



COVID-19 update from the Pensions Regulator

We're pleased to see that following our requests for clarity the Pensions Regulator has issued [guidance](#) for employers around pension contributions and automatic enrolment.

Contribution payments and changes

The Regulator has confirmed that employers are able to change the level of contributions payable, subject to the scheme documentation. You should note that this section of the Regulator's guidance refers to the need for employers with Group Personal Pensions to enter into new contracts with their provider should you wish to reduce employer contributions. We would like to reassure you that this is not the case with Aviva and that you have complete flexibility to change contributions.

The Pensions Regulator has also reiterated our message that if you're having problems paying contributions you should discuss this with Aviva in the first instance, to explore payment options.

Consultation requirements

There's an important clarification around the consultation period for any employer with 50 or more employees who wishes to reduce the level of employer contributions or increase employee contributions. The Pensions Regulator has confirmed that they will take no action where a full 60-day consultation doesn't take place, so long as the following criteria are satisfied:

- You've furloughed staff for whom you're making a claim under the Coronavirus Job Retention Scheme.
- You're proposing to reduce the employer contribution to your DC scheme in respect of furloughed staff only. For staff who have not been furloughed the existing pension contribution rate will continue to apply.
- The reduced contribution rate for furloughed staff will only apply during the furlough period, after which time it will revert to the current rate.
- You've written to your affected staff and their representatives to describe the intended change and the effects on the scheme and on your furloughed staff.

The easement will be maintained until at least 30 June 2020.

You should carry out as much consultation as you can in the current circumstances. If you plan on making contribution changes permanent, or across all employees, the full 60-day consultation requirements will apply.

Automatic Enrolment

The Regulator has confirmed that there are no changes to automatic enrolment regulations this includes re-enrolment and declarations of compliance. Although it may seem like it's just one more piece of administration it's important not to forget to submit your declaration of compliance to the Pensions Regulator as failure to do so can trigger automatic fines. Some questions we've had on automatic enrolment are shown below:

Q. Do I need to auto enrol furloughed workers, if so how do I assess them?

As furloughed workers are still on your payroll you need to assess them for automatic enrolment each pay period, and auto enrol them if eligible. Your assessment should be based on the pay received in the pay period, even if this is less than 100% of full pay.

Q. Do I need to pay pension contributions for leaver I have re-hired and placed on furlough?

Employers who have taken back employees who resigned or were made redundant after 28 February assume responsibility for them in the same way as any other employee.

- If the employee was re-hired under a new contract they should be treated as a new joiner. Automatic enrolment can be postponed for up to 3 months, but employees need to be given a postponement notice.
- If existing contracts remain in force, e.g. a resignation letter is treated as not having been received, pension contributions will still be payable under that contract unless the contract is amended.

Q. Can I give furloughed workers more time to opt out?

No, there has been no change to the opt out period or communication requirements around automatic enrolment.

Q. I have furloughed employees who have chosen to stop contributions, can I re-enrol them at my re-enrolment date later this year?

As these employees will have stopped contributing within 12 months of your re-enrolment date you don't have to re-enrol them but can choose to if you wish.

Q. I have furloughed employees who have chosen to stop contributions what can I do to re-enrol them other than at my re-enrolment date?

Employees can request to be re-enrolled at any time, this could be at the point they ask to stop contributing (i.e. they request a contribution holiday) or at a later date (they make an opt-in request). There's nothing to prevent you sending an opt-in communication to these employees once you think their finances might be back to normal.

Q. What salary do I use to assess workers for re-enrolment?

You should use the wages they're paid in the pay period your re-enrolment date falls within. This includes the pay for furloughed workers, which might be less than usual.