



Pension Seminar 20 June 2013

Foot Anstey, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

Discussion tables – highlights

Assessment of workforce – hosted by Foot Anstey LLP

- Understanding who your workers are and who is caught by AE is not always as straightforward as you might expect!
- Automatic enrolment applies to ‘workers’ and this catches a wider group of people than ‘employees’. You should consider everyone paid by you including non-executive directors, contractors and agency workers and decide whether or not they are workers. You may want to take advice on anyone whose status is unclear and consider changing their working arrangements to make it clear that they either are or are not workers.
- You should also consider putting in place a paper trail to make it clear why you have reached the decision you have with those whose status is unclear. What you can do, within reason, is consider an individual’s status and decide he or she is not a worker and so not eligible for automatic enrolment. What you must not do is consider an individual’s status, decide he or she is a worker and then decide it is too difficult to apply automatic enrolment!
- Workers with fluctuating earnings also make things more difficult as you need to continually assess their earnings in each period you pay them in (weekly, monthly etc) to see if they are paid more than the automatic enrolment thresholds. If they exceed the threshold and meet the other criteria then they need to be automatically enrolled or postponed. You should also watch out for seasonal workers.

Changes to T&Cs – hosted by Foot Anstey LLP

- There is a strategic decision to be made as an employer whether you are approaching automatic enrolment as a minimum legal compliance piece or an excuse to consider how your whole benefit package including pension contributions positions you in the market as an employer.
- Many employers are using automatic enrolment as an excuse to review existing pension benefits and make changes to these.
- We are seeing many two tier arrangements where existing pension scheme members retain their current contribution structure and those automatically enrolled are enrolled into a different contribution structure. Some employers are keeping the



existing contribution structure for senior staff or all staff after a particular length of service (although you need to consider discrimination risk if you do this).

- Where any such changes mean the employer contribution reduces or the employee contribution increases then there may well be an obligation to consult with affected staff for 60 days under pensions regulations. You should also consider whether this requires a formal change to existing t's and c's and, if so, what the employment law implications of this change are.
- Many employers with existing trust based pension schemes are using automatic enrolment as an excuse to review and close these schemes where appropriate.

AE and Total Reward – hosted by Innecto Reward Consulting

The questions on this table centred were around how you can maximise the opportunity that AE brings. We looked at how HR can influence the board to look at the total reward package and benefit from some initiatives such as salary sacrifice.

Topics included:

- Practical ideas around funding AE
- Turning AE into an opportunity
- Practical ideas about getting employees interested in pensions
- Engaging employees and dealing with perceptions

“Look no hands” – Communication – hosted by JLT Benefit Solutions Ltd

Regulatory obligations:

There were detailed discussions on employers' statutory obligations to provide certain communications at different stages of the enrolment process – such as at:

- enrolment
- opt in
- opt out
- postponement.

It was noted that statutory communications must be issued in writing, but that there was no obligation to ensure members actually receive statutory communications.

Best practice communication:

Many of the participants noted that whilst there were a series of statutory communications that must be issued, they were keen to better engage individuals and improve their experience by issuing/ undertaking some of the following:



- Warm up communication to engage early – eg. intranet and email
- Newsletters
- Presentations by senior staff
- Workshops
- Information stands for drop in Q&As
- Posters in workplace

The common consensus was that a range of key messages across a number of channels works best - keeping them short and simple. The group also touched upon the need to continue the communication piece to employees who are enrolled – ie. a good communication strategy will relate to employees' personal retirement goals.

“Oke Koke” – Opt ins/Opt outs/Postponement - hosted by JLT Benefit Solutions Ltd

Staging Dates:

There were two employers who had their staging date in the next few months who have chosen to do different things. The first employer have decided to bring their staging date forward a month so that it falls in line with their financial year and interestingly the other employer have chosen to postpone for 3 months in order to move as far away from the end of their financial year as postponement allows. This shows two different ways of being able to change the staging date in order to better suit the employers needs.

Postponement of new joiners:

Many of the employers in our discussion had already considered using postponement for their new joiners. The general consensus of those that had already considered their approach was to use postponement on all new joiners. The amount of time to postpone varies however the reasons remained the same, for example:

- Ensure that employees that leave soon after start date don't require any administration if they leave before the postponed join date
- Simply to give the Employer more time in order to process the new joiner
- Some employees have the option to join other schemes (GPP for example) after a set period of time, and this brought it in line with those eligibility criteria

Communication and Engagement:

Communication had already been started by a number of the employers and they had all faced similar obstacles. It was generally discussed that Employees did not understand the material that was sent and the impact that it would have on them. This was adding a lot of work in terms of answering the queries that were being asked off the back of the initial communication. The attendees believed that this was due to not fully reading or understanding the communication. This re-iterates the importance of the communication with regards the whole auto enrolment process.



Engagement of staff was also a particular concern for those employers with a lot of part time staff and seasonal staff. Finding the best way to get the information across is a pertinent question and one that does not have a simple solution.

Other areas discussed were:

- Winding up of other schemes in order to only have one option
- Concerns over unionised employees who would ask for extra pay to cover the contributions they are now having to pay
- Difficulties arising from employees with 2 separate contracts of employment with the same company
- Having different schemes for different demographics of staff (e.g. NEST for staff, GPP for management)
- Thoughts around salary sacrifice for contributions

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