Developments

“Rome wasn’t built in a day” and, it seems, neither was the legislative regime around auto-enrolment. Although employers facing an early staging date are keen to have a settled picture, the legislation is still developing. The DWP has recently published amendments to the regulations that set out the detailed framework. A consultation is ongoing regarding the earnings thresholds for 2012/2013, and a further consultation is now promised regarding the proposed changes to staging dates. Is it a case of “a stitch in time saves nine” or “better late than never”? Either way, employers should be proactive in planning for the impact of auto-enrolment on their businesses.

Further information

For a summary of auto-enrolment requirements please see our updated factsheet. For details of Squire Sanders’ Fixed Price auto-enrolment audit service please click here.

Please contact any of the partners listed or your usual contact in the pensions team for more information.

“Phasing-in” of DC contributions

Legislation currently provides for a transitional period over which minimum contributions to DC pension arrangements are to be gradually phased-in, to help employers and employees adjust to the increased costs associated with auto-enrolment. The proposed timetable changes mean that the increase in minimum employer pension contributions from 1% to 2% of banded earnings will be delayed by a year to 1 October 2017. Minimum employer contributions will increase further to 3% from 1 October 2018. It is expected that these changes will apply to all employers, regardless of their staging date, which may come as good news for some employers. Employee contribution rates are also likely to be affected by the delay to the phasing-in of minimum contributions.

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