

*These notes refer to the Pensions Act (Northern Ireland)
2012 (c.3) which received Royal Assent on 1 June 2012*

Pensions Act (Northern Ireland) 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Automatic Enrolment

Section 6: Earnings trigger for automatic enrolment and re-enrolment

Section 6 amends sections 3 and 5 of the Pensions (No. 2) Act. Section 3 provides that an employer is under a duty to enrol a jobholder into an automatic enrolment scheme, with effect from the automatic enrolment date, where the jobholder is aged at least 22 and under pensionable age, and certain other conditions are met. Section 5 provides that an employer is under a duty to re-enrol a jobholder into an automatic enrolment scheme, on a date as set out in regulations, where the jobholder is aged at least 22 and under pensionable age, and certain other conditions are met.

Subsections (1) and (3) provide that a jobholder will not be eligible for automatic enrolment under section 3 or re-enrolment under section 5 respectively unless, in addition to complying with the above conditions, the jobholder earns in excess of £7,475 per annum (the “earnings trigger”).

The earnings trigger is distinct from the band of “qualifying earnings” in section 13 of the Pensions (No. 2) Act (which concerns the earnings on which contributions are payable in the case of a “qualifying scheme” which is a money purchase or personal pension scheme). Therefore, where the jobholder has been automatically enrolled or re-enrolled, employers and jobholders must still pay contributions if the jobholder’s earnings fall below the earnings trigger, but are above the lower limit of the qualifying earnings band (see section 13(1)(a) of the Pensions (No. 2) Act).

Subsections (2) and (4) define the term “earnings” for the purposes of sections 3 and 5 of the Pensions (No. 2) Act and permit an employer to use a proportionate amount of the earnings trigger where a pay reference period is shorter or longer than one year. For example, employers may wish to convert the amount of the earnings trigger to a monthly or weekly figure.