

WORKPLACE PENSIONS

WHAT YOUR CLUB NEEDS TO KNOW



FINANCIAL PLANNING CONSULTANTS



Introduction

The government is implementing workplace pension reforms that impose new duties on employers to make mandatory pension provision for their employees. These reforms began for the larger employers back in 2012 and are currently being phased in for all employers with a UK workforce. These reforms are a result of concerns that, particularly as average life expectancy increases, many individuals aren't saving enough to adequately provide for their old age. Without these reforms, there's a danger that the burden on the State could become unsustainable over time.

This means that regardless of the size or nature of the workforce every UK employer will need to have a pension and systems in place to manage and fulfil their legal obligations in relation to this. For all football clubs, regardless of size, this means that all staff on your payroll will have to have a pension available to them to join. Some staff will have to be automatically enrolled into this pension and you will need to make contributions towards it.

The Football Association has issued this guidance document to assist leagues and clubs in meeting the legislative requirements of the new pension's legislation.

The Football Association strongly recommends that if you believe your club or league will be impacted by the new legislation that you seek professional guidance from a pension's advisor.

John Ward, Chairman

Football Association Leagues Committee

February 2014

What are the employers' duties?

- Set up a qualifying pension scheme/s.
- Register the Scheme with The Pensions Regulator.
- Communicate to all employees their pension scheme, their contribution requirements and those of the employer.
- Automatically enrol the qualifying employees (Eligible Job Holders).
- Inform non qualifying employees (Non Eligible Job Holders) that they have a right to join and to then enrol those that choose to Opt-in.
- Make Contributions into the Scheme on behalf of those employees.
- Automatically re-enrol qualifying employees who have previously opted out (three years after that individual's opt-out anniversary).
- Keep Records for at least 6 years.
- Renew the Certification each year with The Pensions Regulator.
- Provide The Pension Regulator with on-going record keeping and validate compliance when requested.

Who are Qualifying Staff?

Staff Categories – (Applies to UK Workers only)

- Eligible Job Holder
Aged between 22 and State Pension age with income at or above the Personal Allowance (£9,440 13/14).
- Non Eligible Job Holder
Aged between 16 and 21 or over the State Pension age but under 75 with income over The National Insurance (NI) Lower Earnings Limit (£5,668 13/14).
- Entitled Workers
Any other UK workers out-side of the above criteria.

Note

Entitled Workers can ask the employer to include them into a registered pension. This does not have to be a qualifying pension and no employer contributions are required. The employer will be required to inform these workers of their right to join a pension scheme.

The Government definition means that virtually every UK employee and even potentially self employed contract workers will fall into one of the staff categories.

What is a Qualifying Pension?

- One that meets Minimum Contribution Levels.
- Has a Default Investment Option.
- Permit's Automatic Enrolment.

Note

More than one Qualifying Pension can be run simultaneously. Staff segmentation can mean 'Core Staff' can enjoy a more bespoke and flexible pension arrangement and 'Non Core Staff' a less flexible, 'one size fits all' arrangement, such as the NEST scheme or The Peoples Pension as just two examples.

What are the Contributions?

Minimum Contributions

These are based on 'Qualifying Earnings' which is income between the Lower Earnings Limit and the Upper Earnings Limit, (£5,668 – £41,450 13/14).

There is no maximum limit to the amount of contributions the employer may wish to make to employees pensions, only a minimum requirement.

From October 2018

Overall Minimum	Employee Contributions	Tax Relief	Employer Contributions
8%	4%	1%	3%

From Staging date to October 2018 – (ignoring tax relief)

	Employee Contributions	Employer Contributions
Before October 2017	1%	1%
October 2017 – October 2018	3%	2%
October 2018 onwards	5%	3%

Note

Alternative contribution definitions can be adopted and phased in from the Staging date, but from October 2018 onwards these minimum contributions will apply. Adopting this route is known as certification.

Any company adopting one or more of these options must certify that the pension contributions for every employee did at least match that of contributions which would have applied under the 'Qualifying Earning' basis. Proof of minimum contributions under certification must be provided to The Pensions Regulator every 18 months currently.

	Pensionable Pay	Min Employer Contributions	Min total Contributions (gross)
Option 1	Basic Pay	4%	9%
Option 2	85% of Total Pay	3%	8%
Option 3	Total Pay	3%	7%

Note

Using a Salary Exchange pension contribution policy will save employer National Insurance which will help compensate for the increased costs of Auto-Enrolment.

When do you have to do it?

This depends on the size of your business and the PAYE details provided in April 2012. You can find out your Staging Date at www.thepensionsregulator.gov.uk or call us on the number below.

What Records do you need to keep?

There will be an obligation to keep records for a minimum of six years. Every payment made to a member of staff will need to be assessed for Auto-Enrolment purposes. This means pension payments will be calculated, staff communications provided and contributions made. Finally all records of payroll, pension calculations, payments and communications to staff must be kept. The Pension Regulator can request that the employer provides data to verify compliance at any time.

Preparation Work

- Assessment of all staff.
- Decide contribution levels for staff categories, such as the Executive, Core and Non Core staff and consideration to Salary Exchange.
- Decide on the most appropriate pension scheme/s for each staff category.
- Introduce systems to register, calculate and implement pension payments and monitor compliance.
- To manage New Starters, Automatic Re-Enrolment, Opt-outs, Opt-ins and employees who move from one staff category to another.
- To communicate to all staff members, initially and on-going.
- Systems in place to generate and maintain Reports for The Pensions Regulator.
- Systems in place to record the pension payments and the communications to each staff member.

If you want to know more or see our On-Line Platform Live please email info@opusgold.com or call us to book an appointment.

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