

FYI[®]

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Cyclical Automatic Re-enrolment

As part of their automatic enrolment duties employers are required to automatically re-enrol those workers who chose to opt out (or ceased membership) after the employer's staging date. Employers will receive a reminder from the Pensions Regulator about this duty, setting out the automatic re-enrolment window and what needs to be done. This is known as cyclical automatic re-enrolment and occurs every three years after the employer's staging date.

Re-enrolment is an ideal opportunity to audit the existing enrolment process and the communication materials used to comply with the information requirements to ensure they remain fit for purpose, making adjustments as necessary.

In this issue: [Key points](#) | [Key actions](#) | [Exceptions to the duty to automatically \(re-\)enrol](#) | [Information requirements](#) | [How can we help?](#)

Key points

Cyclical automatic enrolment means that an employer automatically re-enrols (i.e. puts back into pension savings) employees who have:

- already had an automatic enrolment date with that employer,
- opted out or voluntarily ceased active membership of a qualifying scheme more than twelve months before the re-enrolment date, and
- who are eligible jobholders on the re-enrolment date.

As with automatic enrolment, once re-enrolled, the jobholder has a right to opt out.

An employer may choose their automatic re-enrolment date from any date falling within a six-month window, starting three months before the third anniversary of their original staging date and ending three months from that anniversary.

The process for automatic re-enrolment is essentially a repeat of the process carried out on the original staging date or deferral date (if postponement was used). However, postponement cannot be applied at re-enrolment, so if the relevant jobholder criteria are met by a worker on the automatic re-enrolment

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date, automatic re-enrolment must take place with effect from that date. Also, an employer cannot apply different dates for different employees.

The Pensions Regulator's website contains an [online tool](#) to help employers with the requirements.

Key actions

Choose the cyclical automatic re-enrolment date

Employers can choose the most suitable date for them within the six-month re-enrolment window. Months refer to calendar months. Remember that this date will be the date active membership of a pension scheme must start, the start date of the six-week joining window and the start date for the calculation of contributions. It may be appropriate to choose the first day of a pay reference period.

Engage with the pension scheme

The employer and trustees / provider of the pension scheme will follow the same process for establishing active membership as for automatic enrolment. However, it's worth engaging with the pension administrators as they may need to process a large number of new joiners and/or opt-outs in a short period.

Check business processes and test software

As the re-enrolment assessment is a standalone process there may be changes needed to software and processes, particularly payroll. Again, early engagement with the relevant parties is recommended to determine whether the auto-enrolment software needs testing in advance of their cyclical re-enrolment date.

Assess workers

This assessment involves looking at a particular group of employees who have already been enrolled but have opted out or ceased active membership more than 12 months before. The normal assessment process for automatic enrolment carries on regardless. Employers also need to decide whether to exclude those employees for whom the duty to automatically (re-)enrol is now a discretion (see below).

Review / update enrolment information

Employers may wish to review the standard enrolment information that is given to newly enrolled employees. For those employees who are to be re-enrolled it may be appropriate to issue communications in advance as a 'warm-up' or to add a further paragraph to the standard letters about this re-enrolment exercise.

Complete a re-declaration of compliance

The re-declaration (using the Regulator's online service) must be completed within five calendar months of the third anniversary of the employer's staging date. Failure to meet the re-declaration deadline could result in a fine.

Exceptions to the duty to automatically (re-)enrol

There are some exceptions to the employer duties where, depending on the circumstances, the employer has a choice as to whether to comply with a duty or not, or the duty is removed altogether.

These are the main exceptions. Full details are to be found in the Pensions Regulator's detailed guidance for employers: [Employer duties and defining the workforce](#).

Employees in notice periods

Where an eligible jobholder has given in their notice to end their employment (on resignation or retirement) or been given notice of dismissal by the employer before the end of six weeks beginning with their automatic (re-)enrolment date.

Former members

Where an eligible jobholder has opted out or ceased active membership of a qualifying scheme at their own request within the 12 months before the automatic (re-)enrolment date.

Employees with lifetime allowance protection

Where an employer has reasonable grounds to believe that an employee has primary, enhanced, fixed (2012, 2014 or 2016), or individual protection (2014 or 2016). Employers will need to consider what evidence they will require of the employee's tax protection and how they will obtain this evidence.

Employees who have been paid winding-up lump sums

Where an employee was paid a winding-up lump sum within the 12 months before the automatic (re-)enrolment date, whilst in employment with the employer, and then during the 12 month period (that started on the date the winding-up lump sum payment was made) ceased employment, and was subsequently re-employed by the same employer.

Information requirements

Employers may want to use the cyclical automatic re-enrolment exercise as an opportunity to review the literature that is used to comply with the information requirements.

How can we help?

Buck can help clients with a full audit of current processes and communications for automatic enrolment and assist with the preparation for the cyclical automatic re-enrolment exercise. We have a menu of services below which clients can choose from.

Service options

- Audit of current automatic enrolment processes
- Preparation of a report to recommend actions on current processes
- Automatic re-enrolment strategy guidance and project planning
- Reviewing statutory employer communications and making recommendations
- Provision of scheme specific automatic re-enrolment standard letters
- Reviewing the certification / re-certification of the qualifying scheme
- Assisting with the declaration / re-declaration of compliance
- Set up of a strategy document to document all processes for automatic (re-)enrolment

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