

## **Brief Guide to Automatic Enrolment (for LGPS and TPS)**

### **Introduction**

The changes introduced through the [Pensions Act 2008](#) impact on every UK employer. This brief guide provides a brief outline of what employers who participate in the Local Government Pension Scheme (LGPS) and / or the Teachers' Pension Scheme (TPS) are required to do to comply with automatic enrolment. It also provides links to more detailed information and guidance.

### **Contractual enrolment**

Under the regulations that govern the LGPS and TPS, most new employees are contractually enrolled into the LGPS or TPS.

#### LGPS

All eligible employees under the age of 75 are contractually enrolled into the LGPS on appointment apart from those employees who have a contract that is for less than 3 months duration. Those with a contract that is for less than 3 months duration will only be brought into the LGPS:

- if the employee is an eligible jobholder (although the employer can issue a postponement notice for up to 3 months and can choose not to enrol if:
  - (a) the contract of employment commenced on or after 1 April 2015 and notice to terminate employment before the expiry of the fixed term contract has been given before the end of the period of 6 weeks beginning with the 'enrolment' date, or
  - (b) the employer has reasonable grounds to believe the eligible jobholder has Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed Protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016), or
  - (c) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
  - (d) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax

purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

- from the first day of the payment period following an application from the employee to be a member, or
- from the first day of the payment period following that in which the contract is extended to be for a period of 3 months or more.

### TPS

From 1 April 2015 the TPS includes career average arrangements as well as final salary arrangements. Further details can be found in TP's HR guide.

All teachers aged 16 or over and under the age of 75 are contractually enrolled into the TPS on appointment with the exception of:

- for teachers in the final salary arrangements, part-time teachers who also have a full-time teaching contract, and
- current part-time teachers in England or Wales who are under normal pension age and who had previously retired from the TPS in England or Wales on the grounds of ill-health prior to 1 April 1997 and are still in receipt of their ill health pension.

These two categories of teachers must be enrolled in the LGPS as set out in the LGPS rules above (but, in the case of those in the first category, only until they cease to be eligible for membership of the TPS final salary arrangements and in the second category, only until they attain normal pension age, at which time they must be enrolled into the TPS).

### **Automatic enrolment**

Sitting alongside the regulations governing the LGPS and the TPS, and which deal with contractual enrolment, is the Pensions Act 2008. This requires that employers, from their staging date, continually monitor their workforce and take certain actions (including automatic enrolment) at specified times. The remainder of this brief guide sets out what employers need to do to comply with the requirements of the Pensions Act 2008.

**From 1 July 2012** the following safeguards were introduced to protect employees:

- an employer must not, as part of the recruitment process, make any suggestion that success in applying for a job may be conditional on opting out of the pension scheme
- an employer cannot seek to induce a member of either the LGPS or the TPS to opt out of the scheme
- an employer cannot treat a worker unfairly or dismiss a worker on account of the worker trying to enforce their automatic enrolment rights.

More information: [the Pensions Regulator's website](#); and paragraphs 106 to 108 of the [LGPC's Automatic Enrolment Guide](#).

## Starting from 1 October 2012

- Employers are required, from their staging date, to automatically enrol into an automatic enrolment scheme, any of their eligible jobholders who have opted out of, or not joined, the LGPS or TPS, unless the employer decides to apply postponement or transitional delay or, operative from 1 April 2015, unless the employer chooses not to enrol:
  - (a) an eligible jobholder who had opted out of the LGPS or TPS less than 12 months prior to the automatic enrolment date, or
  - (b) an eligible jobholder where notice to terminate employment has been given before the end of the period of 6 weeks beginning with the automatic enrolment date, or
  - (c) an eligible jobholder where the employer has reasonable grounds to believe they have Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed Protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016 [These are protections in respect of the lifetime allowance tax charge. The lifetime allowance is the maximum amount of pension savings that an individual can build up in registered pension schemes which benefit from favourable tax treatment].
  - (d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
  - (e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

Further information on postponement and transitional delay can be found later in this brief guide

- Employees cannot complete a form to opt out of membership of the LGPS or TPS before starting employment.

## Identify your staging date

- An employer's staging date is determined by the number of people in its largest PAYE scheme on 1 April 2012
- For a full list of staging dates between 1 October 2012 and 1 February 2018 visit the [Pensions Regulator's website](#)
- To determine your staging date if you are an employer who shares a PAYE scheme or if you are a maintained school or an academy, please read paragraphs 25-27 of the [LGPC's Automatic Enrolment Guide](#)
- An employer who, on 1 April 2012, had less than 50 workers and had, or was part of, one or more PAYE schemes in which there were 50 or more

persons, can choose to use the alternative 'staging date' shown in the final column of the Table at Annex 2 of the [LGPC's Automatic Enrolment Guide](#)

- You can bring your staging date forward. If you have a February or March 'staging date' you may wish to bring it forward to avoid problems with year-end refund of contributions for employees automatically enrolled in February or March but who do not opt out until April. Further information can be found in paragraph 30 of the [LGPC's Automatic Enrolment Guide](#)

## Assess your workforce

Once an employer knows their staging date they need to consider how to assess their workforce to identify the different categories of worker.

A table summarising the different categories of worker, which include eligible jobholders, non-eligible jobholders and entitled workers for automatic enrolment purposes can be found on [page 11 of this brief guide](#).

## Communicate with your workforce

Employers must write to all their eligible jobholders, non-eligible jobholders and entitled workers who are not active members of the LGPS or TPS at their staging date. Communication must be direct and sent within the 6 week deadline set out in the Pensions Act 2008.

### LGPS

Annex 7 of the [LGPC's Automatic Enrolment Guide](#) has flowcharts to help you determine the process and template letters to use when communicating with your workforce including the specified information which must be provided to employees as defined in the Pensions Act 2008.

### TPS

Template letters can be found on the [TPS](#) website.

Template letters can also be found on the [Pension Regulator's website](#).

## Enrolment on your staging date (for employees who are eligible for membership of the LGPS or TPS but are not active members of the scheme)

### LGPS

- Eligible jobholders with a contract for 3 months or more. Either:
  - automatically enrol into the LGPS, and tell them that they have been automatically enrolled and that they have the right to opt out (although, operative from 1 April 2015, the employer can choose not to enrol<sup>1</sup> an eligible jobholder:

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<sup>1</sup> Note, however, that if the employer chooses not to enrol those listed in (a), (b), (c), (d) or (e) above, the person would nonetheless have the contractual right to elect to join the LGPS under the rules of the LGPS (assuming they are under age 75 and, if employed by a designation or admission body, have been designated for membership by their employer).

- (a) who had opted out of the LGPS less than 12 months prior to the automatic enrolment date, or
- (b) where notice to terminate employment has been given before the end of the period of 6 weeks beginning with the automatic enrolment date, or
- (c) where the employer has reasonable grounds to believe they have Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed Protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016), or
- (d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
- (e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

- do not automatically enrol into the LGPS, and issue a transitional delay notice notifying the employee that you are delaying automatic enrolment until 1 October 2017 but they can opt into the LGPS before then if they wish to do so.

- Eligible jobholders with a contract of less than 3 months duration
  - automatically enrol into the LGPS, and tell them that they have been automatically enrolled and that they have the right to opt out (although, operative from 1 April 2015, the employer can choose not to enrol<sup>2</sup> an eligible jobholder:
    - (a) who had opted out of the LGPS less than 12 months prior to the automatic enrolment date, or
    - (b) where notice to terminate employment has been given before the end of the period of 6 weeks beginning with the automatic enrolment date, or
    - (c) where the employer has reasonable grounds to believe they have Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or

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<sup>2</sup> Note, however, that if the employer chooses not to enrol those listed in (a), (b), (c), (d) or (e) above, the person would nonetheless have the contractual right to elect to join the LGPS under the rules of the LGPS (assuming they are under age 75 and, if employed by a designation or admission body, have been designated for membership by their employer).

Fixed Protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016), or

- (d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
- (e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

- postpone automatic enrolment by issuing a 3 month postponement notice but inform them they have the right to opt into the LGPS if they wish to do so, or
  - issue a transitional delay notice notifying the employee that you are delaying automatic enrolment until 1 October 2017 but they can opt into the LGPS before then if they wish to do so.
- Non-eligible jobholders and entitled workers with a contract for 3 months or more – write to them notifying them of their right to join the LGPS.
  - Non-eligible jobholders and entitled workers with a contract of less than 3 months duration – issue a 3 month postponement notice but inform them they have the right to opt into the LGPS if they wish to do so.

Template letters for use in all of the above scenarios can be found in Annex 7 of the [LGPC's Automatic Enrolment Guide](#).

- TPS  
Eligible jobholders. Either:
  - automatically enrol into the TPS, and tell them that they have been automatically enrolled and that they have the right to opt out (although, operative from 1 April 2015, the employer can choose not to enrol<sup>3</sup> an eligible jobholder:
    - (a) who had opted out of the TPS less than 12 months prior to the automatic enrolment date, or
    - (b) where notice to terminate employment has been given before the end of the period of 6 weeks beginning with the automatic enrolment date, or
    - (c) where the employer has reasonable grounds to believe they have Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection

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<sup>3</sup> Note, however, that if the employer chooses not to enrol those listed in (a), (b), (c), (d) or (e) above, the person would nonetheless have the contractual right to elect to join the TPS under the rules of the TPS.

2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016), or

(d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or

(e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

– do not automatically enrol into the TPS, and issue a transitional delay notice notifying the teacher that you are delaying automatic enrolment until 1 October 2017 but they can opt into the TPS before then if they wish to do so.

- Non-eligible jobholders and entitled workers:  
Write to them notifying them of their right to join the TPS.

## Postponement

Postponement suspends the employer's duty to both assess their workers and to automatically enrol eligible jobholders. It can only be used:

- in respect of existing workers who, as at the employer's staging date, are not members of the LGPS or TPS because they have opted out of, or not opted to join, the LGPS or TPS or
- in respect of new workers who start on or after the employer's staging date and who are eligible for membership of the LGPS but have a contract of employment that is for less than 3 months or
- on the date that a worker who has opted out of, or not opted to join, the LGPS or TPS meets the criteria to be an eligible jobholder after the employer's staging date.

Postponement can be from 1 day and up to maximum of 3 months. An employee can only have one postponement notice at any given time in respect of a contract and notices cannot overlap or be issued consecutively. The employee has the right to opt into the LGPS or TPS during the postponement period. Employers must issue the appropriate postponement letter within 6 weeks of an employee starting employment.

More information: [The Pensions Regulator's](#) website, and paragraph 47 of the [LGPC's Automatic Enrolment Guide](#).

## Transitional Delay

Employers have the option to apply the transitional delay period in order to put back the date for 'automatic enrolment' for any or all eligible jobholders who:

- joined their employer before the employer's staging date
- are entitled to be an active member of the LGPS or TPS and
- are not active members of the LGPS or TPS on the employer's staging date.

Transitional delay is fixed until 30 September 2017 (unless the conditions above cease). It does not change the employer's staging or re-enrolment dates.

Employers must write to or email all eligible jobholders to whom they apply the transitional delay by, at the latest, 6 weeks after their staging date. A template letter (letter T) for those eligible for membership of the LGPS is available in Annex 7 of the [LGPC's Automatic Enrolment Guide](#). A template for this notice is also available on [the Pension Regulator's website](#).

On 1 October 2017 employers must automatically enrol all those to whom they applied transitional delay provided the worker is still an eligible jobholder at that time and has not already opted into the LGPS or TPS, (but the employer can choose not to enrol an eligible jobholder

- a) who had joined the LGPS or TPS prior to 1 October 2017 and had subsequently opted out of the scheme less than 12 months prior to that date, or
- b) where notice to terminate employment has been given before the end of the period of 6 weeks beginning with 1 October 2017, or
- c) where the employer has reasonable grounds to believe the person has, on 1 October 2017, Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016, or.
- d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
- e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

Note, however, that if the employer chooses not to automatically enrol those listed above, the person would nonetheless have the contractual right to elect to join the LGPS or TPS).

## Opting out

### LGPS

An employee who is either contractually or automatically enrolled into the LGPS can only opt out after they have been brought into the scheme i.e. they cannot complete an opting out form before they have been brought into the scheme. That does not mean that contributions have to be collected from pay before they can opt out. It merely means that they cannot sign and date the opt out form until on or after the day they are enrolled.

An opt out can only be made on a prescribed opt out form which, after the employer's staging date, can only legally be obtained from the Pension Fund administering authority (i.e. the employer cannot hand out an opting out form).

An employee with more than one job can opt out of one, all or some of the jobs.

The opt out form must be sent to the employer to action on the payroll and the employer must notify the Pensions Section of the Pension Fund administering authority that the person has opted out.

If the person opted out within 3 months of being enrolled they are to be treated as never having been a member of the LGPS in that employment, the employer must refund the employee contributions to the employee within 6 weeks of receipt of the opt out form (or, if the payroll has already been run, by the end of the next pay period), and must reduce the next contribution pay over to the Pension Fund by the amount of the refunded employee contributions and by the amount of employer contributions already paid to the Pension Fund in respect of that employee.

### TPS

The procedures are the same as for the LGPS except that for any references to "Pensions Section", "Pension Fund" or "administering authority" read "Teachers Pensions"; and for any reference to "LGPS" read "TPS".

## The 50/50 option in the LGPS

For employees in the LGPS who want to stay in the pension scheme but feel they cannot afford to make the full contributions, the LGPS has introduced, from 1 April 2014 (1 April 2015 in Scotland), a 50/50 option. The 50/50 section of the scheme allows members to pay half their normal contributions and build up half their normal pension during the time they are in that section. This flexibility may be useful during times of financial hardship and it allows members to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme. If a member moves to the 50/50 section they can opt back into the main section whenever they wish.

## Monitoring from your staging date

As from their staging date, employers must monitor, pay reference period by pay reference period, what category of worker an employee falls within in relation to their contract of employment i.e. whether they are an eligible jobholder, a non-eligible jobholder or an entitled worker. An employee with more than one contract could be in a different category for each contract.

If an employee who is not in the LGPS or TPS becomes an eligible jobholder for the first time since the employer's staging date (i.e. because their earnings have increased or they have attained age 22) automatically enrol the person into the LGPS or TPS from the beginning of the pay reference period when their earnings increased to make them an eligible jobholder or from the date they attained age 22 and send them a letter within 6 weeks telling them that they have been automatically enrolled, their enrolment date, and that they have the right to opt out. However, the employer can choose not to enrol the person on the automatic enrolment date if

- a) the person had opted out of the LGPS or TPS less than 12 months prior to that date, or
- b) notice to terminate employment has been given before the end of the period of 6 weeks beginning with that date, or
- c) the employer has reasonable grounds to believe the person has, on 1 October 2017, Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016, or
- d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically enrol is discretionary, or
- e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically enrol or re-enrol is discretionary.

Note, however, that if the employer chooses not to automatically enrol those listed above, the person would nonetheless have the contractual right to elect to join the LGPS or TPS.

If an employee who is not in the LGPS or TPS becomes a non-eligible jobholder or entitled worker for the first time since the employer's staging date (i.e. because their earnings have changed) do not automatically enrol the person into the LGPS or TPS but send them a letter within 6 weeks telling them that they have the right to opt into the LGPS or TPS.

If an employee has been in the LGPS or TPS whilst an eligible jobholder but then opts out there is no further requirement to monitor them but action may need to be taken at the employer's re-enrolment date.

## Re-enrolment

An employer's re-enrolment date is the 3<sup>rd</sup> anniversary of the employer's staging date (or a date chosen by the employer which can be up to 3 months either side of the 3<sup>rd</sup> anniversary date).

On the employer's re-enrolment date the employer must re-enrol any eligible jobholders who are not currently active members of the LGPS or TPS except the employer can choose not to re-enrol the person on the re-enrolment date if:

- a) the person had opted out of the LGPS or TPS less than 12 months prior to that date, or
- b) notice to terminate employment has been given before the end of the period of 6 weeks beginning with that date, or
- c) the employer has reasonable grounds to believe the person has, on 1 October 2017, Primary Protection, Enhanced Protection, Fixed Protection 2012, Fixed Protection 2014 or Individual Protection 2014 under the Finance Acts 2004, 2011, 2013 or 2014 or Fixed protection 2016 or Individual Protection 2016 under the draft Finance Bill 2016, or
- d) On or after 6 April 2016, the worker or job holder has received a winding up lump sum in the previous 12 months, in which case the employer's duty to automatically re-enrol is discretionary, or
- e) On or after 6 April 2016, the job holder is a director of a company by which the job holder is employed, or a member of a limited partnership and the job holder is not treated for income tax purposes as being employed by the partnership, in which case the employer's duty to automatically re-enrol or re-enrol is discretionary.

Note, however, that if the employer chooses not to automatically enrol those listed above, the person would nonetheless have the contractual right to elect to join the LGPS or TPS.

More information: Paragraphs 72 to 77 of the [LGPC's Automatic Enrolment Guide](#).

### **Other things to remember**

#### **Register**

Employers must register with the Pensions Regulator within 5 months of their staging date and within 2 months of each re-enrolment date.

More information: the [Pensions Regulator website](#)

#### **Record Keeping**

Employers must keep comprehensive records about their employees and the scheme they have used to meet their automatic enrolment obligations. Records must be kept for 6 years.

Employers must keep opt out forms for 4 years but, subject to Data Protection legislation, it is recommended that these are retained for life.

More information: [the Pensions Regulator's website](#)

## Compliance

The Pensions Regulator has powers to impose penalties for:

- Failure to comply with duties
- Non-compliance with contravention notices

More information: Read paragraph 109 to 123 of the [LGPC's Automatic Enrolment Guide](#) and [the Pensions Regulator website](#).

## The different categories of worker

All workers will fall into one of three categories:

- eligible jobholders,
- non-eligible jobholders
- entitled workers.

A table summarising the different categories of worker for 'automatic enrolment' purposes is set out below. The category into which a worker falls is determined by their age and earnings.

2016/17	Age	16 - 21	22 - <SPA*	SPA* - <75
<b>Earnings**</b>				
<b>Under lower earnings threshold (£5,824♦)</b>	<b>Entitled worker</b>			
<b>Between £5,824♦ and £10,000</b>	<b>Non-eligible jobholder</b>			
<b>Over earnings trigger for automatic enrolment (£10,000)</b>	<b>Non-eligible jobholder</b>	<b>Eligible jobholder</b>	<b>Non-eligible jobholder</b>	
* State Pension Age ** Earnings: separate contracts treated separately ♦ To align with National Insurance contributions lower earnings limit				

The values per pay reference period for 2016/17 are:

Pay reference period	Lower earnings threshold p.a.	Earnings trigger for automatic enrolment
Annual	£5,824.00	£10,000.00
6 months	£2,912.00	£4,998.00
3 months	£1,456.00	£2,499.00
1 Month	£486.00	£833.00
4 weeks	£448.00	£768.00
Fortnight	£224.00	£384.00
1 week	£112.00	£192.00

## Resources

### The Pensions Regulator

Guidance is available online at the [Pension Regulator's website](#). As well as a beginner's guide and online tools, 9 different areas of guidance are available.

### LGPS

The [LGPS's Automatic Enrolment Guide](#) sets out how the provision within the automatic enrolment legislation interacts with the LGPS. It also contains a number of template letters for employers to use and flowcharts to assist employers through the automatic enrolment process.

### Teachers' Pensions toolkit

TP has produced a [toolkit](#) to support employers implementing automatic enrolment. The pack comprises communication and implementation packs, FAQs and template letters to send to your teachers.

Department of Work and Pensions (DWP)

Information on workplace pensions is available on [Workplace pensions - GOV.UK](#).

## Contact Details

For queries regarding this brief guide please contact:

**For TPS:** Jackie Wood ([jackie.wood@local.gov.uk](mailto:jackie.wood@local.gov.uk)) Tel: 020 7187 7316

**For LGPS:** Jayne Wiberg ([jayne.wiberg@local.gov.uk](mailto:jayne.wiberg@local.gov.uk)) Tel: 07979 715825

## Glossary

### **Automatic enrolment scheme:**

A pension scheme is an 'automatic enrolment' scheme in relation to a *jobholder* if -

- it is an occupational pension scheme that has its main administration in the UK
- it is a *qualifying scheme* in relation to the *jobholder*
- no provision of the scheme prevents the employer from 'automatically enrolling' any *eligible jobholder* who meets the requirements for 'automatic enrolment' or prevents a *non-eligible jobholder* from opting in to the scheme
- no provision of the scheme requires the *jobholder* to express a choice in relation to any matter (e.g. about where their contributions should be invested), or to provide any information, in order to become or remain an active member (e.g. to complete an application form to join the scheme or to give consent to joining the scheme)

### **Contract of employment:**

This means a contract of service or apprenticeship, whether express or implied, and (if it is express) whether oral or in writing.

### **Earnings:**

This is the sum of any of the following descriptions that are payable to the person in connection with the person's employment –

- salary, wages, commission, bonuses and overtime
- statutory sick pay under Part 11 of the Social Security Contributions and Benefits Act 1992 (c. 4)
- statutory maternity pay under Part 12 of that Act
- ordinary statutory paternity pay or additional statutory paternity pay under Part 12ZA of that Act
- statutory adoption pay under Part 12ZB of that Act
- sums prescribed for the purposes of section 13 of the Pensions Act 2008

### **Eligible jobholder:**

This is a *worker* –

- who is working or ordinarily works in Great Britain under the worker's contract, and
- who is aged at least 22 and under State Pension Age, and

- to whom earnings of more than the annualised equivalent of £10,000 are payable by the employer in the relevant pay reference period. It should be noted that if a worker has genuinely separate contracts then the earnings from each should be treated separately (not aggregated) when determining whether, in relation to a contract, the worker is an entitled worker, a non-eligible jobholder or an eligible jobholder. Information and examples on how to determine earnings in a pay reference period can be found in [Detailed Guidance no. 3](#) on The Pensions Regulator’s website

**Entitled worker:**

This is a *worker* –

- who is working or ordinarily works in Great Britain under the *worker’s* contract, and
- who is aged at least 16 and is under age 75, and
- to whom *earnings* of less than the annualised equivalent of £5,824 are payable by the employer in the relevant *pay reference period*. It should be noted that if a *worker* has separate contracts then the *earnings* from each should be treated separately (not aggregated) when determining whether, in relation to a contract, the *worker* is an *entitled worker*, a *non-eligible jobholder* or an *eligible jobholder*. Information and examples on how to determine *earnings* in a *pay reference period* can be found in [Detailed Guidance no. 3](#) on The Pensions Regulator’s website

**Jobholder:**

This is a term that covers both *eligible jobholders* and *non-eligible jobholders*.

**Non-eligible jobholder:**

This is a *worker* –

- who is working or ordinarily works in Great Britain under the *worker’s* contract, and
- who is aged at least 16 and is under age 75 and to whom annualised equivalent *earnings* of £5,824 or more but less than or equal to £10,000 are payable by the employer in the relevant *pay reference period*, or
- who is aged at least 16 and under age 22, or has attained *State Pension Age* and is under age 75, and to whom annualised equivalent *earnings* of more than £10,000 are payable by the employer in the relevant *pay reference period*. It should be noted that if a *worker* has separate contracts then the *earnings* from each should be treated separately (not aggregated) when determining whether, in relation to a contract, the *worker* is an *entitled worker*, a *non-eligible jobholder* or an *eligible jobholder*. Information and examples on how to determine *earnings* in a *pay reference period* can be found in [Detailed Guidance no. 3](#) on The Pensions Regulator’s website

**Pay reference period:**

This is either the person’s normal pay period i.e.

- a week in the case of a person who is paid their regular wage or salary weekly, or

- in the case of a person who is paid their regular wage or salary by reference to a period longer than a week, that period (e.g. a month if the person is paid monthly). For example, you may pay your employees on the 15<sup>th</sup> of January but if the payment is for the whole of January the *pay reference period* will be the 31 days for the whole month of January

or, from 1 November 2013, a pay period aligned to tax weeks or months. More information on pay reference periods is available on the [Pensions Regulator website](#).

#### **Qualifying scheme:**

From 6 April 2016 a defined benefit pension scheme that was a contracted-out defined benefit scheme is a *qualifying scheme* in relation to a *jobholder* if:

- the scheme has not changed since 6 April 2016 in a way that would mean it would not satisfy the former contracting out requirements,
- the scheme is an occupational pension scheme
- the scheme is a registered pension scheme with HMRC for tax purposes under Chapter 2 of Part 4 of the Finance Act 2004, and
- while the *jobholder* is an active member, a certificate has been issued under Section 32M of the Auto Enrolment Regulations confirming that the scheme has passed the alternative quality test based on the cost of accruals.

#### **State Pension Age:**

The State pension age is currently age 65 for men. The State pension age for women is currently being increased to be equalised with that for men and will reach 65 by November 2018.

#### **State pension age equalisation timetable for women**

Date of Birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The State pension age will then increase to 66 for both men and women from December 2018 to October 2020.

#### **Increase in State pension age from 65 to 66 for men and women**

Date of Birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 – 66
After 5 October 1954	66

Under current legislation the State pension age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However the government has announced plans to revise the legislation so that the date when the State Pension Age rises to above age 67 will be linked to increases in life

expectancy. For full details of legislated and announced increases to State Pension Age see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/181343/spa-timetable.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181343/spa-timetable.pdf).

**Teacher:**

Includes all employment pensionable under the Teachers' Pension Scheme.

**Worker:**

This means an individual who ordinarily works in Great Britain under –

- a *contract of employment* (i.e. an employee), or
- any other contract by which the individual undertakes to do work or perform services personally for another party to the contract (i.e. they cannot send a substitute or sub-contract the work) and the individual is not undertaking the work as part of their own business.

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Version 6 1 June 2016