

# New rules for pension saving made simple

## What do I need to tell my employees?

The first four leaflets in the 'New rules for pension saving made simple' series concentrated on what you need to do to prepare for the introduction of **Automatic Enrolment**.

A very important part of this preparation will be making sure your employees hear about the new rules for pension saving. In particular, they will need to know what's going to happen before any pensions contributions start to be taken from their pay.

This leaflet highlights what your employees must be told and the timeframe for doing this. It also discusses issues you may consider if you want to develop a strategy for talking to your employees about the new rules.

### Will there be some general publicity?

The Government is keen employees receive clear and consistent messages. Its Department for Work and Pensions (DWP) has joined up with the Pensions Regulator and the National Savings Employment Trust (NEST) (both organisations are explained in **Leaflet 1 - What are the new rules?**) to coordinate the information campaign.

The intention is that all communications from these organisations (and hopefully others in the pensions industry too) will eventually include a Visual Identity Stamp (see below).



### Will I have to tell my employees anything extra?

The Government's publicity campaign aims to generate an awareness of the new rules but as an employer you will also have to provide certain information to your employees, at specific times. The information you have to provide is discussed later in this leaflet.

While providing what is required is a fairly straightforward exercise, you need to decide whether you simply want to tell your employees the bare minimum or, try to encourage them to understand why it's important to plan and save for retirement during their working lifetime.

In addition, you will need to choose whether to implement your own communications programme, rely mainly on the Government's publicity plans, and/or incorporate some or all of the Government's publicity activities into your own campaign. You will also need to think about the timing of your communications.

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## Managing expectations

As explained in **Leaflet 1 - What are the new rules?** you have to start implementing the new rules for pension saving according to the size of your workforce.

For larger organisations, **Staging Dates** may have been as early as July 2012. As a result, the Government’s publicity campaign has already begun. You may already have heard one of the advertisements on the radio.

Even if your **Staging Date** is, for example, a number of months away, or not until next year, or the year after, as there is likely to be a lot of publicity in the run up to the implementation of the first employers’ **Staging Dates**, you will need to manage your employees’ expectations.

It’s likely your employees will hear or see adverts before your **Staging Date** and some may wonder why they have not been enrolled into a pension scheme. In addition, you will want to minimise any confusion that could arise if employees who are members of your existing pension scheme think they are to be enrolled automatically into another one.

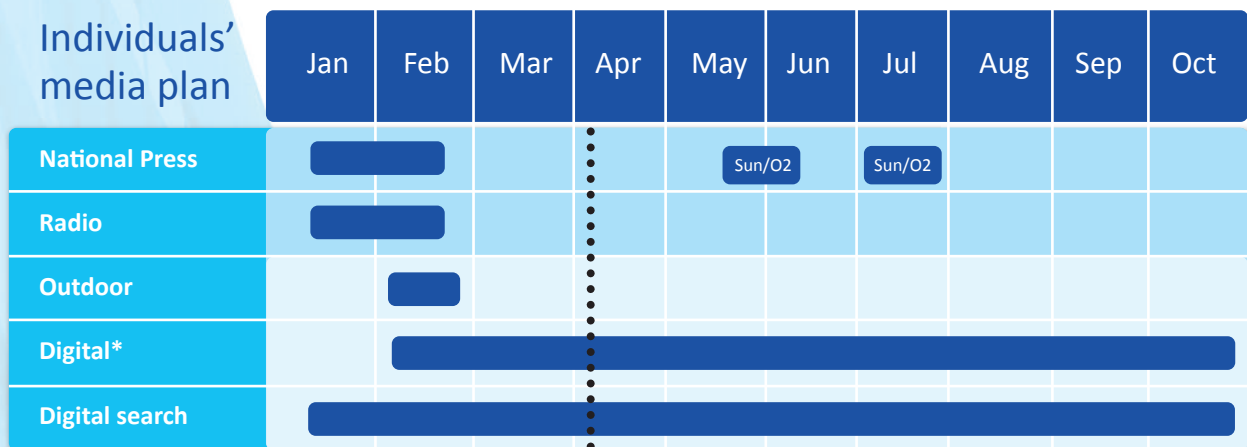
## Planning your publicity campaign

While there is merit in giving your employees advance warning that new rules are going to be introduced this doesn’t mean you should start bombarding them with information from now until your **Staging Date** and beyond.

The most effective results are likely to be gained by introducing your communications strategy on an incremental basis, starting with early, high-level ‘heads up’ messaging, gradually building to more detailed information immediately before, but also after, you begin enrolling your employees.

To avoid confusion you might want to give your employees advance notice of **Automatic Enrolment** before it applies in your organisation. For example, explain you are aware there are new rules for pension saving coming in, briefly what they are, the date of your **Staging Date** and that you will write to them again nearer the time their enrolment will occur.

The diagram below shows the publicity activities the DWP has planned this year to October 2012. According to the DWP its initial campaign focuses on individuals who are not prepared for **Automatic Enrolment** and those who may be daunted by the prospect of saving for retirement and/or are unclear how they could benefit from this.



\*advertising, social media, mobile

As you can see from the diagram above the DWP intends to run a number of publicity activities including a campaign run in partnership with the Sun newspaper and O2. This includes a competition, video blogs, case studies, interviews and articles. We understand the next phase of the TV and radio advertising campaign will begin in September 2012.

## What must I tell my employees?

You need to explain that new rules for pension saving are being introduced, when this will happen and as employees how they will be affected. You must also tell your employees there is a right to **Opt-out** of pension saving and what will happen if they decide to do this.

There may be slight variations to the information you provide according to:

- the category of employee (See **Boxes A, B and C** below); and
- the type of pension scheme you choose to use for **Automatic Enrolment**.

**Leaflet 1 - What are the new rules?** explains the categories of employees.

**Leaflet 3 - What are my pension scheme options?** explains the types of pension scheme employers may choose.

You have to tell your employees about the new rules for pension saving even if they:

- Are already saving in your pension scheme.
- Do not have to be automatically enrolled but have the right to ask to be enrolled, ie are **Non-eligible Jobholders**.
- Do not have to be automatically enrolled but have the right to ask to join a pension scheme, ie are **Entitled Workers**.

If you intend to use a **Qualifying Pension Scheme**, employees who are active members of the scheme (ie members who currently work for you) need to be told they are members of this scheme and you must give them details of the scheme, even if you have already done this in the past. And if you choose to postpone **Automatic Enrolment** there will be extra information to provide. **Postponement** and the information you have to give to your employees is discussed in **Leaflet 4 – Will I need to change how I do things?**

### Box A

#### Eligible Jobholders need to be told:

- (1) They have been or will be automatically enrolled into, or if applicable, that they are already members of, a **Qualifying Pension Scheme**.
- (2) If they are to be enrolled automatically:  
-what **Automatic Enrolment** means for them;  
-they can **Opt-out** (and if they choose, opt back in under certain circumstances); and  
-where they can find more information about pensions and retirement saving.
- (3) If you choose to use a **Personal Pension** scheme for **Automatic Enrolment**, the terms and conditions of this scheme.

### Box B

#### Non-eligible Jobholders need to be told:

- (1) They have the right to ask to join an **Automatic Enrolment Scheme**; and
- (2) What it means if they ask to do so.
- (3) If a **Non-eligible Jobholder** does ask to join he or she has to be given the same information about **Automatic Enrolment** shown in **Box A** (2) and (3).

### Box C

#### Entitled Workers need to be told:

- (1) They have the right to ask to join a pension scheme; and
- (2) What it means if they ask to do so.

## Composite Communications

It might be possible for you to provide 'composite communications' to meet some of these information requirements. As a minimum, however, separate notices are needed for:

- Existing active members of a **Qualifying Pension Scheme**
- **Eligible Jobholders**
- **Non-eligible Jobholders**
- **Entitled Workers**
- **Postponement** Notice(s)\*
- **Opt-in** notices for **Non-eligible Jobholders**\*
- **Joining** notices for **Entitled Workers**\*
- **Opt-out** notices\*

\***Leaflet 4 - Will I need to change how I do things?** explains these notices.

If you are going to offer more than one **Qualifying Pension Scheme** you may need to issue a separate communication for each one. And if you use different types of schemes remember there may be some additional information requirements.

## I might be interested in customising my communications

The new rules for pension saving don't stop you from customising your communications and you may want to do this if, for example, you want to try to get a return for your pension costs and/or encourage your employees to try and plan more effectively for financial security in their retirement.

### Should I do more than I have to?

Some people think that once employees are automatically enrolled many won't make any effort to **Opt-out**. If your intention is to make the most use of this inertia, too much communication could actually be a bad thing. And employees who haven't had much to do with pensions before may simply want to know how they can **Opt-out** of pension saving.

While you may be of the view that simply providing employees with the information required under the rules is as far as you want to go, you do need to be careful you don't say anything which 'induces' any of your employees to **Opt-out** of pension saving.

From 1 July 2012 the rules introducing measures which prohibit any form of coercion affect you even if you have not reached your **Staging Date**.

It's possible you will want to do more to demonstrate to your employees that you are taking a personal interest in their future financial well-being both while they are working for you and in their retirement. NAPF believes the workplace provides the ideal channel to support employees and to create a culture where planning and saving for the future is the norm.

There is a lot of information and guidance available to help you develop a communications strategy. This not only explains the introduction of the new pension saving rules, but may also help you engage your employees more effectively on the subject of retirement saving.

Of course there is nothing to stop you asking one of your advisers to provide information on your behalf. If you do this you do need to remember you remain responsible for supplying information about the new pension saving rules and for ensuring it is given correctly.

## Employee preferences

Your employees will have lots of different preferences about how they want to receive information. You may have already established communication methods that you know your employees like. The messages you need to convey will be received by diverse audiences consisting of different sub-groups. For example, **Eligible Jobholders, Non-eligible**

**Jobholders, Entitled Workers**, and employees who are already members of your pension scheme (s). It may be that you will want to consider using a variety of communication media according to the profile and preferences of these separate groups and/or your workforce in general.

## Are there any rules about how I provide the information?

Yes. It has to be 'written' which means paper or e-mail. You may choose to give each employee a hard copy, delivered by hand or in the post, or send an e-mail to the employee's e-mail address. What you cannot do is simply signpost the employee to information held on a website or displayed on a poster in the workplace. The Pensions Regulator has specifically confirmed that only providing information on an internet or intranet site or on a poster will not be sufficient.

## How long do I have to tell my employees?

Generally speaking, there is one month for you to tell your employees about the new rules for pension saving, starting from the date you have to automatically enrol your employees (or in the case of employees who have the right to ask to join, the date you enrol them).

Where you have employees who are already members of a **Qualifying Pension Scheme** you have two months starting from the date they have to become subject to the new pension saving rules.

## What type of help is available?

The DWP uses the DirectGov website to communicate information to individuals. It will also offer templates on its website for you to use to tell your employees about key aspects of the new pension saving rules and to help you make sure you provide the right information to the right people.

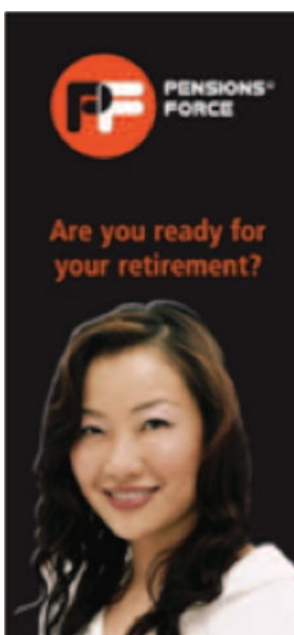
The Pensions Regulator has also produced some tools which can be accessed from its website. Using language that research shows individuals find more familiar, these materials also highlight positive messages about workplace pension saving. In addition there is a telephone helpline for employers **0845 600 1011**.

DWP research has shown that individuals respond well to communications which simplify pension matters.



The figures in this example are based on a monthly pensionable salary of £1000, employer contributions of 3%, employee contribution of 4% and tax relief of 1%. Under the new rules for pension saving this level of contribution will not of course be required in **DC** schemes until October 2018 (**See Leaflet 2 – What do I need to think about?**). The diagram above simply intends to show how using graphics and simple language can deliver a clear message ie a small commitment on the part of the employee is rewarded by both their employer and the Government.

In addition to the Directgov and Pension Regulator’s websites, the NAPF is developing services dedicated to helping you introduce **Automatic Enrolment**, including an area on its website which will host a range of information specifically for NAPF members. And if you want to consider integrating the new rules for pension saving into a wider communication programme, aimed at encouraging workplace pension saving, the NAPF offers its PENSIONSFORCE service.



PENSIONSFORCE can help you guide your employees on issues that are important when planning for retirement. Although not the only option, employers use PENSIONSFORCE to deliver workplace group meetings for their employees. Employees are encouraged to recognise, for example, that:

- planning ahead could help them take control of their futures;
- saving for the future is likely to give them more choice and a lifestyle in retirement they can enjoy;
- starting to save early allows more time for savings to grow and in the long run possibly offers an opportunity to save less; and
- saving over working lifetime makes saving easier to manage.

PENSIONSFORCE also has a website which contains lots of information to help individuals with their retirement planning. A key objective of the website ([www.pensionsforce.co.uk](http://www.pensionsforce.co.uk)) is to filter information to help your employees access relevant detail at a time when they need it.

## Communication media

You will probably want to consider using a range of media to communicate with your employees, for example:

- posters (DWP provide a template for posters on its website);
- e-mail/SMS;
- written material eg announcements letters and leaflets; and
- videos.



The NAPF has produced a video entitled 'the Long Weekend' which you may find is a useful tool if you want your communication campaign to cover the importance of saving for retirement. Visit [www.pensionsforce.co.uk](http://www.pensionsforce.co.uk) to find out more.

Clearly cost will be a major influence on the choices you can make and so early budgeting makes sense.

The way in which you communicate the new rules for pension saving and the manner in which you position them in your organisation will have a huge impact on how your employees perceive the value of **Automatic Enrolment**.

Over-reliance on external material could mean that your employees lose any sense that your organisation has anything to do with supporting their retirement saving. Ensuring you maintain a balance is therefore essential.

## Wider implications

When you are developing your communications strategy you should also remember that you will need to:

- Review the terms and conditions of employment and information you currently provide to new employees.
- Update existing pension scheme booklets.
- Make sure you handle the messaging carefully for any of your employees who may have special rights earned from membership of pension arrangements.

For example, employees who have what is known as 'enhanced' or 'fixed protection' for tax purposes still have to be automatically enrolled into pensions saving. To ensure they do not lose the protections they already have, they will need to **Opt-out** within one month of being automatically enrolled. The people who run your pension scheme will be able to identify who these employees are and explain this circumstance more fully, if you think any of your employees may be affected in this way.

The next leaflet in this series **Leaflet 6 – Things to look out for** will examine less common factors which could affect your implementation of the new pension saving rules and some issues which it could be quite easy to overlook.

### What do I need to do now?

1. Have a look at the external materials that are available covering **Automatic Enrolment**
2. Decide if and when you are going to start running your publicity campaign
3. Work out how many different communications you may need
4. Decide the content for each stage of your communication strategy
5. Read **Leaflet 6 – Things to look out for**

## Other sources of information

There is a variety of information about the new rules for pension saving on websites:

[http://www.direct.gov.uk/en/Pensionsandretirementplanning/Companyandpersonalpensions/WorkplacePensions/DG\\_183783](http://www.direct.gov.uk/en/Pensionsandretirementplanning/Companyandpersonalpensions/WorkplacePensions/DG_183783)

<http://www.dwp.gov.uk/policy/pensions-reform/workplace-pension-reforms/>

<http://www.thepensionsregulator.gov.uk/employers/employers-in-depth.aspx#s967>

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