

Overview

This standard is for entrepreneurs who set up and manage a pension scheme. If your employees are between 22 and state pension age, earn at least £10,000 per year and work in the UK, businesses of all sizes must enrol their employees into a workplace pension. Provision of a workplace pension scheme is called 'automatic enrolment'. As an employer you and your employees will contribute a defined amount into employees' pension pot monthly. This is paid in via a tax-free percentage of the employees' salary each month. As an employer, you can choose to contribute more to your employees' pension if you would like, if you meet the minimum contribution levels. Setting up a pension scheme involves checking the relevant criteria for auto-enrolment, notifying the employees about the date they are added to the pension scheme, who the pension provider is and the type of pension, how much you and your employees will be contributing and how to leave the scheme if your employees choose to do so.

You might need to do this if you:

1.
need to set up a pension scheme to new employees;
2.
are reviewing the current pension scheme.

Performance criteria

You must be able to:

1. seek guidance and advice from government sources or professional advisers about setting up and managing pension schemes
2. identify the pension scheme and provider you want to enrol your employees into
3. identify your monthly contribution towards employees' pension pot
4. notify your employees in writing about the type of pension they are enrolled in and the pension provider
5. provide staff with information about their monthly pension contributions and how the payroll deduction will work
6. offer your employees the opportunity to vary the amount they wish to contribute into their pension pot
7. provide all relevant information packs to your employees with details about how to opt out if they wish to
8. follow relevant procedures when an employee chooses to opt out the scheme they have been automatically enrolled on
9. re-enrol your employees onto the scheme if they wish to
10. complete a declaration of compliance to notify The Pensions Regulator about their employer duties every 3 years after completing re-enrolment
11. arrange a meeting with pension scheme representative for your employees
12. refer your employees to a qualified adviser if they wish to consult on their pension entitlement further
13. set up a payroll deduction facility for your employees
14. maintain records of staff deductions from payroll and payments to the scheme
15. keep records of any correspondence or meetings when consulting with staff about the choice of scheme
16. ensure your compliance with relevant legislation in relation to pension schemes and keep your knowledge up-to-date

Knowledge and understanding

You need to know and understand:

Information and advice

1. where to get information about pension schemes
2. the relevant information packs and guidance on the scheme your employees are enrolled in
3. how to check the information is accurate and up-to-date
4. how to deal with pension scheme representatives or financial advisers

Laws and regulations

5. the relevant legislation in relation to pension schemes
6. the qualifying criteria for automatic enrolment
7. how to keep up with pension legislation that may affect your business
8. the declaration of compliance to The Pensions Regulator

Pension schemes

9. how to choose a pension scheme provider for your business
10. what are the current limits on charges and penalties your scheme provider can charge you
11. why you must inform your employees about the pension scheme they are enrolled in
12. the details of pension scheme you need to inform your employees about
13. how to respond to staff queries and requests for further information
14. how to facilitate meetings between the scheme provider and your employees
15. what records must be to be kept in relation to employees' pension scheme

16. how to calculate what staff contribution your business can afford, if applicable

Pension contributions and payroll

17. the minimal rates for pension contribution for you as an employer

18. how to set up a payroll deduction facility

19. how to clearly communicate to staff the way their contributions will be deducted and handled, and when they will have the opportunity to revise their payments

20. how to respond to requests for payroll deductions

21. when contributions will be sent to the scheme provider

22. how records of payments and contributions will be kept

23. how to add new staff to the scheme

24. how to manage requests from staff to change their contributions, opt out or opt back in

Set up and manage a pension scheme

Developed by	Skills CFA
Version Number	1
Date Approved	14 Jan 2022
Indicative Review Date	01 Mar 2027
Validity	Current
Status	Original
Originating Organisation	Instructus
Original URN	CFAOP9
Relevant Occupations	Business, Administration and Law, Managers and Senior Officials
Suite	Business Enterprise
Keywords	success, business, idea, social, enterprise, customers, products, service, support, creative, idea, skills, needs, suppliers, cash, flow, legislation, marketing, market, trends, competitors, health and safety, VAT, equipment, costs, profit, staff, product
