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A photograph of a diverse group of business professionals in a meeting. In the foreground, a man with glasses and a woman with blonde hair are looking intently at a laptop screen. Other people are visible in the background, also focused on the work. The scene is brightly lit, suggesting a modern office environment.

**AUTO ENROLMENT**  
The Essential Guide to  
Workplace Pensions  
for Small & Medium Businesses

**Adrian Lee**

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[www.autoenrolment.co.uk](http://www.autoenrolment.co.uk)

# Introduction



**T**HIS booklet is a concise, self-contained and straightforward guide to automatic enrolment. It's designed to help small and micro businesses, with fewer than 50 employees, understand and comply with new rules on workplace pensions. Drawing on the knowledge of industry experts and the experiences of real-life case studies, it is intended as an overview covering all the key areas, and with the aid of useful links will point you in the right direction if you want to delve deeper.

## Quick-start guide

Use these links to fast forward to the relevant chapters:

- [The Pensions Crisis: A Short History](#)
- [What is Automatic Enrolment and How am I Affected?](#)
- [Getting Started](#)
- [Staging Dates Explained](#)
- [Auto Enrolment: Ticks and Crosses](#)
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- Useful Links

# The Pensions Crisis: A Short History



IN Roman times centurions received an “annuity”, or regular sum of money, which was a reward for good service and meant to tide them over in old age.

In the UK, it was not until the Victorian era that employers began offering pensions to workers to help retain staff and boost morale. Schemes for civil servants, teachers and police were set up in the 1890s, while railway companies were the first industrialists to offer pensions.

The state pension was introduced by Prime Minister Herbert Asquith, in 1908. At a time when the average life expectancy was 47, the payment of five shillings a week (about £14 today) was only available to men over the age of 70. Women did not become eligible until the early days of World War II. The state pension was regarded as a safety net against destitution in retirement. It was never intended to provide a comfortable income in old age.

In the 1920s, pensions became much more attractive when tax relief was introduced. Workers who opted to pay into their company schemes could build up a tidy nest egg over the years.

The 1950s, when the value of funds soared, is viewed as the golden age for workplace pensions. By 1967 more than eight million employees working for private companies enjoyed a pension based on the value of their final salary, along with four million state workers.

The problem was that the boom was not sustainable.

At the heart of the modern-day pensions crisis are advances in medical care and much longer life expectancy. Asquith could never have envisaged a nation where people routinely live into their mid-80s and enjoy nearly a quarter of a century of good health after 60.

It has to be funded somehow but the state cannot afford the burden.

Rising costs in the 1980s, caused by issues such as inflation-proofing pensions, taxation on dividends and sexual equality, only added to the looming disaster.

Mis-selling scandals tarnished the image of pensions. Some schemes collapsed, while attractive final salary pensions