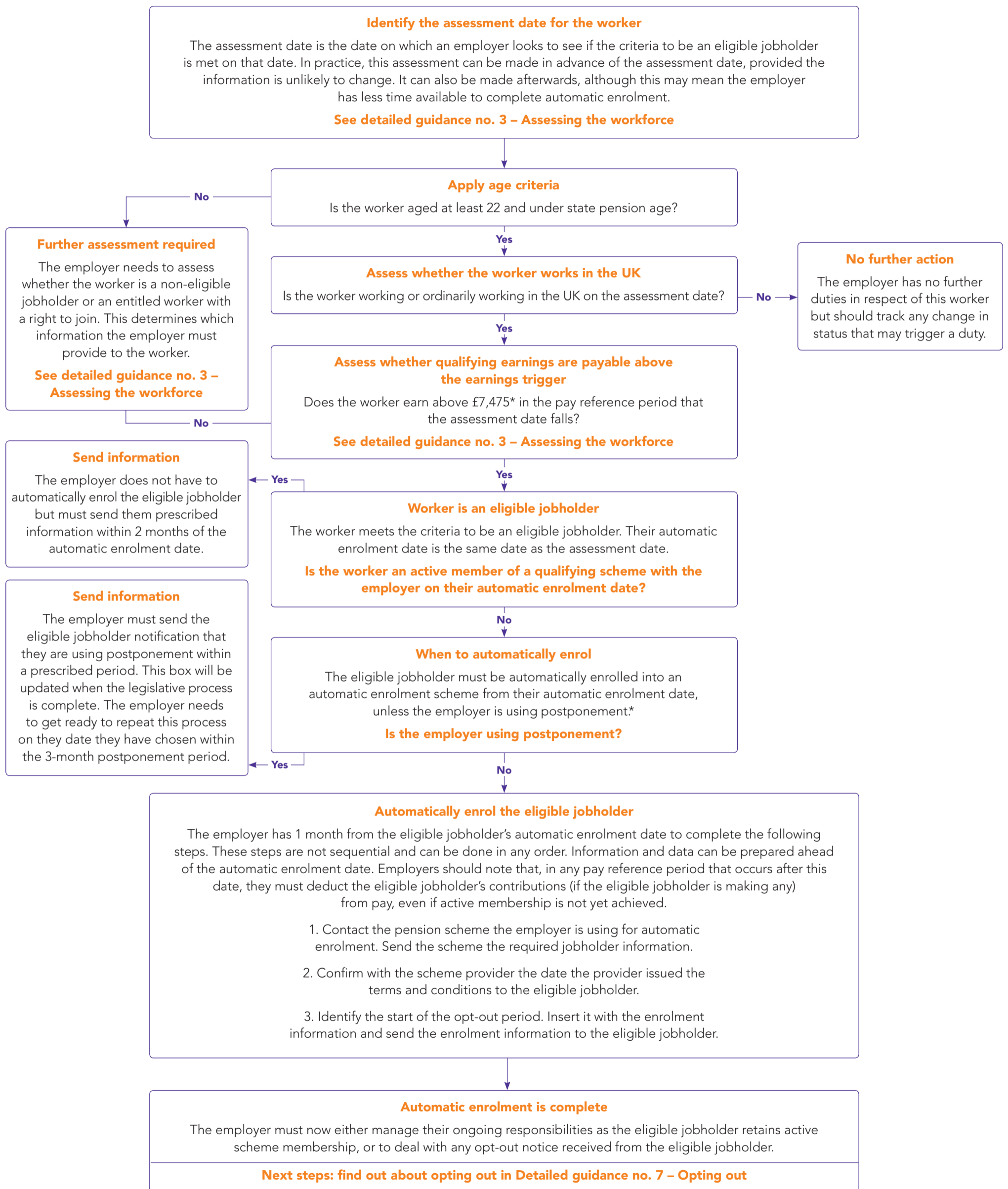
¹ The Pensions Bill 2011 proposes the introduction of an earnings trigger for automatic enrolment. It is proposed that this earnings trigger is set at £7,475 but this is in 2011-2012 terms. It also includes a power for the Secretary of State to review this amount each tax year. The review is expected to change this figure in January 2012.

² The **Making Automatic Enrolment Work (MAEW)** review recommended the introduction of a waiting period. This is being taken forward in the Pensions Bill 2011, where it is known as ‘postponement or disapplication of automatic enrolment’.

Appendix B

Example process for automatic enrolment into an personal pension scheme

Below is an example of the process for automatic enrolment into a **personal pension scheme**. The required steps set out below are not sequential and can be done in any order – in many cases, simultaneously. Employers should incorporate the necessary steps into their processes in whichever way most suits their organisation. Where relevant, we have indicated in which guidance to find the relevant detail.



¹ The Pensions Bill 2011 proposes the introduction of an earnings trigger for automatic enrolment. It is proposed that this earnings trigger is set at £7,475 but this is in 2011-2012 terms. It also includes a power for the Secretary of State to review this amount each tax year. The review is expected to change this figure in January 2012.

² The **Making Automatic Enrolment Work (MAEW)** review recommended the introduction of a waiting period. This is being taken forward in the Pensions Bill 2011, where it is known as ‘postponement or disapplication of automatic enrolment’.

Appendix C

Table 2 below lists all changes included in version 2 (version 1 was published May 2011).

Table 2
Record of changes included in v2.0

Page	Location	Change
Additional wording and corrections		
2	Bullets 6 and 7	Additional: Stakeholder feedback – many businesses felt this point required this recognition
2	Bullets 9 and 10	Additional: Highlights reason for updated version 2
10	Footnote 1	Updated: To reflect publication (since v1) of DWP's consultation document on amendments to the regulations as a result of the Pensions Bill 2011
Minor edits		
8	Table, bullet 7	Minor text correction: Web address suffix amended to '.htm'
21	Introduction	Minor text correction: 'guide' becomes 'guidance'

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Detailed guidance no. 5

Automatic enrolment

An explanation of the automatic enrolment process

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