Department
for Work &
Pensions

Automatic enrolment: guidance on certifying money purchase pension schemes

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1. Background

1.1 Automatic enrolment: the employer duty

Employers are required by law to automatically enroll their eligible jobholders into a qualifying automatic enrolment pension scheme and to maintain active membership for those already enrolled in a qualifying scheme. A qualifying scheme is one that meets certain standards and satisfies minimum requirements, in accordance with scheme type.

The key features of the minimum requirements for occupational money purchase schemes, personal pension schemes and the money purchase elements of hybrid pension schemes are set out in Annex B.

Employers' enrolment duties are being staged in with the largest employers having started first in October 2012. The Pensions Regulator ("the Regulator") is telling employers when their enrolment duty will start.

The Regulator has published detailed guidance on employers' duties. Employers should familiarise themselves with the Regulator's beginner's guide to auto-enrolment in conjunction with this guidance. The Regulator's guide is a simplified form of the guidance on the employer duty. See attached link: Beginners Guide.

2. Purpose of this guidance

2.1 Relevant legislation

Section 28 of the Pensions Act 2008 (“the Act”)

The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 (“the Regulations”)

The Employers’ Duties (Implementation) Regulations 2010

The Hybrid Schemes Quality Requirements Rules 2012

Northern Ireland has its own body of pensions law and references to Great Britain legislation are to be taken, where necessary, as including references to the corresponding Northern Ireland legislation. Annex H lists the corresponding references.

2.2 Who is this guidance for?

This guidance is for employers and their advisers. It sets out the issues employers must consider in determining whether they can certify that their money purchase scheme or the money purchase element of their hybrid scheme(s) satisfies the relevant or alternative quality requirements, in respect of the relevant jobholders.

There is a glossary of some of the terms used in this guidance at Annex A.

2.3 The legal status of the guidance

The person who gives a certificate in respect of a pension scheme must have regard to the guidance. Although the DWP has done its best to ensure that the guidance is comprehensive it does not cover every circumstance so employers may also wish to consider referring to other guidance such as the Pensions Regulator’s Guidance relating to employers’ automatic enrolment and related duties: Regulator's employer guidance. Ultimately it is the legislation which takes precedence and employers should also consider referring to the legislation itself (see 2.1 above).

The Regulator is responsible for helping employers to understand how to comply with the law. In this regard they will answer queries about the certification legislation and guidance that are regulatory in nature.

The DWP is responsible for answering questions relating to the policy intentions behind the legislation and statutory guidance on certification and for considering any requests for changes to the legislation or guidance to be made.

The guidance is correct as of April 2014. Please ensure that you have the most recent version, as the content may need to be updated over time because of changes to the law.

DWP will periodically review the guidance. A change in the law or guidance may require you to review a certificate before the renewal date.

3. What is certification?

Employers are required to automatically enroll jobholders who are aged at least 22, under State Pension Age and earning more than the earnings trigger (£10,000 in 2014/15) into a qualifying automatic enrolment pension scheme. Where an employer chooses a money purchase scheme to meet their enrolment duties the minimum total contribution under the relevant quality requirement (after the transitional period[1]) is 8 per cent of 'qualifying earnings' (however calculated) of which at least 3 per cent must come from the employer, with the remainder from the jobholder.[2]

Where a scheme explicitly meets the relevant quality requirement (see 3.3 for what this means in practice) certification is not required. Certification in this context has been designed primarily to cater for employers who have existing good quality money purchase schemes which do not explicitly meet the relevant quality requirement because, for example, the definition of pensionable pay in the scheme is not the same as qualifying earnings, defined in section 13 of the Act.

In this case:

- the scheme may be able to satisfy any one of the three sets of the alternative quality requirement (see 4.3 for detail on these); or
- the employer, having examined past and current data held for all relevant jobholders, determines that in practice their entitlement under the scheme has been, and will continue to be, as good or better than the entitlement under the relevant quality requirement. This may be the case where some variable elements of jobholders' earnings are not pensionable (e.g. overtime earnings). This analysis should be sufficient unless the employer expects changes during the certification period to invalidate this conclusion.

Employers may only certify where they have evidence that it is reasonable to believe that their money purchase occupational or personal pension scheme meets either the relevant quality requirement or one set of the alternative quality requirement.

Other than in cases of mis-certification (see 5.4) the employer will not need to reconcile and make good any shortfalls in the contributions arising in the certification period. However, it is good practice to monitor the situation especially where circumstances change or significant changes are made to the scheme, during the certification period. If at the end of the certification period, none of the relevant quality or alternative quality requirements are likely to have been met the employer will need to make any necessary improvements going forward before renewing the certificate.

Employers using a defined benefit pension scheme as their qualifying automatic enrolment scheme, or a hybrid scheme with a defined benefit element, should read the separate guidance at the following link: Employers' guidance on certifying DB/Hybrid

[1] See section 5.5.
[2] The jobholder's contribution will also include income tax relief where it is due.

schemes. Hybrid schemes may need to satisfy either, or both, of the defined benefit and money purchase quality requirements or may, in certain circumstances, need to satisfy modified requirements in aggregate.

3.1 Who can certify?

The employer is responsible for certifying a scheme[3]. Where calculations are required, they can be delegated to a competent person. Only the employer or someone authorised by the employer can sign the certificate. Examples of persons who could be authorised by the employer include:

- the head of the payroll department;
- the head of the HR department
- the accountant;
- the scheme administrator;
- an actuary;
- another professional adviser;
- in a limited company, a director or officer of the company;
- in a partnership, a senior partner;
- for a sole trader, the business owner;
- in a Government Department, a member of the executive team or the permanent secretary;
- in a Local Authority the chief executive;
- in a Government Agency, the chief executive;
- in public body, the chief executive;
- in an academic institution, the Dean or Principal; and
- in a National Health Service Trust – the chief executive.

In a multi-employer scheme (or section of a scheme) one or more of the employers may be able to certify on behalf of the other employers in relation to their respective jobholders, if that employer is authorised by the relevant employers to give a certificate on their behalf.

If you are a charity, a society or club you should check the constitution of the organisation to determine who should sign the certificate.

3.2 When would you certify?

If your scheme does not explicitly satisfy the relevant quality requirement you may wish to certify.

[3] The employer is defined in section 88 of the Act as the person who employs the worker (normally the person responsible for deducting and paying National Insurance Contributions and Income Tax to Her Majesty's Revenue and Customs).

You can only certify if you are satisfied that your scheme will meet the relevant quality requirement or one set of the alternative quality requirement for each jobholder to whom the certificate relates.

Certification is likely to be of assistance if the earnings on which contributions are calculated do not include all wages, salary, commission, bonuses and overtime, or where such payments are variable.

Where your scheme does not explicitly satisfy the relevant quality requirement, but you believe, after examining the most recent remuneration data available for all your relevant jobholders, that they were entitled to contributions which were at least as good as they would be entitled to under the relevant quality requirement, you may wish to certify that your scheme satisfies that requirement going forwards. This is likely to be used, for example, where there are variable non-pensionable elements of pay and it is therefore not possible to be absolutely certain that the scheme will satisfy the quality requirements going forwards. You will still need to calculate each jobholder's earnings as defined by the Act in order to apply the earnings trigger (£10,000 in 2014/15) to determine whether or not a jobholder is eligible for automatic enrolment.

A scheme with a certificate in place will be treated as satisfying the relevant quality requirement in relation to each of an employer's relevant jobholders.

3.3 When is certification not needed?

Certification is not necessary for money purchase or personal pension schemes or the money purchase element of hybrid schemes, if under the scheme rules, or the agreement with the provider, the contributions required are at or above that required under the relevant quality requirement. It will also not be necessary where an employer has chosen to undertake individual entitlement checks[4].

3.4 Alternatives to certification

If your scheme does not meet the relevant quality requirement one option is to make improvements to the scheme in collaboration with the trustees or managers so that the scheme meets the relevant quality requirement. There is a power in the Act[5] that allows the trustees or managers to make certain modifications to the scheme by resolution, with the employer's consent However, such modifications may be subject to consultation requirements and are limited to:-

- increasing the contribution rate, either directly or by changing the basis on which contributions are calculated;
- changing their frequency; and/or
- changing the rules of the scheme so that they provide for at least the minimum level of contributions required by law.

[4] See Appendix E of the Pensions Regulator's 'Pension Schemes' guidance re 'entitlement checks' http://www.thepensionsregulator.gov.uk/doc-library/automatic-enrolment-detailed-guidance.aspx

[5] See section 32 of the Act which provides for a modification power.

4. How certification works

4.1 Certification period

A certificate can be in force for a period of 18 months, or for some shorter period. You can decide when the certificate starts (the “effective date”), and when it ends (the “expiry date”) provided it lasts for no more than 18 months. You can choose a shorter period, for example, to align your first certificate with your chosen certification cycle. You must ensure that your scheme is a qualifying scheme and that you have a certificate with an effective date no later than the date when the duty arises i.e. no later than the first day on which the employer will rely on the certificate to ensure that it is meeting its duty to provide membership of a qualifying scheme. This could be the staging date, the first day on which an existing member becomes a jobholder, the first automatic enrolment date or the first enrolment date for an opt in.

If, during the period covered by the certificate, a significant change in circumstances occurs such that the scheme can no longer satisfy the certification requirements, you must alter the expiry date of the certificate so that it expires on the day after the one on which the change takes place. However, you cannot retrospectively cancel a certificate.

Examples of significant changes could be:

- corporate transactions such as mergers, acquisitions and transfers under the Transfer of Undertakings (Protection of Employment) regulations (TUPE);
- changes to a scheme’s benefit structure;
- changes to the contribution rate;
- changes to the pay and reward structure;
- the winding up of a scheme.

The qualifying earnings band(s) to be used in your calculations should be the one(s) that is/are known at the time that the certificate is signed for the tax years covered by the period of the certificate. If there is a significant change in the earnings band during the certification period you may also need to consider whether that changes your opinion that the scheme will be able to satisfy the requirements during that period.

You can also be required to bring the expiry date of a certificate forward, if the Regulator investigates the scheme and concludes that it is of the view that there were no reasonable grounds for you, or another person acting on your behalf, to be of the opinion that the scheme was able to satisfy the relevant quality or one set of the alternative quality requirements.

The certificate will expire at the end of the 18 month period or any shorter period that you have chosen. You should therefore consider in advance of its expiry how you intend to comply with your duty to pay minimum contributions after the end of the certification period. If you choose to renew the certificate, you will have one month from the day after the expiry date of the first certificate to complete a new certificate. The scheme will need certification throughout the period but a certificate can be given up to one month after the date from which it starts.

4.2 Before you start to certify the scheme

You will need to choose a date on which the certificate will start. This will be the beginning of the certification period and is referred to in this guidance as the “effective date”. It may also be the date by reference to which you check the earnings data and make any calculations required. The date on which earnings data is checked should in any event be not too far in advance of the effective date. In practice, if you intend to cover jobholders who are existing members of the scheme from the staging date then the certificate will need to be effective from the staging date. If this is not the case and you wish to use the same certified scheme both for automatic enrolment, and for any non-eligible jobholders to opt into, it would be advisable for the effective date to be the scheme’s staging date. Even if you are postponing automatic enrolment for your jobholders they will be eligible to opt into the scheme and the scheme will need to be qualifying in respect of them from the date of opt in. It is possible however, for the certificate to be given up to one month after the effective date.

4.3 The certification test

The law relating to the certification requirements is contained in section 28 of the Act and Part 7A of the Regulations.

The alternative quality requirements require a scheme to satisfy one of the following three sets of requirements, for all of the relevant jobholders.

Set 1 – Total contributions of at least 9% of the jobholder’s pensionable earnings (including an employer contribution of at least 4%) for each relevant jobholder in the scheme. The pensionable earnings of the jobholder must be equal to or more than that jobholder’s ‘basic pay’ as defined in regulations.

Set 2 – Total contributions of at least 8% of the jobholder’s pensionable earnings (including an employer contribution of at least 3%) for each relevant jobholder in the scheme, provided that the total pensionable earnings of all relevant jobholders (taken in aggregate) to whom this set applies constitutes at least 85% of their total earnings. The pensionable earnings of the jobholder must be equal to or more than that jobholder’s basic pay.

Set 3 – Total contributions of at least 7% of the jobholder’s earnings (including an employer contribution of at least 3%) for each relevant jobholder in the scheme.

The contribution rates set out above are reduced during the transitional period to enable employers offering money purchase schemes to phase in their contributions gradually (see 5.5 ‘Phasing in contributions’).

Different groups of jobholders can be covered by different quality requirements.

4.4 Definition of pensionable earnings

What constitutes “pensionable earnings” is likely to vary between employers; however, for the purposes of the certification test, pensionable earnings are defined as the gross earnings on which contributions to the scheme are payable. For sets 1 and 2 of the alternative requirements pensionable earnings must be at least equal to basic pay as defined in regulation 32K.

Basic pay must include, in particular -

- earnings before deductions;
- holiday pay; and
- statutory benefits such as: maternity, paternity, adoption and sick pay delivered through the payroll.

The following are excluded from basic pay:

- bonuses
- overtime
- commission
- shift allowances

Reasonable allowances with respect to the following are also excluded

- a car allowance used to buy, lease or maintain a vehicle
- allowances for ancillary duties
- allowances for health and safety such as fire warden, first aid, key holder
- a relocation allowance
- clothing allowances
- meal allowances
- attendance allowances

In establishing how to treat different pay items, employers will need to consider:

- whether the payments made fall outside the definition of “earnings” in section 13(3) of the Act; or
- whether the payments are excluded from the definition of “basic pay” under regulation 32K.

4.5 Applying the alternative quality requirement test

If your scheme satisfies one of the sets of requirements below in respect of the relevant jobholders, you should certify that your scheme meets the alternative quality requirement. You can use different sets for different groups of jobholders. See Annex C for an example of how to apply the test where there is more than one contribution band and Annex D if you wish to apply the test to a particular section of the scheme.

Set 1[6]

- The scheme must provide for at least a 9% contribution of pensionable earnings (inclusive of at least a 4% employer contribution) for all of the relevant jobholders in the group or in the scheme.
- To qualify you need to check the documentation of the scheme; if the scheme provides for at least a contribution of 9% of pensionable earnings (inclusive of at least a 4% employer contribution) for all of the relevant jobholders you can sign the certificate.
- The minimum contributions in the first transitional period, if you choose to phase in contributions, would be a 3% contribution of pensionable earnings (inclusive of at least a 2% employer contribution). In the second transitional period it would be a 6% contribution of pensionable earnings (inclusive of at least a 3% employer contribution)

Set 2[7]

- The scheme must provide for at least an 8% contribution of pensionable earnings (inclusive of at least a 3% employer contribution) for all of the relevant jobholders in the group or scheme
- To qualify you need to check the contribution rate in the scheme documentation[8].
    - Does the scheme require at least an 8% contribution of pensionable earnings of which the employer pays 3%?
    - Are pensionable earnings at least 85% of the aggregate earnings of the relevant jobholders?
    - To see if they are, calculate pensionable earnings for all relevant jobholders over a period preceding the effective date. For the first certificate, this should normally be the earnings data from the preceding year (however see below) - call this figure A.
    - Calculate, for all of the relevant jobholders, their total earnings over the same period – call this figure B.
    - You can sign the certificate, if the contribution rate is at least 8% of pensionable earnings (with an employer contribution of at least 3%) and A/B x100 is at least 85%.
    - You can also use prospective earnings data over the certification period if you are employing staff for the first time or you have made recent changes to the scheme and/or payroll

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6 Under set 1 the pensionable earnings of the jobholder must be equal to or more than that jobholder's basic pay (except where there is an upper limit to contributions, but contributions made to jobholders affected by the upper limit satisfy the quality requirements under the Act).

7 Under set 2 the pensionable earnings of the jobholder must be equal to or more than that jobholder's basic pay. To use this set, the pensionable earnings of the relevant jobholders taken together must constitute at least 85% of earnings. The ratio should include all relevant jobholders to whom the certificate will apply.

8 Numerical calculations may be necessary rather than simply checking the scheme's documentation in order to decide whether set 2 is satisfied.

- The minimum contributions in the first transitional period, if you choose to phase in contributions, would be a 2 % contribution of pensionable earnings (inclusive of at least a 1% employer contribution). In the second transitional period it would be a 5% contribution of pensionable earnings (inclusive of at least a 2% employer contribution)

Set 3

- The scheme must provide for at least a 7% contribution of earnings (with at least a 3% employer contribution) for all of the relevant jobholders in the group or scheme.
- To qualify you need to check the documentation of the scheme, if the scheme provides for a contribution of at least 7% (with an employer contribution of at least 3%) of earnings for all of the relevant jobholders, you can sign the certificate.
- The minimum contributions in the first transitional period, if you choose to phase in contributions, would be a 2% contribution of earnings (with at least a 1% employer contribution) for all of the relevant jobholders in the group or scheme. In the second transitional period it would be a 5% contribution of earnings (with at least a 2% employer contribution) for all of the relevant jobholders in the group or scheme.

4.6 Who needs to be covered by a certificate?

A certificate need not cover all of the jobholders employed and who are active members of the scheme if the relevant quality requirements are being met in other ways for those active members. If you are certifying that your scheme satisfies the alternative requirements, different sets of the requirements may be applied to different groups of the workforce and it must be clear on the certificate who is covered by which requirement or set.

If, after certification, an individual ceases to be a jobholder for any reason or, of his own volition, leaves the scheme there is no duty under the Act on the employer to continue to provide contributions in respect of the jobholder for the period while the certificate is in force.

Based on the position at the effective date for the first and subsequent certificates you must include the following when you are certifying your schemes: Jobholders who are existing members of the scheme; Jobholders eligible for automatic enrolment and Jobholders who are able to opt in to a qualifying scheme. And you should exclude the following: Jobholders who do/will clearly receive contributions of at least the minimum under the relevant quality requirement[9] and individuals who are not jobholders i.e. those who do not fall within the definition of a jobholder in section 1 of the Act.

Any jobholders who are active members of the scheme and who are excluded from the certificate because, after having been first automatically enrolled, they have opted voluntarily to contribute less than the minimum or because they will clearly receive at least the minimum contributions under the relevant quality requirement must have their names and job roles recorded on the certificate.

The certificate does not need to be revised to include the names and roles of jobholders newly hired after the effective date. They will be covered by the certificate until it needs to be renewed. But employers should bear in mind their ongoing requirement to provide a qualifying scheme and whether any significant change in circumstances (as per section 4.1 above) has occurred such that the scheme can no longer satisfy the certification requirements. As the certificate can only provide a snapshot at any one point in time of who is and is not included within it, and circumstances can quickly change, we recommend that employers keep a regularly refreshed list as to which workers are covered by the certificate.

If the employer has capped pensionable pay and/or contributions but is paying contributions in respect of certain individuals at the same level, or in excess of, the minimum contributions required by law (see sections 20 and 26 of the Act) they can remove those individuals from the testing. A “minimum” contribution is one equivalent to at least 8 per cent of qualifying earnings (of which at least 3 per cent must come from the

9 This may include jobholders for whom the employer has carried out a forward-looking ‘entitlement check’ as per section 3.3 of this guidance and Appendix E of the Pensions Regulator’s ‘Pension Schemes’ guidance

employer) and if the employer offers a certain type of combination hybrid scheme, a proportionate amount.

5. Additional information

5.1 The certificate

A template certificate is provided in Annex E. To certify your scheme, you can use this template or you can develop your own certificate provided that it includes the following:

- the name of the scheme being certified;
- whether the certificate relates to part of a scheme and, if so, which part;
- the employer's unique reference(s) for the scheme – depending on the scheme type this could be:
  - the occupational pension scheme reference number,
  - a reference given by a personal pension provider; or
  - the reference given to an employer participating in a multi-employer pension scheme.
- whether the certificate relates to all of the jobholders of the employer who are active members of the scheme or part-scheme;
- whether there is a contribution cap and if so, the details;
- if the certificate relates to only some of the jobholders of the employer who are active members of the scheme or part-scheme/section of scheme, the names and job roles of the relevant jobholders;
- whether you have excluded any jobholders who have chosen voluntarily to save below the qualifying level, and their names and job roles;
- whether any jobholders have been excluded from the certificate because they will clearly receive contributions at least at the minimum level required under the Act[10]; and if so their names and job roles;
- which set of alternative requirements is being used to certify;
- whether the test is to be applied proportionately because the scheme is a combination hybrid and the proportion to be satisfied;
- the certification period; and
- whether the certificate has been amended, and if so, the period covered by the previous certificate.

5.2 Timescales for certifying the scheme

You have one month, beginning with the effective date of the certificate, to complete the necessary checks and calculations and to sign the certificate. To meet this deadline, you should prepare for certification well in advance of your staging date.

For example, an employer chooses to certify their scheme –

- The automatic enrolment duty commences on 1 September 2013.
- The effective date of the certificate would be 1 September 2013.

10 See sections 20 and 26 of the Act.

- The certificate can be based on the earnings data for the period 6 April 2012 to 5 April 2013.
- Employer has one month in which to undertake the relevant calculations and sign the certificate.
- The certificate should therefore be signed by 30 September 2013.
- The certificate expires on 28 February 2015 (for an 18 month certificate).
- Effective date of any new certificate would need to be 1 March 2015.

There is nothing to prevent an employer preparing a certificate to be made in advance of their staging date if they are confident that the scheme will from that date meet the relevant quality or alternative requirement. The effective date in that scenario would remain the staging date.

You must retain a copy of any signed certificate and any data/evidence relating to the certification for at least six years after its expiry. You do not have to send the certificate to the Regulator but the Regulator may ask to see it. If you have more than one scheme and they all require certification you will need to complete a certificate for each scheme. For example, if you offer a hybrid scheme, a Workplace Personal Pension Scheme and an occupational money purchase scheme you will need to complete three certificates.

You must provide a copy of the certificate(s) on request by a relevant jobholder or a representative from a recognised trade union within two months after the day on which you received the request. However, you should consider removal of any personal information that would identify any particular individual or group of individuals who are either not the jobholders(s) making the request or where it is not necessary for the purpose for which the trade union or individual require the copy[11].

5.3 Renewing a certificate

To renew a certificate, you must calculate whether or not the alternative quality requirement or relevant quality requirement was, or will be, met in relation to each of the jobholders to whom that certificate applies, i.e. those jobholders originally included in the certificate and those who have subsequently joined the scheme. Where it has not been met, you must consider what (if any) action needs to be taken to ensure that the quality requirements are met for the proposed period of the further certificate.

To renew the certificate:

- refer to the relevant or alternative quality requirement and the jobholders to be included and those that can be excluded (see above on p17)
- using the earnings data over the period for which the previous certificate was in force and based on the scheme's contribution rate(s), apply the appropriate set of requirements to ensure that the scheme satisfied the test for all of the relevant jobholders
- the effective date of the next certificate is the day after the one on which the previous certificate expired.

11 When providing certificates, you should ensure that you comply with all the requirements of the Data Protection Act.

Where there is a gap between the period covered by one certificate and the period covered by the next, the scheme must satisfy the relevant quality requirement under the Act during this period in order to continue to be used for the automatic enrolment obligations.

If you cannot renew a certificate because the review at the end of the certification period revealed that during that period the scheme did not satisfy any of the sets of the alternative quality requirement or the relevant quality requirement in respect of all of the relevant jobholders and this situation is likely to continue, you must make improvements to the scheme.

Improvements can be made going forward by:

- increasing the contribution rate in the scheme; and/or changing the definition of pensionable earnings so that it is a higher proportion of total pay; or
- providing for a contribution of at least 8% of qualifying earnings (of which 3% is provided by the employer) so that the relevant quality requirement is met.

No retrospective payment of shortfalls in the contributions is required, although any shortfall would of course be calculated as part of ensuring that the scheme meets the alternative quality requirements or relevant quality requirements over the period to be covered by a renewed certificate.

You are required to keep records[12] and the Regulator may at any time require those records or require you to give details of any shortfall in contributions. If the Regulator determines that the scheme has been mis-certified (see 5.4 'Mis-certification') you may be required to identify shortfalls and make retrospective payments of contributions. If, for example, the scheme was originally certified using the second set of requirements but failed to meet the requirement that the total pensionable earnings of all jobholders constitutes at least 85% of their total earnings, this may mean that you are required by the Regulator to identify and correct shortfalls in contributions made for each individual jobholder. Making good the shortfall would require making contributions up to the level of 9 per cent of basic pay.

If for any reason you choose not to renew a certificate, you must ensure that the relevant jobholders are enrolled into a qualifying scheme which satisfies the relevant minimum contribution requirements. If you later decide to renew that certificate and there has been a gap of two years or less between the end of the previous certification period and the start of the new certificate, you should assess the position during the previous certification period and make any necessary adjustments before giving a further certificate.

5.4 Mis-certification

If the Regulator is of the view that there were not reasonable grounds for you, or a person acting on your behalf, to have been of the opinion that the scheme was able to satisfy the

12 Record keeping is required under the Employers' Duties (Registration and Compliance) Regulations 2010

alternative quality requirement or a quality requirement in the Act and that there was a shortfall between the contributions payable under the scheme and those payable under the relevant quality requirement, the Regulator may require you to make good the shortfall.

If you fail to make good the shortfall within the time specified by the Regulator, the scheme will be treated as not having satisfied the relevant quality requirement and the certificate will be of no effect. The Regulator may take enforcement action under the Act for failure to enrol your jobholders into a qualifying scheme. The Regulator has enforcement powers which include imposing financial penalties. The Regulator will consider each case on its own merits. In June 2012 it published a Compliance and Enforcement Strategy and Policy see Compliance and Enforcement strategy and policy.

5.5 Phasing in contributions

To help manage the costs of your employer contributions, employers offering money purchase occupational pension schemes, money purchase elements of hybrid occupational pension schemes and Workplace Personal Pension Schemes will be able to gradually phase in their contributions over a transitional period. **Both employers and workers can make contributions in excess of the minimum requirements.**

Table 2: Set 1 Phasing

Transitional period	Employer minimum contribution calculated on pensionable pay	Total minimum contribution calculated on pensionable pay
First period (until 05/04/2018)	2%	3%
Second period 06/04/2018 – 05/04/2019)	3%	6%
Steady state (from 06/04/2019)	4%	9%

Pensionable pay must be at least equal to basic pay.

Table 3: Set 2 Phasing

Transitional period	Employer minimum contribution calculated on pensionable pay	Total minimum contribution calculated on pensionable pay
First period (until 05/04/2018)	1%	2%
Second period (06/04/2018 – 05/04/2019)	2%	5%
Steady state (from 06/04/2019)	3%	8%

Pensionable pay must be at least equal to basic pay. Pensionable earnings must be at least 85% of total earnings for all relevant jobholders taken in aggregate.

Table 4: Set 3 Phasing

Transitional period	Employer minimum contribution calculated on jobholders earnings	Total minimum contribution calculated on jobholders earnings
First period (until 05/04/2018)	1%	2%
Second period (06/04/2018 – 05/04/2019)	2%	5%
Steady state (from 06/04/2019)	3%	7%

The arrangements for hybrid schemes to help employers phase in their costs are set out in Annex F.

5.6 Questions and answers

What if –

I am employing staff for the first time?
If you are employing staff for the first time and wish to certify, you can do so based on the expected earnings of your jobholders and the requirements of the scheme. Mention that you have done this in the certificate.

I am an employer with more than one scheme?
You will need to give a certificate for each scheme. Each certificate will need to include the details of the scheme to which it relates.

More than one employer participates in my scheme?
In a scheme where more than one employer participates and one or more employers choose(s) to use certification, each employer using certification will be required to hold a certificate in respect of the relevant jobholders. It would be sufficient for one certificate that lists all the relevant employers to be produced and a copy provided to each employer.

An employer may be able to certify on behalf of another participating employer and in respect of their jobholders, provided that the employer is authorised to do so by the participating employer.

I want the certificate to cover some jobholders but not others?
You can give a certificate in relation to:

- a sub-group of jobholders within a scheme;
- jobholders within a section of a scheme; and/or
- a sub-group of jobholders within a section of a scheme (see Annex D for an example)

I want to satisfy different sets of the requirements for different jobholders?
You can use different sets of requirements for different categories of relevant jobholders. if, for example the contribution bands in your scheme vary in relation to matching arrangements, grade, job, length of service etc (see Annex C for an example). A single certificate can be used to cover the scheme as a whole unless this proves difficult in practice. It must be clear on the certificate who is covered by which requirement or set.

I am not sure that my scheme will satisfy a set of the alternative requirements but looking at past data I'm reasonably certain that it will going forward. Can I certify on this basis?
No. A scheme should satisfy a set of the alternative requirements on the basis of what is contained within the scheme rules.

Can a jobholder or trade union ask for a copy of the certificate?
Yes. You are required to furnish that person, within two months of their request if that request is received within six years after the end of the certification period, with a copy of the certificate but you should consider removal of any personal information that would identify any particular individual or group of individuals who are either not the jobholders(s) making the request or where it is not necessary for the purpose the Trade Union require the copy.

5.7 The Secretary of State's periodic review of the certification test

The law requires the Secretary of State to ensure that, under the alternative quality requirement, contributions will not be less than the statutory minimum for at least 90% of jobholders, assuming that they were all automatically enrolled into a scheme to which certification against one of the alternative requirements applies. Starting from 2017, the Secretary of State must periodically review the certification test to ensure that this condition is still met. If it is not met, the Secretary of State has the power to add extra conditions to the alternative requirements or to repeal certification going forwards.

The review carried out by the Secretary of State is at the aggregate level for all jobholders and is separate from the certification test for employers set out in this guidance. It has been introduced to minimise the risk of jobholders receiving less than the minimum level of contributions.

Annex A – Terms used in the guidance

“The Act” -	Pensions Act 2008.
“Alternative quality requirement” -	A requirement set out in section 28 of the Act and Part 7A of the Regulations. An employer can use an alternative quality requirement to check that the scheme can be used to fulfil their enrolment duties under the Act
“Automatic enrolment scheme” -	A scheme that can be used for automatic enrolment and other enrolment duties because it is a qualifying scheme (see below) and facilitates automatic enrolment by not requiring jobholders to provide information or make a decision in any matter in relation to the scheme, as a condition of membership as well as meeting the other requirements in regulation 35.
“Basic pay” -	Gross pay other than commission, bonuses, overtime, or similar payments, shift premium pay, certain job related allowances.
“The certification test” -	The test carried out to determine whether a scheme can be certified as being able to satisfy the relevant quality requirement or one of the sets of the alternative requirement in relation to relevant jobholders.
"Effective date" -	The date on which the employer decides that the certification period should start and the date by reference to which the payroll and related records are checked.
“Eligible jobholder” -	A worker aged at least 22 and under State Pension Age[13] who is working or ordinarily works in Great Britain, with earnings in excess of the automatic enrolment earnings trigger in section 3 of the Act (as amended - the trigger is £10,000 in the tax year 2014/15). See also “Qualifying Earnings”.
“Jobholder” -	A worker, who at the effective date, is aged at least 16 and under 75, who is working or ordinarily works in Great Britain with earnings in excess of the lower threshold of the

13 currently 65 but rising to 66 for employees reaching State Pension Age on or after 6 April 2020, to 67 for employees reaching State Pension Age on or after 6 April 2034 and to 68 for employees reaching State Pension Age on or after 6 April 2044. The intention is for the SPA to rise gradually from 66 to 67 between 2026 and 2028 and this is being provided for, subject to Parliamentary approval, in the Pensions Bill 2013/14.

	qualifying earnings band set out in section 13 of the Act (as amended). See also "Qualifying Earnings"
"Minimum level contributions under the relevant quality requirement" -	A total contribution of 8 per cent of qualifying earnings (of which at least 3 per cent must come from the employer). For some hybrids this will be a proportionate rate. See also 'transitional period'.
"Money purchase scheme" -	References to money purchase schemes in this guidance, unless otherwise indicated, are intended to cover occupational money purchase schemes, workplace personal pension schemes and the money purchase element of hybrid schemes.
"Pensionable earnings" -	Earnings on which pensions contributions are due according to scheme rules. To be able to use certification these earnings must, in the first and second set of alternative requirements, be at least equal to Basic Pay
"Qualifying earnings"-	Qualifying earnings are a worker's earnings in a year between £5,772 and £41,865. The government's new minimums apply to 'qualifying earnings', not total earnings. The qualifying earnings band is set out in section 13 of the Act which will be periodically reviewed. The figures above are those for the tax year 2014/15.
"Qualifying scheme" -	A pension scheme which meets the government's new standards. A qualifying scheme can be used to satisfy an employer's enrolment duties because it satisfies the relevant quality requirement (see below) or an alternative quality requirement (see above) in relation to a jobholder and other criteria[14].
"The Regulations" -	References to 'regulations' are to The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 unless otherwise stated.
"Relevant jobholders" -	All jobholders to whom a certificate applies.
"Relevant quality requirement" -	A requirement set out in section 20, 24 or 26 of the Act. An employer can use the relevant quality requirement to check that the scheme can be used to fulfil their enrolment duties under the Act.
"Staging" -	All employers need to enrol their workers into a workplace pension. When you have to do it depends on the size of the organisation. Very large employers have done this first, in late 2012 and early 2013. Other employers are following some time after this over several years. The smallest

14 See section 16 of the Act.

	employers (those with fewer than 50 workers) will be last. This is referred to as 'staging'. The Regulator has published a tool which enables you to find out what your staging date is. See: Staging. The Regulator will write to you with your exact date nearer the time.
"Steady state" -	After staging and the transitional periods end.
"Transitional periods" -	Employers offering money purchase schemes and the money purchase element of hybrid schemes are able to phase in the minimum contributions over two transitional periods. Hybrid schemes providing defined benefits will be able to defer auto-enrolment under separate transitional arrangements.
"Worker" -	An individual who works under a contract of employment or under any contract to provide a service (other than where the other party is a client or customer of a profession or business carried on by the individual).

Annex B – Scheme quality requirements

Guidance from the Regulator sets out in detail the basic standards and minimum requirements for qualifying schemes and for automatic enrolment schemes. Only the headline features are summarised below for ease of reference.

Quality requirements for UK occupational money purchase schemes and certain hybrid pension schemes with a money purchase element

To be a qualifying scheme a UK money purchase scheme and the money purchase element of UK hybrid schemes must meet certain basic standards and must provide for:

- an employer contribution equivalent to at least 3% of qualifying earnings, in the relevant pay reference period; and
- a total contribution (employer and jobholder) equivalent to at least 8% of qualifying earnings in the relevant pay reference period.[15]

Rules made under section 24 of the Act will direct hybrid schemes to the money purchase scheme quality requirements which in some cases are modified.[16]

Quality requirements for UK personal pension schemes

To be a qualifying scheme, a personal pension operating in the UK must meet certain basic standards and must provide that:

- all of the benefits provided to the jobholder are money purchase benefits;
- in relation to the jobholder there is an agreement between the provider of the scheme and the employer under which the employer must pay contributions in respect of the jobholder, and the employer contribution must be at least 3% of the jobholder's qualifying earnings in the relevant pay reference period;
- there is an agreement between the scheme provider and jobholder requiring the jobholder to pay contributions equivalent to any shortfall between the employer's contribution and the total contribution of 8% of qualifying earnings;
- in relation to the jobholder there are direct payment arrangements (see section 111A Pension Schemes Act 1993) in place between the jobholder and the employer

The relevant pay reference period for the purpose of the quality requirements for money purchase occupational pension schemes and personal pension schemes is defined in

15 See section 20 of the Act.

16 See section 24 of the Act, The Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2012, The Hybrid Schemes Quality Requirements Rules 2012 and Guidance for actuaries on certifying Defined Benefit and Hybrid pension schemes

Regulation 5 of the Regulations. Following changes to the Regulations which came into force on 1 November 2013, the pay reference period for these purposes may be a year, ending the day before an anniversary of the employer's staging date, or the period by reference to which a person is paid their regular wage or salary, or the period equal to the interval between payments of a person's wages, commencing on the first day of a tax week or tax month.

A scheme may meet the requirements however the employer contribution and the total contribution are calculated. For instance, scheme rules may not provide for all 'qualifying earnings' to attract pension contributions. However, if the contribution rate on earnings which are pensionable exceeds the minimum, it may be that the scheme will still be able to satisfy the contribution requirements.

A scheme with a certificate in place will be treated as satisfying the relevant quality requirement in relation to each of an employer's relevant jobholders.

Quality requirements for EEA schemes.

To be a qualifying scheme an occupational[17] EEA money purchase scheme and the money purchase element of an EEA hybrid scheme must meet certain basic standards and the quality requirements for UK schemes. See above.

To be a qualifying personal pension scheme, the scheme must meet certain basic standards and meet the minimum requirements for UK schemes[18]. See above.

17 See also section 16 and 18(b) of the Act and Regulations 35 and 47 of the Regulations.

18 See regulations 35, 46 and 47 of the Regulations.

Annex C– Example of test where there is more than one contribution band

Employer C runs an airline and offers different bands of contributions, in accordance with job type. Contributions are calculated on basic pay which excludes payments such as overtime, commission, bonuses, shift allowances and similar allowances but includes geographical allowances.

Employer C arranges for the scheme documentation to be checked and the contribution rates are as follows –

	Employer cont	**Employee cont**	**Total cont**
Pilots/engineers	10%	5%	15%
Cabin crew	5%	3%	8%
Junior ground staff	3%	4%	7%

Cabin Crew Pay in the last year is as follows –

Cabin Crew	**Basic Pay**	**Shift allowance**	**Total pay**
Jobholder A	£10,000	£1,000	£11,000
Jobholder B	£10,000	£1,000	£11,000
Jobholder C	£10,000	£1,000	£11,000
Jobholder D	£10,000	£1,000	£11,000
Jobholder E	£10,000	£1,000	£11,000
Total	£50,000	£5,000	£55,000

Set 1
The contribution of 15 per cent (including a 5 per cent employer contribution) for pilots and engineers satisfies set 1 of the alternative quality requirement in respect of those relevant jobholders. Set 1 requires a contribution of at least 9 per cent of pensionable earnings including the requirement for the employer to pay at least 4 per cent.

Set 2
Aggregate basic pay for all cabin crew is 91 per cent of their total pay (50,000 / 55,000 x 100), which exceeds the 85 per cent minimum requirement. This means the contribution of 8 per cent for cabin crew (with 3 per cent from the employer) satisfies set 2 of the alternative quality requirement.

Set 3
Ground staff are entitled to a 7 per cent contribution (including a 3 per cent employer contribution). In order to satisfy set 3 of the alternative quality requirement contributions must be calculated on all earnings. Employer C agrees to improve the pensionable pay definition to satisfy the certification test.

Annex D – Example of applying the test to a section of a scheme

Employer D's company has been merged with another firm. The importing employer offers a hybrid scheme with a money purchase part and a defined benefit part. The terms of the merger are that the incoming workers are entitled to join the money purchase part of the scheme and retain their previous contributions calculated on pensionable pay (which in this case is the same as basic pay). The importing employer does not currently use certification.

For simplicity, the importing employer opens up a section within the money purchase part of the scheme and transfers in Employer D's workers. The importing employer can self-certify in relation to Employer D's former workers now in a section of the money purchase part of the scheme, if the section satisfies the relevant quality requirement or one of the sets of the alternative requirements in respect of the relevant jobholders.

Annex E – Template certificate

Unique identifier which is one or more of:

- Pension Schemes Registry Number(s) (PSR);
- National Employment Savings Trust reference number;
- A reference number given the provider of a personal pension scheme; or
- The reference given to a multi-employer scheme

Name of scheme

Are you certifying a section/part of a scheme: Yes/No
If yes give details:

Name and Address of employer(s):

Effective Date of certificate:

Certification period:

If the certification period is changed at any time, give below the new date of expiry and brief reasons for the change:

The certificate relates to –

An occupational money purchase scheme	D
The money purchase element of a hybrid pension scheme	D
A personal pension scheme	D

If the scheme is a hybrid and the test is to be satisfied proportionately, state the proportion of the test to be satisfied. Attach details if necessary.

Does the certificate cover all jobholders who are active members: Yes/No
If "no" attach names and roles of the relevant jobholders covered by certificate

Have you excluded any jobholders who are receiving contributions of at least the minimum required by law? Yes/No
If "yes", attach names and roles.

Have you excluded any jobholders because they have chosen to pay contributions below the qualifying level? Yes/No
If "yes" attach names and roles.

Does the scheme operate a contribution or earnings cap? Yes/No.
If yes please give details

Alternative quality requirement – minimum pension contributions:
The scheme to which this certificate relates satisfies the following set of the alternative quality requirement for all relevant jobholders.

Set 1

First transitional period – until 05 April 2018	
3% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 2% employer contribution)	D
Second transitional period – 06 April 2018 to 05 April 2019	
6% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 3% employer contribution)	D
Steady state – from 06 April 2019	
9% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 4% employer contribution)	D

You must confirm the relevant jobholders and the names and roles of any jobholders who have been excluded from the certificate.

Set 2

First transitional period – until 05 April 2018	
2% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 1% employer contribution)	D
Second transitional period – 06 April 2018 to 05 April 2019	
5% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 2% employer contribution)	D
Steady state – from 06 April 2019	
8% of pensionable pay and pensionable pay is at least equal to basic pay (inclusive of at least a 3% employer contribution)	D
AND	
Pensionable earnings constitutes at least 85% of total earnings for all relevant jobholders taken together.	D

You must confirm the relevant jobholders and the names and roles of any jobholders who have been excluded from the certificate.

Set 3

First transitional period – until 05 April 2018 2% of pensionable pay and pensionable pay is equal to total earnings (inclusive of at least a 1% employer contribution)	D
Second transitional period – 06 April 2018 to 05 April 2019 5% of pensionable pay and pensionable pay is equal to total earnings (inclusive of at least a 2% employer contribution)	D
Steady state – from 06 April 2019 7% of pensionable pay and pensionable pay is equal to total earnings (inclusive of at least a 3% employer contribution)	D

You must confirm the relevant jobholders and the names and roles of any jobholders who have been excluded from the certificate.

Relevant quality requirement – minimum pension contributions:

The scheme to which this certificate relates satisfies the relevant quality requirement for all relevant jobholders.

First transitional period – until 05 April 2018 2% of qualifying earnings (inclusive of at least a 1% employer contribution)	D
Second transitional period – 06 April 2018 to 05 April 2019 5% of qualifying earnings (inclusive of at least a 2% employer contribution).	D
Steady state – from 06 April 2019 8% of qualifying earnings (inclusive of at least a 3% employer contribution)	D

You must confirm the relevant jobholders and the names and roles of any jobholders who have been excluded from the certificate.

NB: For certain hybrid schemes you will need to modify the minimum contributions to reflect apportionment of benefits within the scheme.

Satisfaction of the relevant or alternative requirement:

I certify that, in my opinion, the above scheme is able to satisfy the relevant quality requirement in sections 20, 24 or 26 the Pensions Act 2008 or one of the alternative quality requirements set out in section 28 of the Act and Part 7A of the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 throughout the certification period in relation to the relevant jobholders.

In giving this certificate, I confirm that I have complied with the requirements contained in the relevant legislation and have had regard to the current Guidance on Certification issued by [the Secretary of State for Work and Pensions] [the Department for Social Development] under section 28(6)(d).

Signature of employer/person authorised by employer:

Name:

Position:

Date:

Annex F – Hybrid pension schemes

Only an occupational pension scheme can be a hybrid scheme. It is not possible to cover minimum scheme requirements by a combination of say a defined benefit occupational scheme and a group personal pension.

If you offer a hybrid occupational pension scheme with a money purchase element and the Hybrid Schemes Quality Requirements Rules 2012 direct you to use the money purchase scheme quality requirements, you can give a certificate so that the money purchase element of the scheme can be taken to satisfy the relevant, or one set of the alternative, quality requirements.

Combination hybrids

However, the money purchase scheme quality requirements are modified for certain hybrid schemes, sometimes referred to as "combination hybrid schemes", so the three set test has been similarly modified.

Combination hybrids are schemes in which a jobholder builds up a pension based on money purchase and defined benefits accruals simultaneously in the proportions set out in the rules of the scheme. Employers offering combination hybrid schemes that do not satisfy the defined benefits or money purchase quality requirements in full must refer the scheme to an actuary for certification. Actuaries certifying combination hybrid schemes should refer to the guidance on the certification of defined benefits schemes and hybrid schemes.

The actuary may certify a combination hybrid scheme and in doing so may rely on the employer's certification of the money purchase element. If, however, the actuary is certifying the money purchase element of such a scheme themselves they must ascertain the proportion of the money purchase quality requirements that the scheme has to satisfy to qualify. For example in the case of a scheme that needs to satisfy 50% of the money purchase quality requirements, the sets of alternative requirements are proportionately adjusted.

Below is an example of how the certification test applies to a combination hybrid that only needs to satisfy the certification test proportionately based on 50% of the contributions required under certification.

Alternative Quality Test	Test
Set 1	The employer must pay a contribution of at least 2% of pensionable earnings. Pensionable earnings must be equal to or more than basic pay.
Set 2	The employer must pay a contribution of at least 1.5% of pensionable earnings. Pensionable earnings must be equal to or more than basic pay.
Set 3	The employer must pay a contribution of at least 1.5% of earnings.

Employers offering hybrid schemes will be able to phase in their costs by deferring the automatic enrolment date of jobholders, who were eligible to join the scheme but declined membership, until the end of the transitional period in September 2017.

To use the transitional period, an employer will be required to provide an individual with a notice setting out their intention, along with their new automatic enrolment date. Individuals will retain the right to opt in to the scheme before the end of the transitional period.

The Government is now amending the law to make it clear that only defined benefits (whether offered under a hybrid scheme or a defined benefit scheme) offered to the jobholder in question would satisfy the pre-conditions for employers to defer automatic enrolment under section 30(2) of the Act. The amendments[19] to the provisions of that Act relate to the transitional period for defined benefit and hybrid schemes. The legislation will have retrospective effect from the date of the announcement – 19 December 2012.

Employers offering money purchase benefits are still able to use the transitional arrangements under section 29, which permit a gradual phasing in of the contribution requirements over a transitional period. These arrangements are currently available to employers offering money purchase benefits as part of a hybrid scheme where those benefits satisfy the relevant quality requirement and also (from 1 April 2014) where the money purchase benefits are certified under section 28 and Part 7A of the regulations.

Employers providing combination hybrid schemes may be able to use transitional arrangements under both sections 29 and 30, i.e. phasing in contributions under the former and deferring automatic enrolment under the latter.

Any testing of the money purchase component of a hybrid scheme offering money purchase benefits under certification can take into account the phasing of contributions.

19 Currently clause 40 of the Pensions Bill 2013/2014. Royal Assent is anticipated later in the spring of 2014.

Annex G – A step by step guide to certifying the alternative quality requirements

The certification of a scheme in respect of the relevant jobholders

Step 1

Choose a date from which the certificate will start – “the effective date” and the period that the certificate will cover. Certificates can last for up to 18 months.

Step 2

To certify you will need to:

- consider the type of scheme(s) on offer;
- identify the contribution rate(s) required by the scheme(s);
- identify the basis on which pension contributions are calculated;
- if necessary, determine whether pensionable earnings are at least equal to basic pay - this guidance assumes that the definition of pensionable pay is basic pay;
- for set 2, obtain recent remuneration data, e.g. from the previous tax year, or use projected data to anticipate earnings.

Step 3

Based on the records at the effective date, identify the relevant jobholders to be covered by the certificate, i.e.

- jobholders who are active members of the scheme;
- jobholders to be automatically enrolled in the scheme; and
- jobholders who are able to opt in.

Step 4

Based on the records at the effective date, identify any individuals whose benefits do not need to be tested against the certification requirements i.e.

- jobholders who do/will receive contributions of at least the minimum under the relevant quality requirement in the Act;[20] and
- individuals who are not jobholders, i.e. do not fall within the definition of a jobholder in section 1 of the Act.

20 ensure that you record the relevant names and job roles

Step 5

For a large workforce, consider dividing the jobholders into categories based on the contribution band, job, department etc.

Step 6

Identify which set(s) of the alternative requirement is/are to apply and based on the data obtained for step 2 and in respect of the jobholders identified in step 3:

- identify contribution rate(s) required for the scheme(s) to meet the set selected;
- for sets 1 and 2, ensure that pensionable pay is at least equal to basic pay;
- for set 2 calculate pensionable pay as a percentage of total earnings for relevant jobholders in aggregate (this must be at least 85 per cent);

Step 7

If the scheme satisfies one set of the test for all relevant jobholders, go to **step 10.**

Step 8

If scheme does not satisfy any of the sets for all of the relevant jobholders of the test go to **step 9.**

Step 9

Consider making improvements to contribution levels into the scheme by:

- increasing the contribution rate;
- changing the definition of pensionable earnings; and/or
- calculating contributions on qualifying earnings.

Step 10

The certificate must be completed, signed and dated within 1 month of its effective date.

Step 11

Retain any certificate(s) and supporting documents for at least 6 years after the expiry date.

Renewing a certificate

Step 12

Prior to its expiry, decide whether you are going to renew the certificate. If so see steps above and repeat **step 2** onwards as appropriate.

Step 13

If you choose not to renew the certificate, consider how you intend to comply with the employer duties.

Annex H – Corresponding Northern Ireland legislation

GB legislative reference	**NI legislative reference**
Pension Schemes Act 1993 section 111A	Pension Schemes (Northern Ireland) Act 1993 section 107A
Pensions Act 2008 section 1 section 3 section 13 section 16 section 18 section 20 section 24 section 26 sections 28 to 30 section 32 section 88	Pensions (No. 2) Act (Northern Ireland) 2008 section 1 section 3 section 13 section 16 section 18 section 20 section 24 section 26 sections 28 to 30 section 32 section 70
The Transfer of Undertakings (Protection of Employment) Regulations 2006	The Transfer of Undertakings (Protection of Employment) Regulations 2006
The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 regulation 5 Part 7A regulation 32K regulation 35 regulations 46 and 47	The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations (Northern Ireland) 2010 regulation 5 Part 7A regulation 32K regulation 35 regulations 46 and 47
The Employers' Duties (Registration and Compliance) Regulations 2010	The Employers' Duties (Registration and Compliance) Regulations (Northern Ireland) 2010

GB legislative reference	NI legislative reference
The Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2012	The Occupational and Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations (Northern Ireland) 2012
The Hybrid Schemes Quality Requirements Rules 2012	The Hybrid Schemes Quality Requirements Rules (Northern Ireland) 2012

Annex I – Changes since July 2012

The following is a summary of the significant changes to the version of this guidance published in July 2012.

3. What is certification?

Several changes made to this section to clarify understanding.

3.1 The list of persons who could be authorised by the employer to certify their scheme has been expanded.

3.2 and 3.3 Changes made to clarify the circumstances in which an employer may or may not wish to certify their scheme.

4. How certification works

4.1 and 4.2 Changes made to clarify when the certification period may begin and end.

4.3 Terminology changed from three ‘tiers’ of the alternative requirements to three ‘sets’ as tiers incorrectly implied a hierarchy.

4.4 Some clarification and correction to put the section on the definition of pensionable earnings in line with the regulations.

4.6 Some clarification and correction on who needs to be included in the test and who can be covered by the certificate subsequently. Confirmation that including someone in a certificate does not confer any continuing duty on employers to contribute regardless of that person’s status in the future and that there is no requirement to re-certify a scheme every time someone starts work.

5. Additional information

5.2 and 5.3 Clarification provided that a certificate can be prepared ahead of an employer’s staging date and which jobholders are to be considered at renewal.

Annex A – Terms used in the guidance

Some changes to the definitions of “Pensionable earnings”, “Phasing Period”, “Qualifying scheme” and “The statutory minimum”.

Annex B – Scheme quality requirements

Definition of ‘the relevant pay reference period’ for the purposes of the quality requirements added.

Annex F – hybrid pension schemes

Clarification provided on the actuary’s role in certifying the money purchase element of a hybrid scheme.

Correction of the requirements where a combination hybrid scheme needs to satisfy the certification test proportionately.

Confirmation that employers offering money purchase benefits as part of a hybrid scheme can phase in contributions provided the quality requirements are met in relation to those benefits. A change to regulation is to be made to provide consistency for hybrid schemes certifying their money purchase benefits against the alternative requirements.

The following is a summary of the significant changes to the version of this guidance published in September 2013.

Annex B – Scheme quality requirements

Clarification of the pay reference period for the purposes of the quality requirements.

Annex F – hybrid pension schemes

Confirmation that employers offering money purchase benefits as part of a hybrid scheme can phase in contributions where the quality requirements are met in relation to those benefits and also from 1 April 2014, where money purchase benefits in a hybrid scheme are certified against a set of the alternative requirements.