

**KNOWLEDGEABLE.  
PRINCIPLED.  
TAILORED.**



**Paul Tuson DipPFS AIFP  
Independent Financial Adviser**

## About Torquil Clark

- Established 1989 – currently have 80 employees
- Chartered Financial Planning Status
- Experienced advisers
- Winners of Gold Standard Award 10 years running
- Financial planning solutions - individuals/businesses
- Client relationships built on trust and confidence
- First meeting is at our expense/no obligation

## About me...

- Started my Financial Services career 24 years ago
- Qualified to advise on all aspects of Investments & Pensions
- Advice for wide range of personal and corporate clients
- Work with Solicitors, Accountants and Simpson & Parsons

## Areas of advice

- Pensions Reform
- Director Share Cover & Key Person Insurance
- Private Medical Insurance (Corporate & Individual)
- Wealth Management
- Investment Planning
- Planning for retirement / options at Retirement
- Family protection
- Inheritance Tax Planning

# Pension Reform – Auto-Enrolment

# The Problem - Workers V Pensioners!

Around 7 million people in the UK are not saving enough for retirement

Automatic enrolment aims to encourage saving

Huge requirement for education and advice

Source: Department for Work and Pensions, "Mind the Gap", 31 August 2011.



## Key Elements of Reforms

- All employers will be required to **auto-enrol all eligible jobholders** into a **qualifying pension scheme**
- All **employers will be required to contribute** into the qualifying pension scheme
- A new '*government*' centralised scheme



# Auto-Enrolment – More Than A Pension Scheme!





# Auto-Enrolment – A Simple Concept!



# 7 steps to preparing for workplace pensions reform

1. Know your staging date – when to act
2. Assess your workforce
3. Choose a pension scheme for automatic enrolment
4. Communicate the changes to all your eligible workers
5. Automatically enrol your eligible workers
6. Register with The Pensions Regulator
7. Contribute to your workers' pensions

# Stage 1 – Know Your Staging Date

**Table 1: List of staging dates by PAYE scheme**

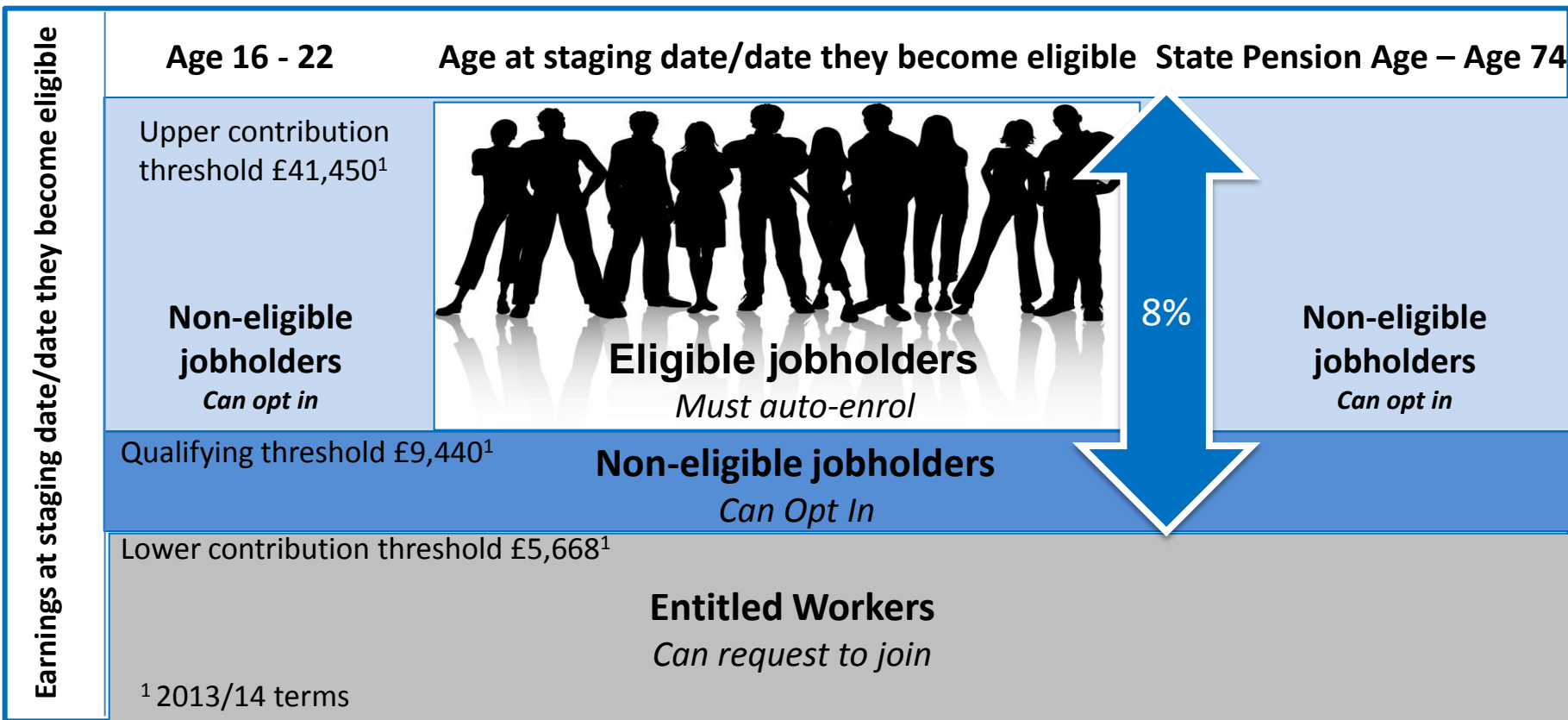
PAYE scheme size	Staging date
120,000 or more	1 October 2012
50,000-119,999	1 November 2012
30,000-49,999	1 January 2013
20,000-29,999	1 February 2013
10,000-19,999	1 March 2013
6,000-9,999	1 April 2013
4,100-5,999	1 May 2013
4,000-4,099	1 June 2013
3,000-3,999	1 July 2013
2,000-2,999	1 August 2013
1,250-1,999	1 September 2013
800-1,249	1 October 2013
500-799	1 November 2013
350-499	1 January 2014
250-349	1 February 2014

**Table 2: Staging time bands for employers with fewer than 250 persons in their PAYE scheme**

**Note:** Individual dates will be published when the DWP publishes its consultation.

Employer by PAYE scheme size or other description	Staging date	
	From (inclusive)	To (inclusive)
50 to 249	1 April 2014	1 April 2015
Test tranche for fewer than 30	1 June 2015	30 June 2015
30 to 49	1 August 2015	1 October 2015
Fewer than 30	1 January 2016	1 April 2017
Employers without PAYE schemes	1 April 2017	
New employers who set up from April 2012 to March 2013	1 May 2017	
New employers who set up from April 2013 to March 2014	1 July 2017	
New employers who set up from April 2014 to March 2015	1 August 2017	
New employers who set up from April 2015 to December 2015	1 October 2017	
New employers who set up from January 2016 to September 2016	1 November 2017	
New employers who set up from October 2016 to June 2017	1 January 2018	
New employers who set up from July 2017 to September 2017	1 February 2018	
New employers who set up from October 2017 onwards	Immediate duty	

## Stage 2 - Assessing Your Workforce



Source: DWP announced 13 December 2012 the Automatic Enrolment earnings thresholds for the tax year 2013/14

## Stage 3 – Choose a Pension Scheme

- Defined Benefit  
Accrual rate of at least  $1/120^{\text{th}}$  for each year of service. Reference scheme test must be met for 'contracted out schemes'
- Defined Contribution (DC) – Trust or Contract!
- An employer will have to choose which *qualifying* scheme to use.  
NEST  
Occupational pension scheme  
Work place pension scheme (e.g. GPP or GSIPP)  
  
Total contribution of at least 8% of *qualifying earnings*  
At least 3% must be employer

## Stage 3 – Selecting A Pension Provider

- What are the objectives? Low cost plus range of investment funds and flexible retirement options or just basic product?
- The traditional key players e.g. AEGON, Aviva, Scottish Life, Scottish Widows, Standard Life – offer the most choice and flexibility.
- New players that offer the basic solution include NEST (Government sponsored).



Solution might be a combination!





## Stage 3 – Contributions

Phasing of **minimum** contribution to a Defined Contribution Scheme:

Year	Employer	Total Contribution
Until October 2017	1%	2%
Oct 2017 – Oct 2018	2%	5%
From October 2018	3%	8%

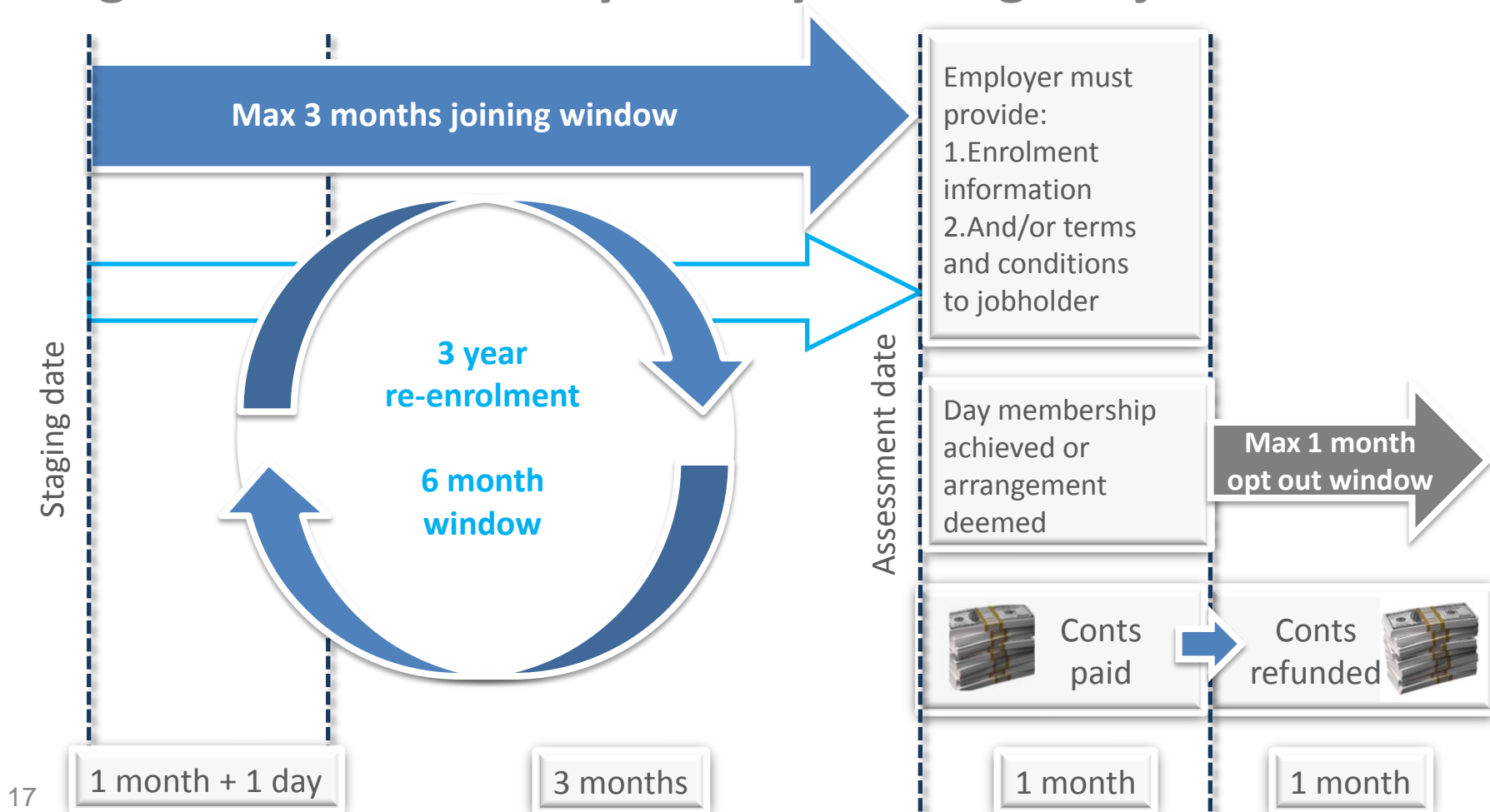
Based on qualifying earnings

## Stage 4 - Communicate the changes to all your workers

At the staging date information must be provided to employees:

Category	Information to include:
Members of a qualifying pension scheme	Information about the changes
Non-eligible jobholders and Entitled workers	Their right to Opt In or Join a pension scheme
Eligible Jobholders and Non-eligible Jobholders opting-in	About their enrolment, what it means for them, including the contributions, and their right to opt out
Workers subject to a deferral of automatic enrolment (DB Schemes Only)	Key information such as the length of the deferral period and their rights to opt in

## Stage 5 – Automatically enrol your ‘Eligible jobholders’



## Stage 6 – Register with The Pensions Regulator

Employers **MUST** register with TPR to confirm they have complied.

Deadline is **4 months** after the Staging Date and every re-enrolment date.

Employers will need to provide:

- employer details
- number of workers employed on the staging date
- details of pension scheme(s) used to comply with the employer duties
- the last day of any postponement period applied at staging
- number of eligible jobholders automatically enrolled into each scheme
- number of workers already active members of a qualifying pension scheme
- the number of eligible jobholders subject to the Transitional Period.

## Stage 7 – Contribute to your workers' pensions

- Employers will have to make regular payments into the pension schemes of all staff who are automatically enrolled and all of those who choose to opt-in
- The minimum contributions payable by the employer are set out in law

# Monitoring eligibility

If a worker ceases active membership of a qualifying scheme, for example:

- the scheme ceases to be a qualifying scheme; or
- the worker opts out

**The employer will need to continuously assess the worker's eligibility every pay period (and automatically enrol if eligibility triggered)**

These rules do not apply if the worker has been an eligible jobholder and an active member of a qualifying scheme simultaneously, since the latter of:

- the employer's staging date; or
- the date they started work for the employer; or
- the last day of Postponement or Transitional Period (*if used*).

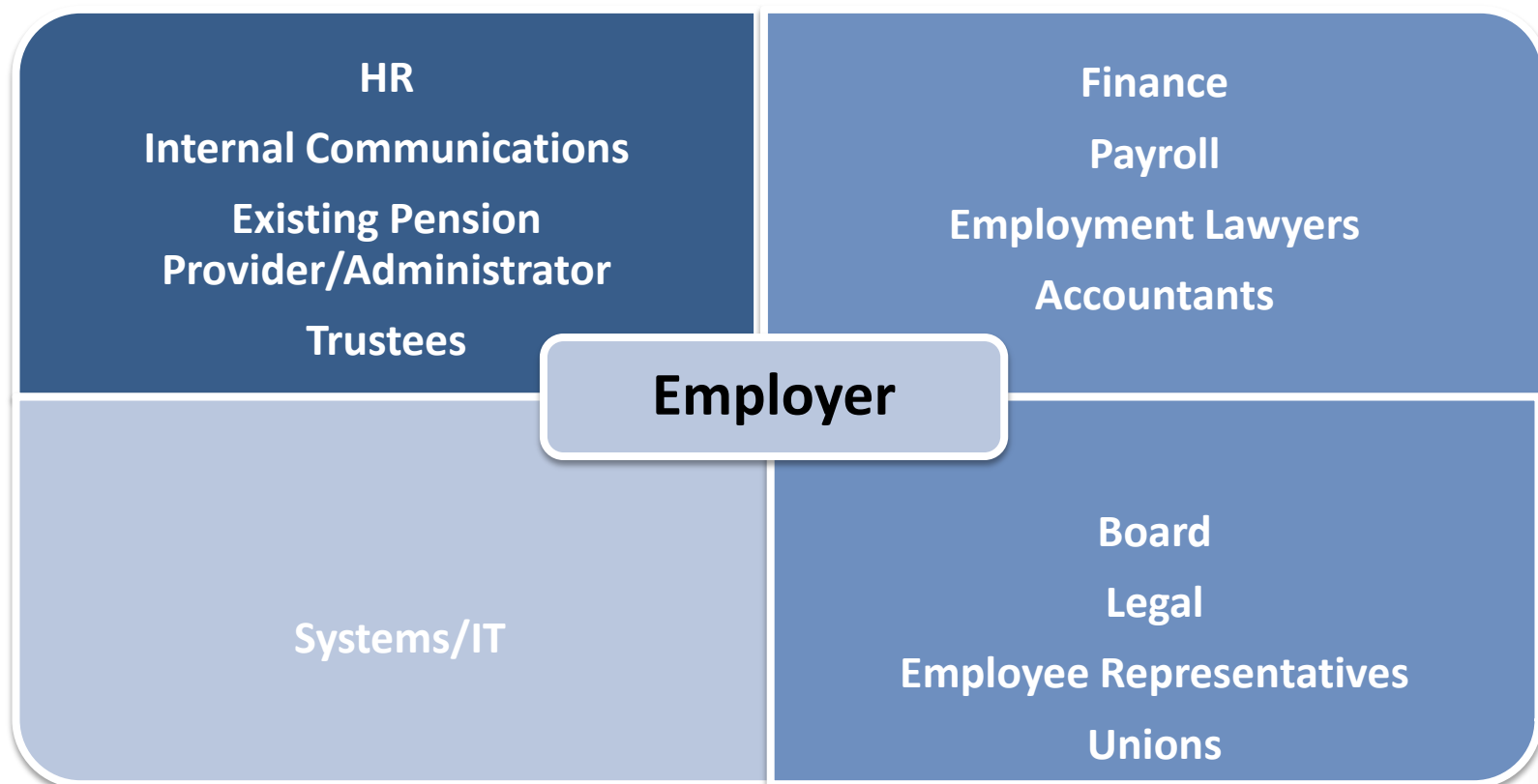


# Non-Compliance

1. **Warning** – the Pensions Regulator sends the employer a compliance notice.
2. **Fixed Fine** – if the employer doesn't comply, the regulator issues another warning and a fine of £400.
3. **Daily Fine** – where the employer continues to break the regulations, there will be a fine for each day, with the penalty increasing until the company complies. The daily amount depends on the number of the employees.

Number of employees	Amount of daily fine
500+	£10,000
250 – 499	£5,000
50 – 249	£2,500
5 – 49	£500
1 - 4	£50

## Not Just A Pension Problem!

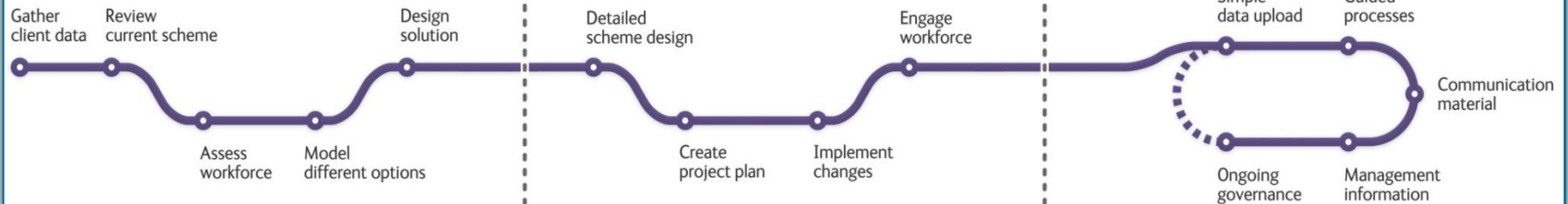


# Project Plan

**Step 1 – Design** a solution for our corporate clients

**Step 2 – Implement** the changes effectively

**Step 3 – Run** the scheme in the most efficient way



# Questions



# Regulatory Statement

**This presentation has been prepared by Torquil Clark. Information is generally available but a key source is the Pension Regulator.**

**Torquil Clark Ltd is Authorised and Regulated by the Financial Conduct Authority. Torquil Clark is also a trading name of PS Employee Benefits Ltd, St Marks, Chapel Ash Wolverhampton WV3 0TZ.**

**PS Employee Benefits Ltd is Authorised and Regulated by the Financial Conduct Authority.**