

# Workplace Pensions for Church Employers

## Auto Enrolment – do you know your legal obligations?

Auto-enrolment requires all UK employers, including churches and charities, to provide their staff with a pension scheme that meets the Government standard.

The Pensions Regulator has a useful guide to help you through the process of automatic enrolment. You can find this at [www.thepensionsregulator.gov.uk/en/employers](http://www.thepensionsregulator.gov.uk/en/employers)

The guide covers:

- What is automatic enrolment?
- Do I have to write to staff?
- Which staff must I enrol?
- What are the costs?
- What pension scheme must I use?
- What to do after staff are enrolled
- Opt outs and opt ins

## Who do I need to enrol?

There are three categories people can fall into depending on their age and earnings:

1. Eligible staff – you need to automatically enrol these staff
2. Entitled staff – you don't need to automatically enrol these staff, but they can ask to join
3. Non-eligible staff – you don't need to automatically enrol these staff and you don't have to pay contributions if they ask to join

You can find out which staff fall into which category at [www.thepensionsregulator.gov.uk/en/employers](http://www.thepensionsregulator.gov.uk/en/employers)

## Can we use a Church of England pension scheme?

Yes, providing you are associated with the Church. The Pensions Board have a number of pension schemes you can use. The most suitable scheme is likely to be Pension Builder 2014 (PB 2014). You can find further information at [www.churchofengland.org/pb2014](http://www.churchofengland.org/pb2014)

PB 2014 is different from the usual "defined contribution" pensions offered by mainstream providers. It provides valuable guarantees to members pots and automatic life cover. But, it may not be suitable for everyone.

Staff at the Pensions Board will be happy to explain how PB 2014 works, and help you decide whether it is the right pension scheme for you to use. You can contact them:

By phone: 020 7898 1802

By email: [pensions@churchofengland.org](mailto:pensions@churchofengland.org)

## Are there other schemes we can use?

Yes, there are many mainstream providers you can use. National Employment Savings Trust (NEST) is the Government backed automatic enrolment pension scheme and will accept any employer that applies to them. You can find more information at [www.nestpensions.org.uk](http://www.nestpensions.org.uk)

There are also other providers that may be able to help such as Now Pensions, The People's Pensions and Aviva.

### **Do I need to write to staff?**

Yes. You need to write to them and let them know whether they will be automatically enrolled and how they can opt out if they want to. You can find template letters at [www.thepensionsregulator.gov.uk/en/employers](http://www.thepensionsregulator.gov.uk/en/employers)

### **Can I delay enrolling staff?**

Yes, you can postpone enrolling staff for up to 3 months. For example, if you have a probationary period of 6 months you still have to enrol them after 3 months.

### **Is salary sacrifice allowed?**

Most pension schemes allow this, but there are points you should consider first. This link will guide you through these points:  
[www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf](http://www.thepensionsregulator.gov.uk/docs/pensions-reform-pension-schemes-v4.pdf)

### **What if I only employ 'non-eligible'?**

Staff can ask to 'opt in' and if they do, you need to have a qualifying pension scheme for them to join. There is no need to have a pension scheme set up in advance, but you may want to have back up arrangements in place in case someone opts in.

### **What if I only employ 'entitled' staff?**

These staff have the right to join a pension scheme and this must be a tax-registered pension scheme.

There is no requirement for the employer to contribute. The person needs to let you know which pension they would like to contribute to and you need to arrange for their contributions to be taken from their pay and passed to their provider.

Remember, you do not have to pay employer contributions and the pension scheme does not have to meet the Government standards. Although you may feel a moral duty to offer them a pension scheme that meets the Government standards and pay contributions on their behalf.

If you do not wish to pay contributions, you cannot use PB 2014, but you can approach NEST. You need to write to these staff to let them know they can join a pension scheme.

### **What if 'eligible' staff later become 'non-eligible' or 'entitled' staff?**

If an eligible staff member later reduces their hours or pay and becomes a non-eligible or entitled staff member they must remain in the pension scheme, unless they decide to opt-out.

### **What about part-time staff?**

Part-time staff are treated the same as full-time staff. If someone who is part-time has another job their other employer will also consider them for automatic enrolment.

### **What about staff on zero hour contracts?**

You need to carefully assess staff on zero hour contracts. This guidance can help you decide whether you need to automatically enrol them:

[www.thepensionsregulator.gov.uk/docs/detailed-guidance-3.pdf](http://www.thepensionsregulator.gov.uk/docs/detailed-guidance-3.pdf)

### **What if pension contributions are covered by the Diocese or another organisation?**

If the Diocese is happy to include the person in their own pension scheme and pay contributions on their behalf, this should be formally agreed and documented.

If the person will be enrolled in the Church organisation's scheme but the Diocese will pay the contributions, check with your chosen pension scheme this is possible.

### **What if we are not a registered company?**

This may be the case if you do not employ anyone who earns above the Lower Earnings Limit. Automatic enrolment will start when you first pay PAYE income (i.e. income above the Lower Earnings Limit). However, staff can ask to join a pension scheme.

### **Need to talk to someone?**

If you would like to speak to somebody at the Pensions Board then they will be happy to explain how PB 2014 works, and help you decide whether it is the right pension scheme for you to use.

Their contact details are:

By phone: 020 7898 1802

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