

## 8. Auto enrolment



Low Incomes  
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A voice for the unrepresented

**Providing a pension for your personal assistant (PA) under the auto enrolment programme is one aspect of being an employer that we know causes some real worry, so here we go into a bit more detail.**

### What is auto enrolment?

Auto enrolment is a Government initiative that requires *all* employers to automatically enrol certain staff into a pension scheme (if they do not already provide a workplace pension) and make contributions towards it. This includes someone that you may have taken on directly to provide you with personal care – aged between 22 and state pension age, who (for the foreseeable future at least) earns more than £10,000 (£192 a week or £833 a month) – even if they are your only employee.

The law around auto-enrolment applies to you whether you use a direct payment from the government to fund your PA, or you use your own money to do so. However, if your care is provided by an agency or the council, then they will be the employer and you don't need to do anything.

An employee can choose to 'opt out' of auto enrolment (as they will also probably have to contribute into the pension scheme, they may wish to do this if they are on a limited budget), although they should be re-invited to join the scheme every three years. Although auto enrolment is complex for an employer to administer, it is against the law to try to persuade someone you employ to opt out of auto enrolment.



### What if my PA earns less than £10,000 or isn't 22 yet?

You should monitor them and if/when they meet the criteria, auto enrol them at that point.

In the meantime they can ask to join a pension scheme. You may have to pay into it on their behalf depending on whether they are 'non-eligible jobholders' or 'entitled workers':

- Non-eligible jobholders – for example for those aged 16 to 74, earning from £6,032 (in 2018/19) to £10,000 or those aged 16 to 21 or state pension age to 74 and earning at over £10,000. These workers are entitled to opt in, with an employer contribution.
- Entitled workers – those earning under £6,032. These workers are entitled to join a scheme but are not entitled to an employer contribution if they do so.

Even if you do *not* have anyone to auto enrol, you must tell The Pensions Regulator by submitting a 'declaration of compliance'. **For more on this see our website:** <https://disabilitytaxguide.org.uk/pensions-auto-enrolment#no-one-to-auto-enrol>



### When does auto enrolment start?

Until now, there has been a roll-out programme in place – slowly bringing employers into auto enrolment by reference to a future 'staging' date (see: <http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>)

Employers who become an employer from 1 October 2017 will not have a pre-determined date for their staging date. The rules say that on the first day a person starts working for them (known as their *duties start date*), they should formally assess them to see if they meet the criteria to be put into a pension scheme (although there will be an option to postpone these duties for up to three months).

**The Pensions Regulator have lots of help for new employers on their website:** <http://www.thepensionsregulator.gov.uk/en/employers/new-employers/step-1.aspx>

[www.disabilitytaxguide.org.uk](http://www.disabilitytaxguide.org.uk)



## What if my PA isn't classified as an employee?

Most PAs are employees and will clearly be covered by auto-enrolment.

In other cases, you need to consider whether your PA is a 'worker' for employment law purposes, as they will be covered by the auto enrolment rules. If you expect your PA to perform their services personally for you (you wouldn't be happy for them to send a substitute in their place, if they were ill for example, then they will probably be a 'worker').

**You can find out more about 'workers' on our website:** <http://disabilitytaxguide.org.uk/employment-law/employment-law-status/>  
Genuinely self-employed PA's are not 'workers'.

## Choosing a pension provider

You will have to select a good quality pension scheme to enrol your PA in, for example, one that is well run, offers value for money and protects your workers' retirement savings. There is lots of information out there to help you do this (we point you to this from our website) or you can use an adviser.

To make it easier for small employers to comply with the auto-enrolment requirements the government has set up a simple, low-cost 'default' scheme called the National Employment Savings Trusts (NEST) which employers may use if they wish.

NEST are able to claim a 20p uplift from the government on every 80p your employee pays into the scheme, regardless of how much they earn. Some other providers use a different approach, which means employees do not get such an uplift unless their earnings are more than £11,850 (in 2018/19) – this may be a relevant consideration when choosing a pension provider if you have a lower-earning employee. **For more on this see The Pensions Regulator's website:** <http://www.thepensionsregulator.gov.uk/en/employers/new-employers/pension/i-am-an-employer-who-has-to-provide-a-pension/choose-a-pension-scheme.aspx>

## I have someone I will need to enrol in a pension. What next?

If you need to enrol someone in a pension then you will have to do things like write to them to tell them how automatic enrolment applies to them and set up a pension scheme (see below). You should do this as soon as possible as it may take some time.

**You can find step by step information on The Pensions Regulator's website to help you work out what you need to do and when:** <http://www.thepensionsregulator.gov.uk/employers/your-step-by-step-guide-to-automatic-enrolment.aspx>

## How much is this all going to cost me?

You will have to pay contributions into your employee's pension scheme. From April 2018, this is 2% of your PA's earnings between £6,032 and £46,350 per annum, but this will increase to 3% from April 2019.

If you receive money from the government to pay your PA then there is an argument that the cost of auto enrolment should be built into the money they pay you – however you will need to discuss this with them.

## Where can I find out more?

- The Pensions Regulator website: <http://www.thepensionsregulator.gov.uk/en/employers.aspx>
- See our section on auto enrolment in Disability Tax Guide: <https://disabilitytaxguide.org.uk/pensions-auto-enrolment>
- You can find questions and answers for people who employ carers on The Pensions Regulator's website here: <http://help.thepensionsregulator.gov.uk/faq/carers>
- If your PA has any questions, you could direct them to: <http://www.litr.org.uk/tax-guides/employed/pensions-and-employees/what-automatic-enrolment-employees>

**This factsheet is intended to provide general information only and does not constitute advice.** Before taking any action, you should get appropriate advice from a professional adviser which is based on your particular circumstances. We have done our best to ensure that the information in this factsheet is up to date as of April 2018. You can read our full disclaimer on our website: [www.litr.org.uk/legal](http://www.litr.org.uk/legal).