

IMPORTANT CHANGES TO PENSIONS

THIS AFFECTS YOU AND YOUR ORGANISATION!

The Government is planning to bring in the biggest shake-up of pensions for decades, and it is likely to alter how you can provide pensions for your employees in the future. This document is a summary of some of the main changes as they are currently set out and understood.

Main changes in Pensions regulations

- It will become a legal requirement for all employees between the ages of 22 and State Pension Age (currently 65, but due to rise to 68) earning in excess of the personal income tax allowance to be **automatically enrolled** into a 'qualifying' pension scheme **immediately on starting work. This applies even if you have just ONE employee!** New entrants may be able to defer for 3 months but it's currently unclear what the criteria are.
- Begins to take effect from 1st October 2012, but phased in over 4 years. *Most of our members will have to comply during or after 2014.* This table will help you calculate your effective date (called the 'staging date'):

Number of employees	Staging Dates
120,000 or more	1 October 2012
119,999 – 2000	1 November 2012 – 1 August 2013 (over 9 dates)
1,999 – 500	1 September 2013 – 1 November 2013 (over 3 dates)
499 – 250	1 January 2014 – 1 February 2014 (over 2 dates)
249 – 240	1 April 2014
239 – 150	1 May 2014
149 – 90	1 June 2014
89 – 50	1 July 2014
Less than 50	1 August 2014 – 1 February 2016 (over 18 dates – defined by PAYE reference)

- Staff aged between 16 and 21 earning in excess of the personal income tax allowance may opt in to pay *employee* contributions.

- Staff can opt out if they choose, but must be automatically enrolled three years later unless they again choose to opt out.
- Contributions to schemes must be **at least 8%** of your employee's annual salary. Minimum requirement: 3% from employer, 4% from employee; 1% tax relief. There will be a phasing-in period from the staging date before employers need to adhere to the full 3% minimum payment - see the timetable below:

Staging date	Total minimum contribution	Minimum from employers
From October 2012 to September 2016	2%	1%.
From October 2016 to September 2017	5%	2%.
From October 2017 onwards	8%	3%.
(% relates to qualifying earnings)		

- Extra contributions can be made by employees at 6-month intervals.
- The Government is establishing a low cost direct contribution pension scheme called NEST (National Employment Savings Trust) which can be used as a default scheme.

What you will need to do

If all your employees already receive at least 8% of their basic salary in pension contributions:

- Advise the Government of this by a self-certification declaration. A form will be available prior to your staging date.
- Tell your employees that any new staff will be automatically enrolled into your scheme. *It is a legal requirement to advise staff of any pension changes at least 90 days in advance.*
- Ensure your scheme is a qualifying one approved by the Government.

If not:

- Decide whether to offer the Government pension scheme (NEST) or an alternative. Any alternative scheme must be approved and will be called a 'qualifying' scheme. If you already pay into an existing pension scheme ensure it meets the criteria of a qualifying scheme.
- Decide when and how to prepare for the change. Ensure you have an adequate pension administration system built into your payroll.
- Consider the impact of the minimum employer contribution and the cost of implementation on your future budgets.

- Decide when and how to advise your staff. *It is a legal requirement to advise staff of any pension changes at least 90 days in advance.*
- If you require your employees to contribute, ensure your employment contract includes a clause stating that employees agree to such payments being taken directly from their salary.

The existing EMA Pension Scheme

Global Connections offers all member agencies exclusive access to the EMA Pension Scheme for their workers in the UK as well as overseas. More information can be found at www.globalconnections.co.uk/supportservices/memberbenefits/pensions.htm or by contacting the administrators of the scheme, Kingsworld Walder Ltd office@kingsworld.co.uk or telephone 01747 826251.

We have been advised that it will not be possible to add any new employees to the existing EMA registered scheme (for employees based in the UK) after your staging date although any employees enrolled into it at least 1 month before that date can continue contributing to it exactly as before.

The EMA Pension Scheme Trustees will continue to make every effort to monitor the situation, and are also examining the possibilities of offering a compliant EMA Pension Scheme post-staging date.

Neither The EMA Pension Scheme Trustees nor employees of Global Connections are FSA registered and are therefore unable to give qualified advice on pension matters. This leaflet is therefore for information only. All detailed enquiries should be directed to Kingsworld Walder Ltd.