



Charities and Auto-Enrolment: What you need to know

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Introduction

This guidance is aimed at small and medium charities with **paid employees**. It is designed to improve awareness among charity trustees of their legal responsibilities in relation to auto-enrolment by explaining some of the basic requirements. It does not provide detailed information and guidance about auto-enrolment – please see **The Pension Regulator's website** for this.

1. What is auto-enrolment?

Under the Pensions Act 2008, every employer in the UK must put certain **paid employees** into an appropriate pension scheme and contribute towards it. This is called 'auto-enrolment'. Key features of auto-enrolment are:

- All employers need to provide a workplace pension for their employees (either automatically or on request) – charities are not treated any differently.
- Auto-enrolment applies to all employers who have more than one employee:
 1. not already in a workplace pension
 2. aged between 22 and the State Pension age
 3. earning more than £10,000 a year (pro-rated per pay period)
 4. working in the UK.

This potentially includes contractors and those who consider themselves self employed (but not staff provided through an agency), as well as apprentices. Volunteers and unpaid staff are not classed as employees for this purpose.

The Pensions Regulator is the UK regulator of work-based pension schemes. They make sure that pension schemes are adequately funded and run in the best interests of retirement savers – and that employers meet their obligations by enrolling staff into a pension scheme and making contributions.

2. What does our charity have to do?

- First of all you need to make sure that The Pensions Regulator knows who to contact within your charity about auto-enrolment. If you haven't already done this contact **The Pensions Regulator** as soon as possible.
- Every employer has a **staging date** – this is the date the employer must have an appropriate pension scheme in place that meets the auto-enrolment requirements. If you do not have a letter from The Pensions Regulator with the staging date, you can find it using the **Duties Checker on The Pensions Regulator's website**.
- Prior to the **staging date**, you must consider who the charity is likely to employ at the staging date so that you can make appropriate pension scheme arrangements. If the charity has no employees to auto-enrol at the staging date you don't need to set up a pension scheme. If someone asks to join or becomes eligible for auto enrolment at a later date then you will need to set up a pension scheme.
- If your charity already has a pension scheme for your employees, you need to check it is suitable for auto-enrolment. You can ask the provider of the scheme if it meets the auto enrolment rules.
- If your charity does not have a pension scheme for your employees, you need to choose a suitable scheme that has been independently reviewed or is regulated by the Financial Conduct Authority. If you have an accountant, they may be able to help you find a scheme or a financial adviser that can help. You can also use the **Money Advice Service retirement adviser directory**, which contains details of advisers who can help you choose a pension scheme for auto-enrolment.
- Once you have selected an appropriate pension scheme for your charity, you must enroll your employees into the scheme by your charity's staging date and write to your employees within 6 weeks of the staging date explaining the arrangements. The Pensions Regulator has letter templates on their website.

- Within 5 months of your charity's staging date you must inform The Pensions Regulator how you have met your auto-enrolment duties – this is called the Declaration of Compliance and is completed online.
- Once you have enrolled your employees into the pension scheme and told The Pensions Regulator about the arrangements put in place, you have ongoing responsibilities in terms of paying the required contributions to the pension scheme, keeping accurate records and dealing with any changes such as new employees joining the charity or existing employees leaving the charity.
- There are financial penalties for those employers who do not meet their legal requirements.

3. Where can I get more help and advice?

- **The Pensions Regulator website** has lots of guidance and material to help you understand your responsibilities as an employer. The **essential guide to auto-enrolment** is a good place to start.

<http://www.thepensionsregulator.gov.uk/>

- Charity Finance Group **guide for small charities**.

<http://www.cfg.org.uk/resources/Publications/~media/Files/Resources/CFDG%20Publications/smlcharitiesautoenrolment.pdf>

- **SCVO** auto enrolment guide.

<http://www.scvo.org.uk/running-your-organisation/managing-staff-volunteers/staff/auto-enrolment/>

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