

Auto enrolment:

Worker classification



One solution for all your financial needs

Your duties as an employer will depend on whether you employ someone who is classified as a 'worker' under the Pensions Act 2008.

The act defines a 'worker' as either someone who works under a contract of employment, or someone who has a contract to perform work or services personally but is not undertaking the work as part of their own business. The definition focuses on the worker, not the employer, which

means the employer's physical location is not important and they could be based outside the UK.

There are three different categories of worker, each category being determined by the person's age and how much they earn. The legislation only affects those aged between 16 and 74; those aged up to 16 or over 74 are not affected.

Auto enrolment: workforce eligibility categories

Annual* earnings thresholds	Ages 16 to 21	Age 22 to State Pension age	State Pension age to 74
Up to £5,875	Entitled	Entitled	Entitled
£5,876 to £9,999	Non-eligible	Non-eligible	Non-eligible
Over £10,000	Non-eligible	Eligible	Non-eligible

* Tax year 2017-18. These figures are issued by the DWP; there are slight variations in the actual figures depending on pay frequency.

Eligible Jobholders

Any worker aged between 22 and State Pension age and who earns more than £10,000 per year is classed as an 'eligible jobholder' and must be automatically enrolled into a Qualifying Workplace Pension Scheme (QWPS) on the organisation's staging date. Enrolment is not optional, it's mandatory, but any worker who doesn't want to be a member of the QWPS has the right to 'opt out', but only after they've been enrolled.

Non-eligible Jobholders

All workers aged between 16 and 74 who earn more than £5,876 per year but less than £10,000 per year, those aged between 16 and 21, or State Pension age and 74 and who earn more than £10,000 per year, are classed as 'non-eligible jobholders'. Although they are not eligible for auto enrolment, they have the right to 'opt in' to the QWPS under the same terms as eligible jobholders.

Entitled Workers

All workers aged between 16 and 74 who earn less than £5,876 per year are classed as 'entitled workers'. Although they don't qualify for auto enrolment or have the right to opt in to the QWPS, they are entitled to 'join' a pension scheme. This doesn't have to be the QWPS and there's no legal duty requiring employers to make contributions to the scheme.

One Financial Solutions is here to help you. We can help you plan and implement everything necessary to ensure you comply with the new legislation and fulfil your legal obligations.

If you already have a workplace pension scheme we'll review it to make sure it can be used and will recommend any changes that may be needed. If you do need a new scheme we'll find one for you and, as a truly independent firm of financial advisers, we'll make sure the scheme we recommend is selected from the entire market and is the one that is best for both you and your staff.

More than that, if you'd like us to administer the entire scheme for you, we can do that too.

Call us on 020 3714 9565 for a confidential conversation about how we can help you, or visit our website at **www.onefinancialsolutions.co.uk** for more information.

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