

November 2015

Information
for business
advisers

The Plain English guide to automatic enrolment



The Pensions
Regulator

Since automatic enrolment began in 2012, all large and medium employers in the UK have staged, leaving over a million small and micro employers whose duties are yet to begin.

It's important that we communicate with these smaller employers in language that is clear and straightforward. Terminology that was appropriate for larger companies and their advisers will not necessarily be suitable for smaller employers with limited experience of pensions. We have therefore adapted our automatic enrolment language for this new audience.

This guide is for business advisers and other pensions industry professionals who are familiar with technical automatic enrolment terms and shows how we are explaining them to small and micro employers (eg 'opt in' is being replaced by 'ask to join'). Please note some of the terms we are using have not changed and our definition may not always be a technical definition, but is instead intended to make this simple and easy to understand.

If you already use these terms in your processes or with your clients, you may choose to phase in some of the new terminology, or simply use this guide for reference.

Automatic enrolment terms and definitions

Original term	New term	Definition	Example
Assess your staff	Work out who to put into a pension scheme	Working out how much each member or staff earns and how old they are. This will help identify if they need to be put into a pension scheme.	“Before you make your plans, you should work out if you have any staff to put into a pension scheme.”
Automatically enrol staff	Put your staff into a pension scheme	Putting your staff into a pension scheme	“Work out which staff you need to put into a pension scheme.”
Automatic enrolment pension scheme	A pension scheme that can be used for automatic enrolment	A pension scheme that can be used for automatic enrolment	“Make sure you choose a pension scheme that can be used for automatic enrolment.”
Independent Financial Advisers (IFAs)	Business/financial adviser	A business/financial adviser could be an accountant, bookkeeper or payroll consultant.	“Independent financial advisers (IFAs), employee benefit consultants (EBCs), actuaries, accountants, bookkeepers and other advisers can use our guidance and resources to help their clients make the right choices.”
Comply	Meet your duties	Meeting the legal duties of automatic enrolment.	“You can ask someone to help you meet your duties.”
Contributions	Money paid into a pension scheme	The amount of money paid into a pension scheme by a member of staff and/or the employer.	“You must pay money into the pension scheme on a regular basis.”

Original term	New term	Definition	Example
Declaration of compliance (registration)	Declaration of compliance	Information that must be provided to let The Pensions Regulator know that the employer has met their duties.	"To let us know how you have met your duties you must complete a 'declaration of compliance'. This can be done using our online form."
No previous term used	Directly pay	A person an employer pays to work for them and who is not supplied by an agency.	"If you directly pay one or more people to provide you with care and support, often called a personal assistant or a personal care assistant, you're an employer and automatic enrolment duties will apply to you."
No previous term used	Director(s)	Usually the most senior person/people in a company.	"Automatic enrolment duties will apply if more than one director has a contract of employment."
Employer duties	Legal duties	A set of duties which an employer must complete in order to obey the law under the Pensions Act 2008.	"There are several tasks that you have to do to meet your legal duties."
Employer duties	Duties	(See 'Legal duties' for definition).	"There are several tasks that you have to do to meet your duties." Only use once legal duties have been defined earlier in content.

Original term	New term	Definition	Example
Eligible jobholder	Member of staff who must be put into a pension scheme that you pay into (also known as 'type 1')	A person who is 22 to state pension age and earns over £10,000 a year/£833 a month/£192 a week. They must be put into a pension scheme which they and the employer must pay money into.*	"If a member of staff is 22 to state pension age and earns over £10,000 a year, you must put them into a pension scheme and pay into it."*
Entitled worker	Member of staff who can join a pension scheme if they ask, but you don't have to pay into their pension scheme unless you want to (also known as 'type 2')	A person who is 16-74 years old and earns less than £5,824 a year/£486 a month/£112 a week. They can ask to be put into a pension scheme which they must pay money into. The employer doesn't have to pay money into it. *	"If a member of staff is 16-74 and earns less than £5,824 a year, you must let them know that they can join a pension scheme."*
Letter code	No new term used	A 10-digit number found on letters The Pensions Regulator sends to employers about automatic enrolment.	"Enter your letter code and PAYE reference."
Employee/worker	Staff/member of staff	A person an employer pays through their PAYE scheme to work for them.	"On your staging date, you must work out how much each member of staff earns and how old they are."
Nomination	Let us know who to contact		"Let us know who to contact. We will be in touch over the coming months as your staging date approaches."

* Figures correct as of April 2015, subject to change.

Original term	New term	Definition	Example
Non-eligible jobholder	Member of staff who can join a pension scheme, if they ask, that you pay into (also known as 'type 2')	<p>A person who is:</p> <ul style="list-style-type: none"> ▶ 16-74 years old and earns less than £10,000 a year/£833 a month/£192 a week ▶ 16-21 years old and earns over £10,000 a year/£833 a month/£192 a week ▶ state pension age to 74 years old and earns over £10,000 a year/£833 a month/£192 a week <p>If they meet any of the above criteria they can ask to be put into a pension scheme which they and the employer must pay money into.*</p>	<p>"If a member of staff is:</p> <ul style="list-style-type: none"> ▶ 16-74 and earns less than £10,000 a year ▶ 16-21 and earns over £10,000 a year ▶ state pension age to 74 and earns over £10,000 a year <p>you must let them know that they can join a pension scheme that you pay into."*</p>
Opt in/join	Ask to join	Certain staff can ask to join a pension scheme.	"If any of your staff write to you asking to join a pension scheme you must put them into one once you have received their request."

* Figures correct as of April 2015, subject to change.

Original term	New term	Definition	Example
Opt out/cease active membership	Ask to leave	If a member of staff asks to leave a pension scheme.	"If any of your staff ask to leave your pension scheme within one month of being put into it, you need to stop taking money out of their pay and arrange a full refund of what has been paid to date."
Pension scheme	No new term used	A financial arrangement which enables people to save for their retirement.	"Under the Pensions Act 2008, every employer in the UK must put certain staff into a pension scheme and contribute towards it."
Postpone/postponement	Delaying working out who to put into a pension scheme/postponement	Delaying working out who the employer needs to put in to a pension scheme. Postponement does not change the staging date.	"If you have temporary staff, you may choose to delay assessing them."
Primary contact	Employer contact	The most senior person or business owner.	"As the employer, you are the main contact."
Secondary contact	Additional contact	The person the employer has chosen to receive emails from The Pensions Regulator.	"Provide an additional contact and we'll send them help and advice via email. The additional contact may be the person you want to manage the day-to-day tasks for you such as an accountant/bookkeeper."

Original term	New term	Definition	Example
Single person director/one person company	Director-only companies	The sole director of a company which employs no other staff.	"The online guide also contains essential information tailored for the needs of employers of carers and also director-only companies."
Staging date	No new term used	The date automatic enrolment duties start for an employer. Their staging date is when the law comes into effect for them.	"On your staging date, you must work out how much each member of staff earns and how old they are."
State Pension Age (SPA)	No new term used	The age at which members of staff can start to receive their state pension.	"If you are unsure what the State Pension Age is, use the State Pension Calculator to find out."
Automatic re-enrolment	No new term used	Every three years an employer will need to put staff back into their pension scheme if they have left it, and if they meet the criteria for being put into a scheme.	"Every three years you'll need to put staff back into your pension scheme if they have left it, and if they meet the criteria to be put into a pension scheme. This is known as automatic re-enrolment."

The following terms will continue to be mentioned in our detailed guidance for business advisers and pensions professionals but will not be used in communications with small and micro employers:

- ▶ Inducement
- ▶ Jobholder
- ▶ Joining
- ▶ Joining window
- ▶ Pay reference period
- ▶ Phasing
- ▶ Qualifying earnings
- ▶ Qualifying pension scheme

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