



## **Pension Auto Enrolment – Fact Sheet for PCCs (updated July 2017)**

### **Introduction**

The law on workplace pensions has changed. This change gives workers access to a pension that both the employer and employee contribute to.

What you will need to do will depend on whether the PCC employs someone who meets certain criteria. Even if there is already a pension scheme in place, or perhaps only one employee, the PCC will still have new obligations to meet.

This Fact Sheet is intended as guidance to enable you and the PCC to be prepared, to understand what it means for the employer and to signpost to further sources of help.

### **The first step – identifying whether a person is a “worker”**

A “worker” is defined as any individual who:

- Works under a contract of employment (an employee), or
- Someone who has a contract to perform work or services personally and is not undertaking the work as part of their own business<sup>1</sup>.

A contract does not have to be in writing for the above to apply. Please note an employee is entitled to a written statement of employment particulars within 2 months of starting.

If you are unclear about the status of your workers, there is further guidance on our website:

<https://www.canterburydiocese.org/media/forms/employment/checklistemploymentstatus.pdf>

### **The second step – identifying whether your worker is eligible**

As an employer you must automatically enrol workers who are:

- Not already in a qualifying workplace pension scheme
- At least 22 years old and below state pension age
- Earning more than £10, 000 per annum (tax year 2017-18)

Employees can opt out of the pension if they wish. Employers have a duty to automatically enrol all employees who are not in a pension scheme every 3 years.

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<sup>1</sup> Volunteers do not have a contract for services and are not workers. However this may change if any form of payment or non-financial benefit is given to them.

Workers who do not qualify for automatic enrolment, have the right to ask to be opted in to a scheme and if they earn between £5,876 and £10,000 (tax year 2017-18) they are entitled to employer contributions.

### **The third step – when do we have to do this by?**

There are different staging dates depending on the size of the employer. You can find out your staging date by visiting the Pensions Regulator website with your PAYE reference number:

<http://www.thepensionsregulator.gov.uk/employers/what-is-my-staging-date.aspx>

For most small parishes, this will be from 2017 onwards.

### **The fourth step – how do you open a pension scheme?**

The Diocese does not provide a pension that PCCs can use but there are a number of different schemes available. Including:

- **NEST Scheme (National Employment Savings Trust)**

NEST is a workplace pension scheme that's been set up by the government especially for auto-enrolment. It is free for employers to use because you administer it yourself.

Their website is [www.nestpensions.org.uk](http://www.nestpensions.org.uk)

- **The Church of England Pension Builder 2014 (PB2014)**

This scheme is provided by The Church of England's Pension Board as a scheme designed for small church organisations.

Their website is [www.churchofengland.org/about-us/structure/cepb/pensions/automatic-enrolment-for-employers.aspx](http://www.churchofengland.org/about-us/structure/cepb/pensions/automatic-enrolment-for-employers.aspx)

- **Other pension schemes**

There may be pension experts within your congregation who could offer support with setting up a scheme that meets the rules of auto enrolment.

### **The fifth step – how much does the PCC have to contribute?**

Based on current legislation the contributions must eventually be at least 8% of qualifying earnings with a minimum employer contribution of 3%. But this may also depend on the rules of the pension scheme you join. For example the Church of England PB 2014 scheme has a minimum contribution of 8% from initial enrolment and the employer must pay at least half of this. The PB2014 scheme also requires the employer to pay life cover which will be at least 0.5%.

The current and expected future contribution limits are set out below:

Date	Total Minimum Contribution	Employer Minimum Contribution
Before 5/4/2018	2% (including 1% staff contribution)	1%
6/4/2018-5/4/2019	5% (including 3% staff contribution)	2%
6/4/2019 onwards	8% (including 5% staff contribution)	3%

### **The sixth step – ongoing requirements**

Automatic enrolment is a continuing responsibility for the PCC. The PCCs duties do not end after their staging date.

You must:

- keep records of the automatic enrolment activities (this includes the names and addresses of staff enrolled, records of when contributions were paid into a pension scheme, staff opt-in notices, pension scheme reference or registry numbers and information sent to the pension provider) for six years and opt-out notices for four years.
- monitor the ages and earnings of new and existing staff and check their automatic enrolment eligibility every month. As staff become eligible they will need to be enrolled.
- enrol staff and write to them to let them know how automatic enrolment applies to them as they become eligible.
- pay contributions to their pension scheme .

**Don't forget that within 5 months of your staging date you must declare to the Pensions Regulator that the PCC is compliant. This is a legal obligation and failure to do so could lead to a fine.**

**The law on pensions is complex. If in any doubt you should contact a suitable qualified expert for independent advice.**

## Further advice

Further advice is available on:

<http://www.parishresources.org.uk/people/employing-staff/pensions/>

The Pensions Regulator website:

<http://www.thepensionsregulator.gov.uk/employers.aspx>

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