

Introducing pensions

Catherine McNulty introduces a guide for the dental team.

Pensions

Just when practice-owners thought that their obligations could not be extended any further, along came a new responsibility: a statutory pension scheme for employees.

The legislation came into force a year ago but did not immediately affect dental practices. The first phase of auto-enrolment, as the new pension scheme is known, focused on large organisations only. Ultimately, however, all employers in the UK will have to automatically enrol certain workers into a pension scheme and make contributions on the employee's behalf.

The practical arrangements for this are not as straightforward as the Government believes and there is a need for careful preparation. Practice owners should be thinking about how they are going to implement the changes.

The new duties require employers to automatically enrol eligible jobholders into their own qualifying pension scheme or the National Employment Savings Trust (NEST), a government saving scheme. They also require employers to make contributions which will gradually increase over a period of six years, from one per cent

to three per cent by 2018.

Obligations

From the date you become subject to the new duties (referred to as your 'staging date') you will have to automatically enrol any eligible jobholders in an automatic enrolment scheme. You will need to:

- review any existing pension arrangement to ensure these meet the legal requirements (not all stakeholder pension schemes will do so);
- amend your current pension arrangements or implement an appropriate alternative scheme;
- determine whether workers are eligible jobholders, non-eligible jobholders or are entitled workers (all defined under the legislation);
- provide eligible jobholders with mandatory information and pay mandatory minimum contributions;
- provide non-eligible job holders with information about their right to opt-in to the scheme and, if they do so, make minimum contributions on their behalf;
- provide entitled workers with information about their right to join a non-contributory scheme (not necessarily an auto-enrolment scheme);
- re-enrol eligible jobholders every three years;
- update your practices to ensure that you do not fall foul of the safeguarding duties;
- keep mandatory information about the arrangements;
- regularly review those who are or may become eligible; and
- alter contracts of employment and other relevant documents to ensure

compliance and best practice.

The new duties are being implemented over a five and half year staging period. Staging dates will depend on the number of workers. Employers with between 50 and 249 workers have staging dates running from April 1, 2014 to April 1, 2015 and employers with fewer than 50 workers (which will apply to most practice owners) have staging dates between June 1, 2015 and April 1, 2017. New businesses have staging dates at the end of the overall timetable, up to February 1, 2018.

While these dates may seem distant, reports from those who have already introduced auto-enrolment suggest that the sooner you start planning, the easier it is.

Non-compliance

Breaching the new duties could result in compliance notices and penalties that would vary according to the size of your workforce. Employers with a large number of staff who do not comply could be liable for escalating penalties of £10k a day. If your failure to comply was 'wilful' it could amount to a criminal offence, liable on conviction to imprisonment or fine or both.

It's your responsibility to identify the staging date that applies to you and your practice(s) by looking at the staging date timeline on www.thepensionsregulator.gov.uk

You will need your PAYE reference to do so.

My advice is to start taking steps well before your individual staging date, particularly so that you can manage the financial implications of the changes.



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