

What you need to know: **re-enrolment**

Helping your business remain compliant

The bottom of the page features a decorative graphic consisting of several overlapping geometric shapes. A large, light grey triangle points downwards from the left. To its right, a smaller, darker grey triangle points upwards. Further right, a light blue triangle points downwards. These shapes create a modern, abstract design at the bottom of the page.

Introduction

Since 2012 employers have been trying to get to grips with auto enrolment and now, just when many larger employers who first auto enrolled might feel they're comfortable with the process, along comes automatic re-enrolment.

The comments below aim to provide you with important information to help guide you through what is a complex process.

What is automatic re-enrolment?

Automatic re-enrolment occurs every three years and is similar to the duties that an employer carries out on its staging date. An employer must assess its staff, issue communications and enrol all eligible jobholders into a qualifying workplace pension scheme.

Re-enrolment forms an important part of the government's auto enrolment legislation and employers must prove that they have complied by re-declaring their compliance with The Pensions Regulator. Failure to do so can result in fines of up to £10,000 per day.

Aside from being a regulatory obligation, re-enrolment should be viewed as an opportunity for your business to review your entire workplace pension arrangements and evaluate whether your processes still remain a good fit for the business.



Who has to be re-enrolled?

To determine if you've any eligible jobholders to re-enrol, you'll need to carry out an assessment of any employees who:

- opted out of your automatic enrolment pension scheme;
- stopped paying pension contributions after the opt-out period ended; or
- reduced their pension contributions to below the minimum level set by the government, more than twelve months before your re-enrolment date.

Although not a requirement, you also have the option to re-enrol eligible jobholders who left the scheme or reduced their contributions within the 12-month period ending on your re-enrolment date. You may not need to re-enrol all of these employees though – there are certain requirements and some exceptions.

When do you re-enrol them?

You'll have to choose one specific date within a six month window. This window centres around the three year anniversary of your automatic enrolment staging date.

For example, if your staging date took place on 1st April 2013 you would have the option to select a re-enrolment date between 1st January 2016 and 30th June 2016. It is important to note that the re-enrolment window centres around your staging date, not your postponement date.

You can select any date during this window, but it is recommended that you select a date that aligns with pay reference periods.

Planning and preparation

As with auto enrolment, the key to having a smooth and hassle free re-enrolment is planning and preparation.

There are some key things to consider when approaching your company's re-enrolment strategy:

- It is important that you ensure that your payroll and software systems are up to the challenge of re-enrolment. Many may not be, so it is important that employers talk to their providers about it;
- Any inconsistent or incorrect data that was used in the auto enrolment process has the opportunity to become further entrenched in the process when the re-enrolment process begins. As this could lead to non-compliance issues, it is vital that you ensure your data is as up-to-date and factually correct as it can possibly be;
- You must consider what's payable in the whole pay period (PRP), irrespective of whether the automatic re-enrolment date falls part way through a PRP. It's just one date per employer, so if you operate more than one PAYE payroll, think about a date that best aligns to all the payrolls you operate;
- Consider any upcoming business priorities that you want re-enrolment to coincide with (or any you don't);
- Remember your next automatic re-enrolment window will open in another three years whatever date you choose this time, you'll use that date as the centre of your automatic re-enrolment window next time.
- Beware: unlike your original automatic enrolment sign-up, you can't use postponement for re-enrolment.

Conclusion



It doesn't take much to put you in danger of having to face serious consequences in terms of fines or reputational risk. Imagine an employer with a workforce of 200: that's 6,000 assessments over 2.5 years and if only 1% of records contain errors you could have 60 incorrect assessments. Our experience is that putting errors right, which you must do, can be time consuming – understanding what needs to be done and keeping everything right from a regulatory perspective takes a bit of working out.

For further information on what you need to do in regard to automatic re-enrolment or to arrange an audit of your auto enrolment processes, contact us to discuss your options:

Regulatory Information
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