

Automatic enrolment and the CIJC Working Rule Agreement

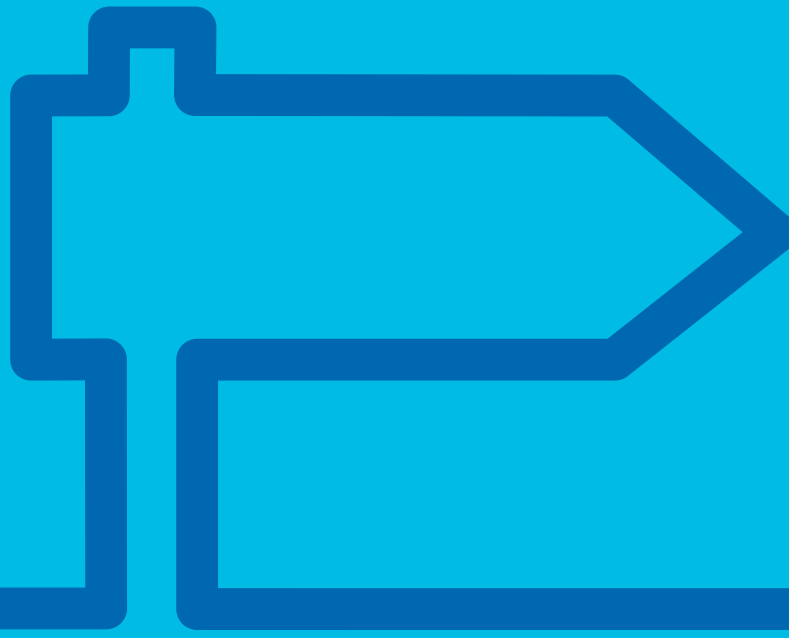




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How to meet auto-enrolment regulations

These are the latest workplace pension laws in the UK

If you employ at least one person, you'll need to offer an auto-enrolment pension scheme.

If you follow the CIJC Working Rule Agreement, you'll need to make sure these payments are meeting the minimum auto-enrolment regulations as well.

1. You'll have to work out which employees (also known as operatives) must be put into an auto-enrolment pension scheme.
2. You and the employee will have to pay money into their pension pot on a regular basis.
3. You'll also have to inform your other employees – anyone who doesn't need to be put into the pension scheme automatically – that they can still join the pension scheme if they'd like to.

When does auto-enrolment happen?

You'll have to comply with auto-enrolment from your duties start date.

If you're employing your first member of staff, you'll need to start meeting your auto-enrolment duties immediately from what's known as your 'duties start date'.

Find out what you need to do to meet your auto-enrolment duties at www.thepensionsregulator.gov.uk/en/employers.aspx

Which employees have to be put into a pension scheme?

These are the employees you must put into a pension scheme

You have to put certain employees into a pension scheme automatically, and you have to pay into their pension pots on a regular basis. This includes employees who meet all of the following criteria.

1. Aged 22 or over and under State Pension age
2. Earning more than a minimum amount (£192 per week in the current tax year)
3. Who usually work in the UK



There are some exceptions though, which you can read about in our quick guide:
Launching a workplace pension?

And your other employees can ask to join as well

And if they do, you may need to pay into their pension pots, depending on their age and earnings.

You have to pay into their pension pot if they're:	You don't have to pay into their pension pots if they're:
<ul style="list-style-type: none">aged 16 to 74 and earning between £6,240 and £10,000 a yearaged 16 to 21 and earning over £10,000 a yearState Pension age to 74 and earning over £10,000 a year	<ul style="list-style-type: none">aged 16 to 74 and earning less than £6,240 a year. But you can if you'd like to.

How much do you and your employees have to pay into the pension scheme?

The regulations outline minimum amounts that have to be paid in to employee pension pots on a regular basis – though employers and employees can choose to pay in more than the minimum amounts if they want to.

And as part of your legal duties, when you sign up to The People's Pension, you'll need to tell us how much will be paid in to the pension scheme by you and by your employees.

Your 'contributions' are based on 2 sets of rules:

1. The government has set out minimum percentages you have to pay into your employee pension pots, based on how much they earn.
2. The CIJC Working Rule Agreement (WRA) also sets out minimum amounts in pounds that you have to pay in each week. The benefits you have to provide under the WRA are contractual and are reviewed on a regular basis and agreed between the unions and federations.

So whichever is **higher out of the 2 rules** is the amount you have to pay. Don't worry though, our tools can help you work out how much that will be.

1. The minimum contributions for auto-enrolment

- These are currently 8% of your employees' qualifying earnings, which are those which fall between £6,240 and £50,270 a year.
- You don't pay anything on the first £6,240 they earn a year (which is £120 a week), or on anything they earn above £50,270 a year (which is £967 a week).
- What you do pay is at least 3% of any earnings in between those 2 figures.
- So, if they earn £16,240 a year, you have to pay at least 3% of £10,000.
- Then the total minimum contribution is reached by adding the employee's contribution (deducted from their earnings) and tax relief from the government.

Employer minimum contribution	Employee contribution	Tax relief on employee contribution	Total minimum contribution
3%	4%	1%	8%

The figures are based on the relief at source method (also known as the net tax basis). Visit www.thepeoplespension.co.uk/how-tax-relief-works for more information.

2. The minimum contributions for the CIJC Working Rule Agreement

To help you work this out, we've divided CIJC employees into 3 worker groups you can use when you set up your account with us.

A worker group is a group of employees who pay the same amount into their pension. So when you submit employee data to us, a worker group ID must be provided for each employee record.

Worker group	Who needs to be put in this worker group?	How much needs to be paid into their pension pots?
CIJC pre July 08	Members of staff employed by the employer under the WRA before July 2008 – who are currently receiving employer pension contributions under the WRA.	Both the employer and the employee must each pay a minimum of £5 a week each into the employee's pension pot. If the employee asks to leave within one month of being put in, they may receive a refund of their contributions, but will continue to receive a pension payment of £5 a week from the employer. Important – if greater payments are required as part of the minimum auto-enrolment percentages set out by the government (shown on page 4), these will override the figures above. This will depend on the employees' earnings. If you use our assessment tool, it will suggest the correct payments based on the worker group settings. Finally, if an employee makes any additional net contribution on top of the minimum requirements, the employer should match it – but only up to a total employer contribution of £10 a week.
CIJC post July 08	1. Members of staff who were employed under the WRA after July 2008 and are currently receiving pension contributions under the WRA. 2. Employees who need to be put into a pension scheme and/or, employees who ask to join a pension – who are employed under the WRA but have not previously received contributions under the WRA.	Both the employer and the employee must each pay a minimum of £5 a week each into the employee's pension pot. If the employee asks to leave within one month of being put in, the employer and employee may receive a refund of their contributions. Important – if greater payments are required as part of the minimum auto-enrolment percentages set out by the government (shown on page 4), these will override the figures above. This will depend on the employees' earnings. If you use our assessment tool, it will suggest the correct payments based on the worker group settings. Finally, if an employee makes any additional net contribution on top of the minimum requirements, the employer should match it – but only up to a total employer contribution of £10 a week.
Non-standard CIJC	Any other members of staff, as the employer determines, such as those not subject to the WRA.	These employees will be subject just to the government minimum percentages for auto-enrolment.

How to work out auto-enrolment contributions that exceed the CIJC Working Rule Agreement amounts

An example

James earns £400 per week, was employed under the WRA after July 2008, and is currently paying £5 a week (net) with a matching £5 a week payment from his employer. These amounts are then compared against the minimum percentages required by the government for auto-enrolment.

Taking into account James's qualifying earnings, the first £120 a week doesn't need to be included in the calculation, so his qualifying earnings are

$$\mathbf{£400 - £120 = £280}$$

Under auto-enrolment rules (and therefore the CIJC's pension arrangements), James's employer must contribute a minimum of

$$\mathbf{3\% \times £280 = £8.40 \text{ a week}}$$

If his employer makes this minimum contribution of 3%, James must contribute

$$\mathbf{4\% \text{ (net)} \times £280 = £11.20 \text{ a week}}$$

	Minimum employee contribution a week (net of tax)	Tax relief	Minimum employer contribution a week (gross of tax)
Existing CIJC pension arrangements	£5.00	£1.25	£5.00
Auto-enrolment CIJC pension arrangements (such as The People's Pension)	£11.20	£2.80	£8.40

Further questions



What's postponement?

It's a way of delaying working out who to put into a pension scheme.

An employer can do this for a maximum of 3 months from the duties start date. The final date of this period is known as the 'deferral date'.

If the employer decides to delay, the responsibility to work out who needs to be put into a pension scheme doesn't take effect until the day after the deferral date. However, you have to let your employees know that you're delaying working out who to put in, and they still have the right to join the pension scheme during this period and benefit from auto-enrolment legislation (and therefore the CIJC's pension arrangements).

Postponement can also be used individually for new employees who join after your duties start date – for the same duration of up to 3 months. As above, you'll need to let them know about this, and they'll still be able to join sooner if they want to.



What if an employee asks to join the pension scheme?

If the employee is not currently paying under the WRA, they can ask to join the pension scheme. What this means to an employee depends on their age and earnings:

- Any **employee** who has previously left the pension scheme (see below) and is employed under CIJC arrangements, can ask to join. The employer may decide to make such employees subject to the 'CIJC post July 08' worker group.
- **Employees** who are employed under the WRA, but have not previously received applicable pension contributions, can ask to join and receive a minimum £5 employer contribution if the employee is in any of the CIJC worker groups.



What if an employee asks to leave the pension scheme?

An employee may ask to leave the pension scheme at any time, but when they do so will affect what happens next.

1. If they ask to leave the scheme **within one month** of being put into it, they can get a refund of any contributions they have made. We'll credit both employer and employee contributions to the employer's Online Account. It's then the employer's responsibility to refund the employee's contribution to them through payroll.

From that point, the employee won't be entitled to any further employer contributions, unless the employee was previously receiving a £5 a week (or greater) employer contribution, and wasn't making a contribution of their own. In this case, the employee should continue to receive an employer contribution of £5 a week going forward. And in addition to refunding the employees' contributions to them, the employer contribution refund must be invested back into the pension pot.

2. If they ask to leave the pension scheme **after one month** of being put into it, they'll no longer be entitled to a refund of their contributions. Instead, both the payment of employer and employee contributions will cease, and those already paid will remain invested until the employee claims their pension in retirement.

Want to know more?

If you have any queries for us, give us a call on 01293 586666 or email us at support@peoplespartnership.co.uk