

JLT Employee Benefits

AE Smart



FACT SHEET 200. WHAT PENSION SCHEMES CAN I USE?

This factsheet explains what features a pension scheme must have so that you can use it for auto-enrolment. It helps you understand if your existing scheme is suitable for auto-enrolment.

Key Facts

- > The schemes that you use for auto-enrolment must meet certain standards.
- > The standards cover the scheme's set-up, minimum contributions and barriers to auto-enrolment.
- > If you have already have a scheme that you want to use for auto-enrolment, you should check that it meets the standards.

Introduction

For auto-enrolment, you must enrol some of your employees into a suitable pension scheme, if they are not already members of one.

The pension schemes that you use meet certain standards to be suitable.

The standards depend on whether you want to auto-enrol new members into the scheme, or just use it for existing members.

What is a qualifying scheme?

A *qualifying scheme* is one that you can use for existing members. To be a *qualifying scheme*, it must:

- > Satisfy rules about its set-up. In practice this shouldn't be an issue for any UK scheme provided it has been registered with Her Majesty's Revenue & Customs (HMRC); and
- > Require a minimum level of contributions. This level is explained in *Fact Sheet 100: What*

is auto-enrolment? and *Fact Sheet 400: Do I Need To Certify?*

- > Not allow you to take money from members' pots to pay for advice you have received (sometimes call *consultancy charging*)

There are special rules that apply to overseas schemes. You should contact your AE guide if you have any questions about them.

What is an automatic enrolment scheme?

An *automatic enrolment scheme* is one that you can auto-enrol new members into.

To be an automatic enrolment scheme, it must:

- > Be a qualifying scheme (see above); and
- > Not have any barriers to auto-enrolment, *opting-in* or *re-enrolment*. For example, these barriers could be eligibility restrictions, asking a member to sign a form or requiring them to

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make choices about investments or other matters as a condition of joining.

If the scheme is run by an insurance company you should make sure that you have an agreement in place with them to pay the minimum contributions. Your pension provider can confirm this and, if necessary, put agreements in place.

What do I need to do?

If you have an existing scheme that you want to use for auto-enrolment, you need to check that it is suitable, either as a *qualifying scheme* or an *automatic enrolment scheme* or both.

If the scheme is run by trustees you should make sure that:

- The contributions are enough to meet the minimum requirements.
- The scheme rules do not have any barriers to entry (for an *automatic enrolment scheme*).
- The scheme rules reflect the new auto-enrolment requirements.
- The scheme booklet has been updated for auto-enrolment.

AE Smart can help you review your scheme rules, rewrite them if necessary and update your scheme booklet. Talk to your AE Smart guide if you would like help with this.

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