

**TEACHERS' PENSION SCHEMES
2016/09**

WHO SHOULD READ: All HR and Payroll Managers
Pension administration staff
Staff who submit data to SPPA

ACTION: To read and circulate as appropriate

SUBJECT: Automatic Re-Enrolment

The purpose of this circular is to advise employers about:

- the new opt out form and
- changes to data submission following the implementation of Auto Re-Enrolment

In 2013, Automatic Enrolment (AE) was introduced and is the core employer duty of work based pensions reform.

Just as with AE, it is the employer's responsibility to re-enrol all eligible jobholders into a pension scheme on the anniversary of the employers' Compliance Date. This process is known as automatic re-enrolment (ARE). The qualifying scheme for employees in the teaching profession is the Scottish Teachers' Pension Scheme (STPS).

Most employers will reach their re-enrolment date in 2016, which means that all eligible employees will be automatically re-enrolled at that point. The Pensions Regulator will have issued you with written confirmation of your declaration of compliance. Please advise SPPA of your re-enrolment and compliance date, to enable us to prepare for the increase in workloads by emailing sppaservice@gov.scot. Please note that postponement is not permitted with ARE.

Re-enrolment procedure

Although re-enrolment requires automatic inclusion into a pension scheme for all eligible jobholders, employers can choose whether to automatically re-enrol any eligible jobholder who:

- opted out or ceased active membership of a qualifying scheme at their own request within the 12 months before the ARE date
- has given in their notice to end their employment (resignation or retirement) or been given notice of dismissal by the employer
- has Primary, Enhanced or Fixed Protection from tax charges on their pension savings.

If you choose not to re-enrol an eligible jobholder as per above, you have no further duties until the next cyclical ARE, unless you receive an opt-in notice from the employee.

Data requirements for ARE

All data must be submitted via the new Employer Data Management (EDM) portal

- employers are asked to collate and send copies of the opt out forms to us on a monthly basis
- a starter (STPS01) will be required for all employees automatically re-enrolled. You must ensure that a starter (STPS01) is submitted prior to forwarding an opt out form otherwise we will not have the correct information to process the opt out.
- a leaver (STPS02) will be required for **all** employees who opt out or cease active membership in one or more contracts.
- If the employee opts out within the opt out period we do not require an opt out form unless the following applies:

If any of your employees join the scheme between 1 January and 31 March, and opts out on or after 1 April but within the 3 month period, the employer must submit an annual return (STPS03) for that year to 31 March. Then they should send an STPS02 leaver with the figures from 1 April to the date of leaving. SPPA will refund the contributions paid during the 3 month opt out period to the member. This simplifies the data requirements and administration process. For these cases we also require the opt out form showing the refund/bank account information.

Please note: As per the Pensions Regulator guidance you must keep a record of each opt out form you receive

Opting out of the scheme

Following ARE, if an employee wishes to opt out of the scheme, they can do so by completing an opt out form which is available on our website at www.sppa.gov.uk.

There are two types of opting out of the scheme -

- opting out (within the 3 month opt out period) If the members opts out within the opt out period they are treated as having never been a member of the scheme and the employer is required to refund the contributions back to the employee, except where the opt out period transcends the year end i.e. 31 March, then the SPPA will refund the member.
- ceasing active membership (members opting out after the opt out period, leaving the scheme or leaving service) - the service accrued will be deferred until the member wishes to either re-join the scheme in the future, transfer out to another pension arrangement, take their retirement benefits, or apply for a refund of contributions if



they have less than 2 years qualifying service..

The opt out form can be used for either situation and should be completed and signed by the employee. This should be forwarded to their HR/Payroll department who will take the necessary action to record the opt out and to stop the deduction of superannuation contributions.

For employees who have more than one employer, they should complete an opt out form for each employment they wish to opt out of. However, if an employee has multiple contracts with the same employer and chooses to opt out of one (or more) of these, an STPS02 leaver form will be required for each contract opted out.

Useful Reference Numbers for employers

Pension Scheme Registry Number – 10005932

Pension Scheme Tax Reference (PSTR) – 00328799RN

Employer Pension Scheme reference (EPSR) – This is the unique employer code that you use when submitting data to us.

Detailed information regarding employer's responsibilities under ARE can be found on the Pension Regulator or DWP websites.

**Pam Brown
Director of Operations
August 2016**

Contact information

Please contact Sppastakeholderliaison@gov.scot if you have any enquiries about this circular.

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