

Pension auto-enrolment letters – what contractors should do

[Get pensions quotation now](#)

Contractors who receive a letter from the Pensions Regulator asking them about their auto-enrolment plans should not ignore them. They should respond confirming either that a qualifying pension is already in place, or why they don't need to auto-enrol.

"Most limited company contractors will be exempt from the auto-enrolment legislation," explains [Angela James](#) of [Contractor Wealth](#), a financial adviser who specialises in contractor financial advice.

"However, the Pensions Regulator is writing to all limited companies asking them to confirm their plans for auto-enrolment before the staging date for the smallest of companies, which is when most limited company contractors must take action. Contractors do need to respond and confirm their plans or they could potentially face a fine."

Why most limited company contractors don't have to auto-enrol

According to James, there are several reasons why contractors using [personal service companies](#) (PSCs) won't have to auto-enrol:

One-person companies are already automatically exempt from the [pensions auto-enrolment](#) legislation

If there are two directors and shareholders, for example a contractor and their spouse or civil partner, without employment contracts then they are exempt

The contractor and their spouse or civil partner may already have a qualifying company or personal pension, and so do not need to auto-enrol into a new scheme.

"Contractors with existing pensions should check with their pension scheme provider or financial adviser to confirm that their scheme qualifies," adds James.

Template response to the Pension Regulator's letter

In its letters, the Pensions Regulator says that:

"If there are only directors within a company, and none of them are workers for the purposes of automatic enrolment, meaning that they work under a contract of employment (an employee), or they have a contract to perform work or services personally and are not undertaking the work as part of their own business, to enable us to amend our records accordingly, we require the following information."

James has prepared a simple template based on the Pension Regulator's requirements that contractors can use when responding to a Pensions Regulator letter:

I confirm that [company name] is a not an employer for the purposes of automatic enrolment for the following reason – (select one option from the list below):

there is only one director and there are no other staff working for the company

the only people working for the company are directors and none of them has an employment contract

the only people working for the company are directors and only one of them has an employment contract

the company has ceased trading (including date ceased)

if there is some other reason why you believe you do not have any automatic enrolment duties, please provide a brief explanation.

The letter code for the company is: [The letter code is a 10 digit number which can be found on all letters sent from The Pensions Regulator]

The PAYE scheme(s) reference is: XXXXXXXXX

The Companies House number (where applicable) is: XXXXXXXXX

The name, email address, address and telephone number of contact at the company:

Although any correspondence from the Pensions Regulator should include the limited company's letter code, if a contractor mislays the letter they can [check their letter code on the Pensions Regulator's website](#).

They will require their HMRC accounts office reference and Pay As You Earn (PAYE) scheme reference number, which a contractor accountant or other payroll provider will be able to provide. The letter should be sent to: customersupport@autoenrol.tpr.gov.uk.

What to do about pensions auto-enrolment if circumstances change

If there are changes to the company, say if a one person company decides to employ a spouse or civil partner, then James warns that this could mean the auto-enrolment status of the company has changed and the rules may apply.



Angela James

Pension Specialist

Contractor Wealth

Angela is a qualified Senior Financial Planner at Contractor Wealth and specialises in pension advice and financial planning for contractors.

Contractor Wealth are a specialist in offering tailored financial solutions for contractors, together with the building of excellent client relationships. [Read Full Profile...](#)

[View all our experts](#)

She explains: "Single person companies are exempt, so adding a spouse or civil partner to the payroll removes that exemption. Under these circumstances, contractors are advised to seek professional assistance as they will be required to inform the Pensions Regulator of the changes."

Published: Tuesday, April 14, 2015

© 2016 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#).



ABCe verified website - last audit confirmed 134,482 monthly unique visitors

© Copyright 2016 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)