

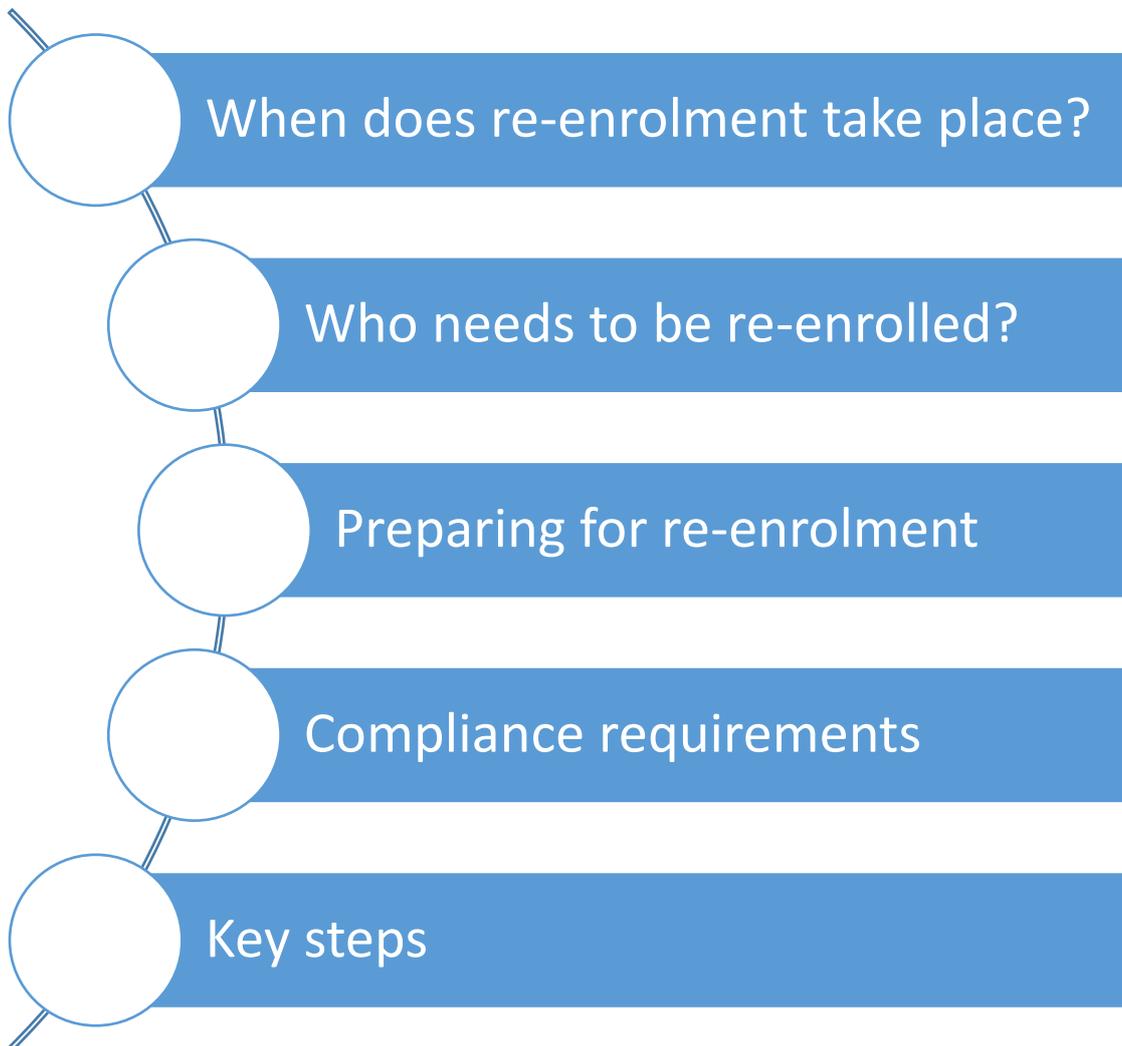


# *Cyclical Re-enrolment - a guide for employers*

# What is re-enrolment?

Under automatic enrolment legislation, employers who have reached their staging date must automatically enrol eligible employees into a qualifying workplace pension arrangement. Although eligible employees must be automatically enrolled, once they have been enrolled, they can opt out of the pension. Provided an employee opts out within one month of the date on which they were enrolled, any money they have paid will be refunded to them and any contributions paid across by the employer will be returned to the business. However, roughly every three years, employers need to repeat the process and “re-enrol” any employees who have opted out.

This booklet looks at the following:

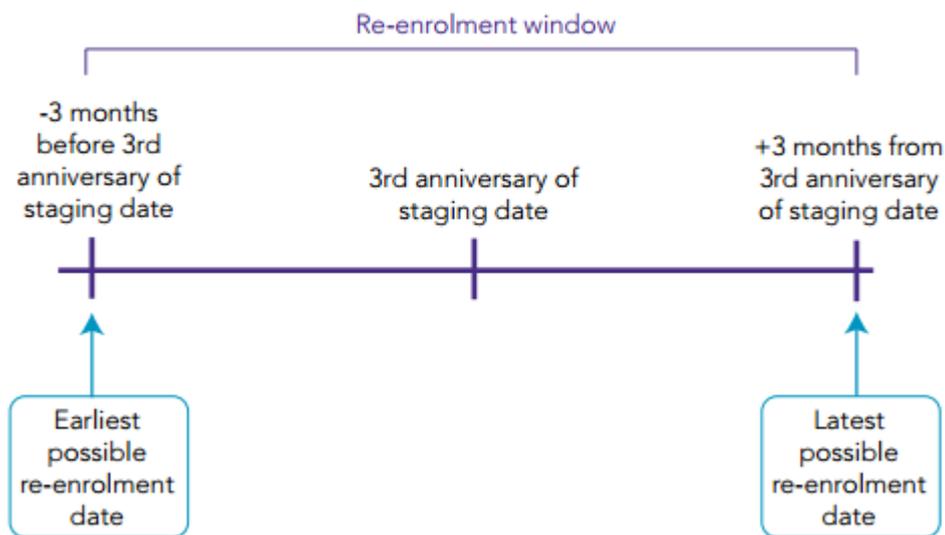


## When does re-enrolment take place?

Employers must re-enrol employees into a qualifying pension plan roughly every three years. Unlike at your staging date, it isn't possible to use postponement for re-enrolment. However, employers can select a "re-enrolment date" which can be three months either side of the third anniversary of the staging date.

For example, if your staging date was 1st October 2013, you could choose a date from the six month window beginning on 1st July 2016 and ending on 31st December 2016.

This is shown in the diagram below:



## What should I consider when selecting a re-enrolment date?

Some of the factors you may wish to consider when deciding what date to use for re-enrolment are as follows:

You may want to consider aligning the re-enrolment date to other key dates within your business calendar.

You may want to consider aligning the re-enrolment date to other key dates for auto-enrolment. For example, any phased increases due on the contributions both you and your employees will pay.

You may have a seasonal peak you wish to avoid.

If you have several entities within the Group with different staging dates, you may wish to consider if you can align the re-enrolment dates in any way.

You can only select one re-enrolment date for your business. If you have different categories of worker (e.g. monthly and weekly paid) you may wish to consider how this will work.

## Who needs to be re-enrolled?

Although you will need to regularly assess your employees as part of the on-going processes under auto-enrolment legislation, for the purposes of re-enrolment you must only assess those who have opted out of the pension or who have voluntarily ceased active membership of the pension (i.e. stopped paying into the pension outside of the opt out period).

This means you don't need to assess anyone who isn't in the pension because they are not an eligible jobholder or because they are currently in postponement. You must, of course, continue to assess these employees as part of the regular auto-enrolment processes. In other words, if they haven't already been auto-enrolled, you don't need to re-enrol them.

You will also need to consider anyone who has opted to remain within the pension, but reduced their contributions to below the minimum requirements.

Once you have assessed these employees, you will then need to re-enrol anyone who is an eligible jobholder. They must be re-enrolled within six weeks of the re-enrolment date.

### What is an eligible jobholder?

An eligible jobholder under auto-enrolment legislation is someone who:

- Is aged between 22 and the State Pension Age (65 for most people), and
- Is working, or ordinarily working, in the UK, and
- Earns over £10,000 a year (2018/19 tax year). This is tested each time the employee is paid so someone who earns over £833 a month may meet the criteria.

You can however choose whether or not to automatically re-enrol any eligible jobholder who:

- Has chosen to opt out or has ceased active membership of the pension within the 12 months before the re-enrolment date.
- Has given notice to end their employment (whether due to resignation or retirement) or who you have given notice of the termination of their employment.
- Has Primary, Enhanced or Fixed Protection and they have provided you with confirmation of this.
- Holds the office of Director within the business.

Once an employee has been automatically re-enrolled, as with automatic enrolment, they will have a one month window in which they can opt out. If they do opt out it will be as if they were never a member of the pension and any contributions they have paid must be refunded to them. Any contributions you have paid as an employer will be refunded to you.

## Preparing for re-enrolment

As you approach your re-enrolment window, there are some key issues you may wish to address:

### Systems and Processes

It is important you understand the systems and processes involved with re-enrolment and that any software you are using for assessing worker is able to handle this. Note that re-enrolment is a standalone assessment and needs to be

carried out alongside any regular on-going assessments of the workforce. You may need to check that your systems are able to accommodate this.

### Communications

As with automatic enrolment, there are statutory communication requirements and a minimum level of information that must be sent to employees who are automatically re-enrolled. However, as an employer you may also wish to consider communications over and above this legal minimum in order to prepare your workforce and ensure minimal disruption. As you approach your re-enrolment window you may wish to consider putting in place a communications plan to ensure anyone impacted is aware of the action that will take place and the options they have.

### Consider any changes

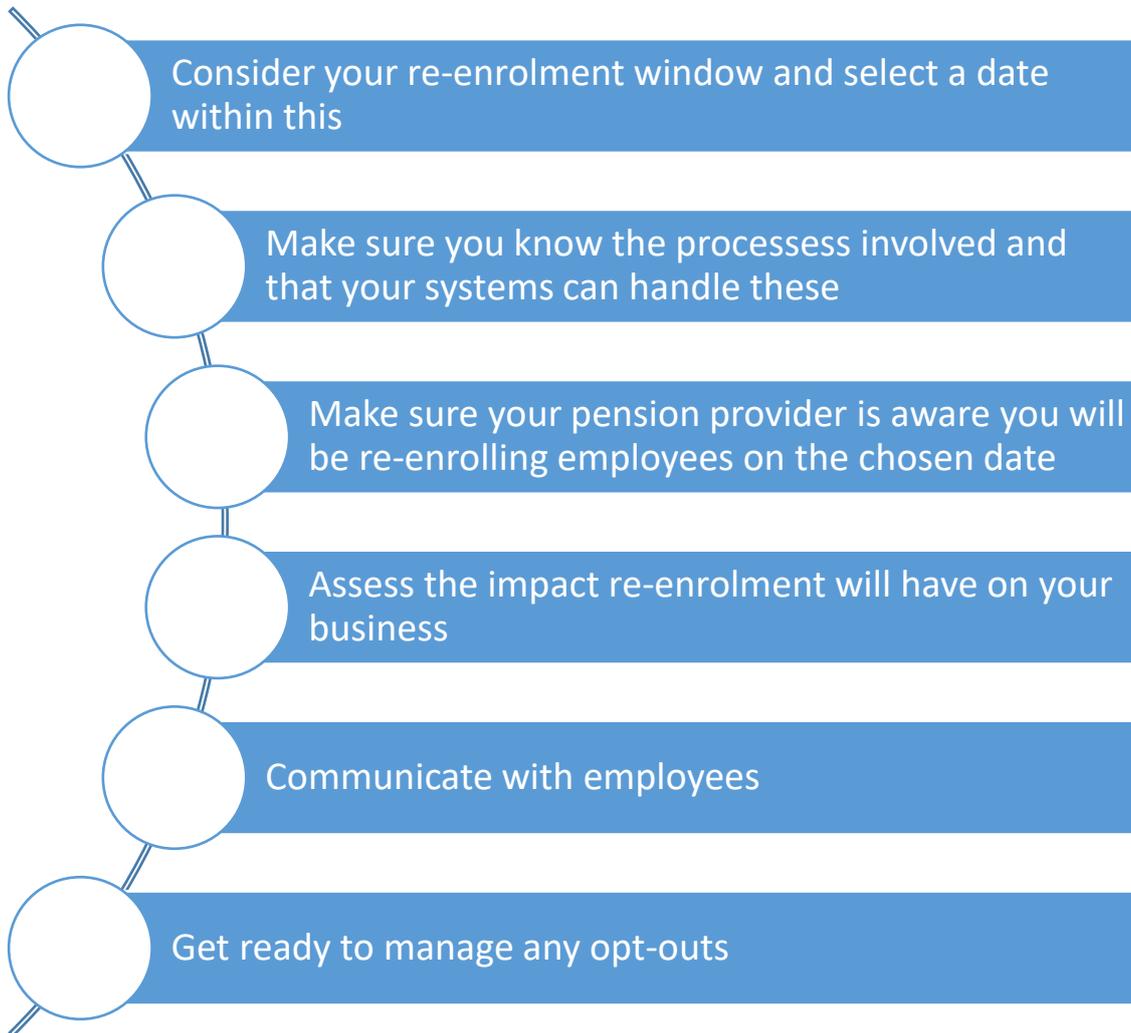
Re-enrolment may also be a good opportunity to review the decisions you have made and actions you have taken. You may want to think about what worked well at your staging date and what didn't. Re-enrolment may be a good time to consider making any changes to your pension strategy.

## *Compliance Requirements*

You don't need to notify The Pensions Regulator of your chosen re-enrolment date. However, you do need to re-declare your compliance with The Pensions Regulator. The Declaration of Compliance process involves providing The Pensions Regulator with certain pieces of information on your employees and your pension arrangement via an online system.

The Declaration of Compliance for re-enrolment must be completed within five months of the third anniversary of your staging/re-enrolment date.

## Key Steps



## Important Notes

The information contained in this document is based on One Pension Consultancy's understanding of the legislation as at May 2017. This document is for information purposes only and does not constitute advice.

Registered in England Number OC306990.

Registered Office: 2 Venture Road Chilworth Southampton SO16 7NP.

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# One Pension Consultancy LLP

## Reading office

*One Pension Consultancy LLP  
Sunfield Business Park  
New Mill Rd  
Finchampstead  
Berks  
RG40 4QT  
Tel: 0118 9734420*

## Southampton office

*One Pension Consultancy LLP  
2 Venture Rd  
Chilworth  
Southampton  
Hants  
SO16 7NP  
Tel: 02380 762590*

## Colchester

*One Pension Consultancy LLP  
Ground Floor, Suite C3  
Granville House  
Threshelfords Business Park  
Inworth Road  
Feering  
Colchester  
CO5 9SE  
Tel: 01206 331414*