



**Rostrons**

**Auto-enrolment : a survival guide for our clients**

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Client workshop  
Theatre Royal, Norwich.  
24 June 2015

# The essential guide to automatic enrolment

Information  
for  
employers

# Automatic enrolment and you

The law on workplace pensions has changed. All employers are legally required to automatically enrol certain staff into a pension scheme and make contributions. You will also have to tell your staff about the scheme you put them in and allow other staff to join if they request to do so.

The Pensions Regulator is the UK regulator of work-based pension schemes. This leaflet contains information and guidance to help you comply with the law.

Find out how to prepare for automatic enrolment with this step-by-step guide to your new legal duties.

# Automatic enrolment: the main steps



- First steps
- Before your staging date
- At your staging date and beyond

# First steps

## Know when you need to be ready

You must be ready to start enrolling staff from your **staging date**. This date will appear on letters from us about automatic enrolment. If you don't have a copy of our letter, you can find out your staging date by entering your PAYE reference into the tool on our website.

Find out your staging date: [www.tpr.gov.uk/staging-date](http://www.tpr.gov.uk/staging-date)

## Provide a point of contact

There are several things that you need to do to be ready for automatic enrolment. Sign up to our emails to receive help and guidance over the coming months. To make sure that this help gets to the right person in your organisation you should nominate someone to receive these email updates.

Let us know who to contact: [www.tpr.gov.uk/nominate-contact](http://www.tpr.gov.uk/nominate-contact)

## Develop your initial plans

Employers have found that they needed to start preparing up to a year prior to their staging date, so you should start making plans in good time. There is an automatic enrolment planner on our website to help you prepare. It shows you what you should do and by when as your staging date approaches.

Don't leave it until the last minute. If you do, it could be more costly and complex to prepare.

Create your plan: [www.tpr.gov.uk/planner](http://www.tpr.gov.uk/planner)

You will need to pay a regular contribution into the pensions of your eligible staff. To get an idea of the amount, you may find our online calculator useful.

Calculate your contributions: [www.tpr.gov.uk/calculate](http://www.tpr.gov.uk/calculate)

There may be other costs to consider, such as setting up your scheme, getting the right software to manage automatic enrolment and any independent advice you might decide to take. Continue reading for more on these topics.

# Before staging

## Find out who to enrol

You will have to assess all your staff for eligibility but you may not have to automatically enrol all of them. The table below outlines your duties depending on the salary of your staff member.

Monthly earnings	Age		
	From 16 to 21	From 22 to SPA*	From SPA to 74
£486 and below	Has a right to join a pension scheme		
Over £486 up to £833	Has a right to opt in		
Over £833	Has a right to opt in	Automatically enrol	Has a right to opt in

Figures correct as of 2015/2016. \* SPA = state pension age

It's against the law to take any action to induce anyone to opt out. Examples of this could include persuading or forcing staff to opt out by offering them a cash bonus to do so, or by withholding a pay increase until they opt out.

Visit the link below to find out more about assessing your staff.

Evaluate your workforce: [www.tpr.gov.uk/evaluate](http://www.tpr.gov.uk/evaluate)

## Choose your software and check records

You'll need to know who has to be automatically enrolled and who can ask to join your pension scheme.

Payroll software which is specifically tailored to automatic enrolment will help you keep track of the ages and earnings of all your staff and will tell you what you need to do for each of them. If you run your own payroll, you may already know whether this is built in. If someone else manages your payroll for you, you will need to ask them. To check, ask your payroll provider the questions found on the link below. You need to make sure your software supports automatic enrolment and you should test it well ahead of your staging date, to make sure it works.

Help with software: [www.tpr.gov.uk/software](http://www.tpr.gov.uk/software)

Taking the time to get your staff and payroll records in order ahead of your staging date is essential. You must be able to provide information to your pension scheme in the correct format. Make sure the necessary records are easily to hand and that you have correct information about your staff before your staging date, including:

- dates of birth
- National Insurance numbers, and
- latest contact details.



## Choose a pension scheme

If you have an existing scheme for your workforce (perhaps called a 'stakeholder scheme') you should check with your pension provider to see if you can use it for automatic enrolment.

If you need to open a new scheme, make sure you approach a pension provider in good time because they will be taking on thousands of employers in the coming months. Don't leave it too late.

The Government has set up a pension scheme called the National Employment Savings Trust (NEST) to accept all employers wishing to use the scheme for automatic enrolment. This is one option, and there are other providers available.

It's important that the scheme you choose is well-run and offers good value for money for you and your staff. Our website has information to help you choose a pension scheme.

Choosing a pension scheme: [www.tpr.gov.uk/scheme](http://www.tpr.gov.uk/scheme)

Your staff are likely to have heard about automatic enrolment in the media, and may want to know more. If you haven't done so already, this is a good time to start raising awareness. We have a range of materials to help you. These can be found at the link below.

Raising awareness with your staff: [www.tpr.gov.uk/awareness](http://www.tpr.gov.uk/awareness)

# At staging and beyond

## Automatically enrol your staff

At your staging date you will need to identify which members of staff to automatically enrol and which will have a right to join your pension scheme on request. Payroll software will help you with this.

By this point you will already know what information your scheme provider wants from you, so make sure you send this to them promptly.

Make sure you pay the contributions across to the pension scheme before the deadline your provider has given you.

Enrolling your staff: [www.tpr.gov.uk/enrolling](http://www.tpr.gov.uk/enrolling)

## Tell your staff

After your staging date, you must write to your staff about how automatic enrolment affects them. We have template letters that you can use for this on our website.

Writing to members of staff about automatic enrolment:  
[www.tpr.gov.uk/writing](http://www.tpr.gov.uk/writing)

## Complete your declaration of compliance (registration)

You must complete your declaration of compliance when you've automatically enrolled your members of staff. This confirms to us that you have fulfilled your legal duties.

You may find it helpful to track your progress by starting your declaration early. It must be completed up to five months from your staging date. To help, we have a checklist of the information you'll need to provide, found at the link below.

Automatic enrolment declaration of compliance:  
[www.tpr.gov.uk/declaration](http://www.tpr.gov.uk/declaration)

## Maintain records

As with real-time PAYE, you must keep records of your automatic enrolment activities. This will include the information you sent to your pension provider, and copies of any opt-out requests you receive.

Record-keeping: [www.tpr.gov.uk/records](http://www.tpr.gov.uk/records)

# Fulfil ongoing responsibilities

For automatic enrolment there are minimum contributions you must pay in order to comply with your duties. These are a percentage of earnings and are shown in the table below.

Date	Employer minimum contribution	Total minimum contribution
Before 30/09/17	1%	2%
01/10/17-30/09/18	2%	5%
01/10/18 onwards	3%	8%

Your worker may also pay pension contributions, which you will need to make sure you deduct and pay to the scheme on time.

Automatic enrolment is not just something that happens at your staging date – it is an ongoing duty. You’ll need to check every payday to see whether any of the members of staff who weren’t automatically enrolled are now entitled to be put into the pension scheme (for example if they have reached their 22nd birthday).

After you have automatically enrolled your staff members, they may ask to ‘opt out’ of the pension scheme. You must then stop deductions of contributions and arrange a refund of any contributions they have paid to date. Staff who have not been automatically enrolled may ask to join the scheme. If you receive such a request, your software should help you process this.

Automatic enrolment will be ‘business as usual’, just like real-time PAYE or filing your employer return with HMRC.

Ongoing automatic enrolment responsibilities:  
[www.tpr.gov.uk/ongoing](http://www.tpr.gov.uk/ongoing)

## Next steps

Let us know who to contact: [www.tpr.gov.uk/nominate-contact](http://www.tpr.gov.uk/nominate-contact)

Create your plan: [www.tpr.gov.uk/planner](http://www.tpr.gov.uk/planner)

Subscribe to our e-newsletter: [www.tpr.gov.uk/subscribe](http://www.tpr.gov.uk/subscribe)

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

This guidance is designed to assist employers in complying with their duties. This guidance is not intended to be a definitive way of complying with the duties of the Pensions Act 2008 and the regulations made under the Act. The Pensions Regulator cannot provide a definitive interpretation of the law; only the courts can do this. If you have any doubts of your legal rights or obligations please seek legal advice. Any alternative approach to that appearing in this guidance will nevertheless need to meet the underlying legal requirements.

### **The essential guide to automatic enrolment for employers**

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# A quick guide to selecting a pension scheme for automatic enrolment

Information  
for  
employers

Changes to the law on workplace pensions mean that every employer in the UK has to automatically enrol certain members of staff into a workplace pension scheme.

## What you need to do

You will need to start preparing for automatic enrolment soon, if you haven't already. If you need to get a pension scheme for automatic enrolment, this guide provides information on the options available to you and the areas that you should focus on when selecting a pension scheme.

## How does a workplace pension scheme work?

A workplace pension is a way of saving for retirement which is arranged by an employer. Contributions to this pension scheme can come from three places:

1. The employer contributes a percentage of the member of staff's salary
2. The member of staff contributes a percentage of their salary
3. Tax relief from the government

The amount of income that members of a pension scheme get at retirement will depend on:

- ▶ how much has been paid into the scheme
- ▶ how investments perform
- ▶ the age at which members retire and how long they have been members of the scheme

## What types of pensions are available?

There are two main types of pension scheme:

- ▶ **Defined benefit (DB) pension scheme.** These are sometimes called 'final salary schemes'. A DB pension scheme is one where the amount paid to the member of staff is based on the number of years they've worked for you and the salary earned rather than the value of investments.
- ▶ In **defined contribution (DC) pension schemes** (sometimes referred to as 'money purchase schemes'), the employer and member of staff pay in a set amount each month which is invested to build up a retirement fund. The majority of employers are likely to use a DC scheme for automatic enrolment.

## Which type of pension scheme should I choose?

DC schemes are increasingly used by employers as they offer a cost effective way to enrol their staff into a pension scheme. The type of scheme most likely to be available to you is a scheme run by a large, specialist provider that is designed to be used by many different employers. This may be known as a 'group personal pension' or a 'master trust'.

There are a number of different providers and options available to you when choosing a DC scheme. This section explains what these are and where to find more information.

### Government scheme

The National Employment Savings Trust (NEST) is a pension scheme that has been established by the government and has a public service obligation to accept all employers that apply to join it.

You can find more information at [www.nestpensions.org.uk](http://www.nestpensions.org.uk).

### Master trusts and group personal pensions

Master trusts and group personal pensions are types of DC schemes that are designed to be used by many different employers. They tend to be run by large specialist pension providers. Because of their size and the way they operate, they generally cost less and require less involvement from employers compared to other schemes. Master trusts are run by a board of trustees and group personal pensions are run by financial service companies, eg insurance companies and investment managers.

### Schemes with master trust assurance

The trustees of some master trusts have had their pension schemes independently reviewed to help them demonstrate that they meet certain standards of governance and administration. This review is known as the 'master trust assurance framework', which was developed by the ICAEW (Institute of Chartered Accountants in England and Wales) in association with us.

A list of trustees who have said they have master trust assurance and are open to small employers looking for a scheme can be found on our website at [www.tpr.gov.uk/finding-a-provider](http://www.tpr.gov.uk/finding-a-provider).

### Schemes listed by other industry bodies

Other schemes are available and information about pension schemes run by trustees can be found on the National Association of Pension Funds (NAPF) Pension Quality Mark website at [www.pensionqualitymark.org.uk/pqmreadyschemes.php](http://www.pensionqualitymark.org.uk/pqmreadyschemes.php).

Group personal pensions are regulated by the FCA. The Association of British Insurers (ABI) has a list of insurance companies that belong to its organisation who provide schemes, at [www.abi.org.uk/Insurance-and-savings/Products/Pensions/Saving-into-a-pension/Automatic-enrolment/Providers](http://www.abi.org.uk/Insurance-and-savings/Products/Pensions/Saving-into-a-pension/Automatic-enrolment/Providers).

## What do I need to look for in a pension scheme?

If you currently have a pension scheme (perhaps called a stakeholder scheme), you should check whether you can use it for your existing members. You should ask your scheme or you can use our tool to check, at [www.tpr.gov.uk/qualifying-schemes](http://www.tpr.gov.uk/qualifying-schemes). If you can't use your existing scheme, you'll need to choose a new one that meets the requirements of automatic enrolment.

Whether you are intending to use your current pension scheme for automatic enrolment or choose a new one, there are a number of aspects that you will want to consider:

### Can the scheme be used for automatic enrolment and will it accept you?

To be used for automatic enrolment the scheme has to meet certain criteria, eg it does not require members to do anything to become active members of the scheme or to make investment choices.

Other requirements that the scheme should meet include being an occupational or personal pension scheme and being tax registered. In addition, there are minimum requirements regarding the level of contributions that must be paid into the scheme. These requirements depend on the type of scheme it is.

Some schemes offered for automatic enrolment may only accept employers with a minimum number of staff or who have staff above a certain level of earnings. Check with the provider if they will offer a pension scheme for all your eligible staff.

### Will the pension scheme work with my payroll?

If you use payroll software you should check that it is designed to carry out all the automatic enrolment tasks. If it doesn't, you should consider updating your software. Ask your payroll or pension provider if they have a checklist of the information they require and the tasks they will carry out for you.

Speak to your payroll provider and ask them if your chosen pension scheme will work with your software.

For more information on checking your payroll go to [www.tpr.gov.uk/payroll](http://www.tpr.gov.uk/payroll).

### Will the scheme generate letters for my staff?

You have to write to your staff to tell them what is happening and how automatic enrolment affects them. Some pension schemes may offer to do this for you. If the pension scheme doesn't do this, we have letter templates which you can use, at [www.tpr.gov.uk/writing](http://www.tpr.gov.uk/writing). Alternatively, your payroll provider may offer this service.

If English is not the first language of your staff, you may want to consider whether the scheme will be able to provide communications in other languages.



## What level of information and support will the pension scheme give me and my staff?

Pension schemes may offer you administrative support services such as processing opt-ins on your behalf, assessing your staff for automatic enrolment or providing dedicated support for your ongoing duties.

For your staff, it's important that the pension scheme you choose provides them with information about their pension savings. The scheme should regularly send communications to you and your staff. Some schemes may offer more online services too. If this is the case it should clearly explain:

- ▶ how much money they have saved
- ▶ how their investments are being invested and how they have performed
- ▶ what their projected savings will be at retirement
- ▶ how much of their contributions will be taken in charges
- ▶ whether the desired retirement income can be achieved at the current rate of contributions

Without this information, your staff will find it difficult to understand whether or not they are saving enough to give them the income they would like when they retire. Annual statements and other communications should help them understand how they are progressing towards their desired pension income.

## How is money invested?

Any scheme that you use for automatic enrolment must have a default investment arrangement. This contains the investments that will be automatically selected if your staff don't make a choice about them. You may need to consider whether the scheme offers investment options that suit your particular staff needs, such as ethical funds or funds that are compliant with Sharia law.

## What about costs and charges?

There will be a charge paid by scheme members. Charges paid out of member savings in default investment arrangements are capped at 0.75% per annum of the member's fund.

Some schemes may charge you for the cost of setting up a pension with them. The charges should reflect the services provided.

It is important that you weigh up the costs and charges paid by you and scheme members with the level of services provided by the scheme, as some of the services may make running automatic enrolment easier for you over the long term.

## How do I know that the pension scheme is being well run?

The skills, knowledge and processes of the provider running your pension scheme are critical. If they are making decisions about investments for the scheme they will be under legal duties to ensure they have the knowledge and competence to do their jobs.

Group personal pension providers are regulated by the FCA and need to be approved to offer pensions and other financial products.

Trustees of master trusts are regulated by us and need to meet minimum standards of knowledge and understanding. Investment managers who work on behalf of group personal pension providers or the trustees of master trusts are regulated by the FCA.

When running your pension scheme, the provider will sometimes use a third party, eg an external investment manager or administrator. The pension provider, or the trustees in a master trust, retains ultimate accountability for the work that third parties carry out on their behalf.

## Need help choosing a pension?

You could speak to a financial adviser about finding a scheme. The following private sector organisations may be able to assist you with finding a financial adviser. Please note that these organisations are not endorsed by government and the links to their websites are provided for information only.

- ▶ [www.unbiased.co.uk](http://www.unbiased.co.uk)
- ▶ [www.vouchedfor.co.uk/auto-enrolment](http://www.vouchedfor.co.uk/auto-enrolment)

If you have an accountant or employee benefit consultant (EBC), they may be able to help you to find a scheme or an adviser that can help.

## How to contact us

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Trafalgar Place  
Brighton  
BN1 4DW

[customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
[www.tpr.gov.uk](http://www.tpr.gov.uk)

[www.trusteetoolkit.com](http://www.trusteetoolkit.com)

Free online learning for trustees

[www.pensionseducationportal.com](http://www.pensionseducationportal.com)

Free online learning for those running public service schemes

A quick guide to **selecting a pension scheme for automatic enrolment**  
Information for employers

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A quick guide to

# setting up payroll

Making automatic enrolment easier

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Information  
for payroll  
professionals  
and business  
advisers

Employers in the UK are now required by law to automatically enrol certain staff into a pension scheme. If their payroll system is ready for this, they'll find automatic enrolment much easier to implement and run on an ongoing basis.

## How can payroll make automatic enrolment easier?

Appropriate payroll systems can:

- hold information required for automatic enrolment, including staff name, address, date of birth and earnings, so employers pay the right amount of pension contributions for the right person at the right time
- generate the correct worker contribution and data in the format that pension providers require
- assess staff to see who needs to be automatically enrolled in each pay cycle
- calculate contributions for both the employer and staff, and then deduct the staff contributions from their pay, and
- if possible, produce worker communications like letters to inform workers of their rights.

If the payroll system doesn't do this, and the employer's chosen pension scheme doesn't either, then the employer will have to find alternative methods to complete these tasks. They may want to consider using third party software or service providers, potentially including pension providers.

## Getting started

Before reviewing their payroll arrangements, employers should have:

- found out when automatic enrolment will affect them (their staging date)
- nominated a contact for automatic enrolment
- put a plan in place so that they will be ready by their staging date, and
- chosen a pension scheme for automatic enrolment.



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## Steps for getting payroll ready

You and your client will need to be ready to follow these steps on their staging date and potentially every pay cycle after staging (where required):

1. Assess staff to find out who to automatically enrol
2. Calculate staff and employer pension contributions and deduct the staff contributions from their pay
3. Send the pension scheme provider the information they require
4. Tell staff about automatic enrolment by letter or email
5. Pay over pension contributions to the pension scheme by the deadlines they have specified
6. Allow staff to opt in or join a pension scheme
7. Manage opt-outs within the opt-out period and promptly refund contributions
8. Complete a declaration of compliance with us
9. Keep records, and
10. Automatically re-enrol all eligible staff every three years.

## Testing whether your client will be ready

The following table covers the main areas that your client's payroll system, and the way in which it interacts with their chosen pension scheme, should be tested ahead of their staging date.

<b>Ownership</b>	<ul style="list-style-type: none"><li>• Who will be responsible for handling each of the duties listed above?</li><li>• What person and/or software inside or outside the employer organisation will do each of these?</li><li>• If a task is being done by an outside organisation, such as a payroll bureau or accountant, are both they and the employer clear on what they're expected to do and by when?</li></ul>
<b>Staff information</b>	Are the details for all staff correct and up to date? This includes full name, address, email address, date of birth and National Insurance number.
<b>Pay Reference Period</b>	<ul style="list-style-type: none"><li>• Which type of pay reference period is supported by the employer's payroll software or system? Calendar-based or tax period based?</li><li>• Is that type of pay reference period accepted by the pension provider?</li></ul>

[continued...](#)

<b>Data format</b>	<ul style="list-style-type: none"> <li>• Can the employer's payroll software/system generate data files that are compatible with the pension provider's system?</li> <li>• Has the employer processed a dummy payroll run ahead of their staging date and sent test data to the pension provider?</li> <li>• Has an accountant or payroll specialist checked that dummy payroll run?</li> <li>• Has the pension provider accepted the data? Have they reported any errors?</li> </ul>
<b>Assessing staff</b>	Is the payroll software/system set up to identify and flag which pay elements are qualifying earnings?
<b>Contributions</b>	<ul style="list-style-type: none"> <li>• Will the pensionable pay elements have been identified and flagged? This may not be the same as qualifying earnings unless the pension scheme defines pensionable pay as qualifying earnings.</li> <li>• Is the payroll software/system set up to deduct the correct level of contributions?</li> </ul>
<b>Tax relief</b>	<ul style="list-style-type: none"> <li>• How does the pension scheme apply tax relief?</li> <li>• Does it use tax relief at source or a net pay arrangement?</li> <li>• Is a salary sacrifice scheme in place?</li> </ul>
<b>Telling staff</b>	Has there been a test run of different types of letters that will need to be sent to the different types of staff? (Our template letters can help at <a href="http://www.tpr.gov.uk/writing">www.tpr.gov.uk/writing</a> )
<b>Timing</b>	<ul style="list-style-type: none"> <li>• Will data be sent to the pension provider at the right time?</li> <li>• What day does the provider need to receive the information?</li> <li>• Will payroll need to run earlier in its cycle to allow time to send letters to staff?</li> </ul>

## Next steps

- Find out when automatic enrolment applies to your clients with our staging date calculator at [www.tpr.gov.uk/employers/staging-date](http://www.tpr.gov.uk/employers/staging-date)
- Guide your clients through the basics with our introduction to automatic enrolment at [www.tpr.gov.uk/essential-guide](http://www.tpr.gov.uk/essential-guide)
- Find more information and resources to help your clients get ready for automatic enrolment at [www.tpr.gov.uk/help-clients-prepare](http://www.tpr.gov.uk/help-clients-prepare)

## How to contact us

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[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

[www.trusteetoolkit.com](http://www.trusteetoolkit.com)

### **A quick guide to payroll**

Information for payroll professionals and business advisers

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## Auto -enrolment: Employers' responsibilities and decisions at each stage

### Getting started

#### Your responsibilities

- ✓ Nominate a main point of contact
- ✓ Identify your PAYE reference and keep a record
- ✓ Identify your staging date
- ✓ Create your action plan/timeline for AE – see the TPR website for help – start at least 12 months before your staging date
- ✓ Identify your letter code and keep a record
- ✓ Identify who in your workforce needs to be enrolled.

#### Your decisions

- Who in the business should receive updates and communications?

### Getting Ready

#### Your responsibilities

- ✓ Select your earnings definition
- ✓ Review any existing pension arrangements to see if they can be used for AE
- ✓ Check your records and payroll process – see separate guidance if you do your own payroll
- ✓ Work out your costs

#### Your decisions

- Decide on the contribution terms you want to offer – so AE compliant or better?
- Are you keeping the administration in-house or outsourcing?
- Decide on the systems you are going to use if processing AE in-house
- Do you want to adopt postponement of initial staging date?
- Do you want to adopt postponement for new employees post staging date?
- Do you want to offer salary sacrifice?



**At staging date and beyond**

**Your responsibilities**

**Your decisions**

- ✓ Set up a qualifying pension arrangement
- ✓ Assess your workforce
- ✓ Provide your pension/payroll provider with the required information
- ✓ Provide compliant postponement communications to staff if applicable
- ✓ Provide compliant communications to eligible job holders within prescribed time limits
- ✓ Provide compliant communications to non-eligible job holders within prescribed time limits
- ✓ Provide compliant communications to entitled workers within prescribed time limits
- ✓ Automatically enrol all eligible jobholders
- ✓ Accept applications from non-eligible jobholders and entitled workers opting in
- ✓ Comply with opt in requests from non-eligible jobholders
- ✓ Comply with joining requests from entitled workers
- ✓ Deduct contributions from employees pay
- ✓ Pay contributions on behalf of eligible employees
- ✓ Pay contributions to the pension provider within prescribed time limits each pay period
- ✓ Re-assess non-eligible jobholders and entitled workers each pay period
- ✓ Have a process for Opt outs
- ✓ Register with The Pension Regulator and certify the scheme within the prescribed time limits
- ✓ Keep statutory records – minimum 6 years
- ✓ Assess new staff
- ✓ Every three years re-enrol any eligible jobholders who have previously opted out

- Is your pension scheme a net pay or relief at source arrangement?



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## **Auto- enrolment : Immediate considerations if you do your own payroll processing.**

You need to decide if you want to continue to do the payroll in-house?

- The monthly/weekly administration will be significant and most likely double the payroll processing time currently required.
- The initial set-up time will be significant
- Do you have the resources available to deal with this additional administration?
- The payroll staff will need to be trained on Auto Enrolment and maintain up-to-date knowledge.

We recommend you obtain “Middleware” (the name used for software which supports the AE administration function). Middleware should ideally:

- Hold the information required for AE
- Generate the correct worker contribution and data in a format that pension providers require
- Assesses employees each pay cycle to see who needs to be automatically enrolled
- Produce compliant communications required

Middleware can be provided by :

- Your pension provider, often at a monthly cost
- Purchased as a separate software package
- Purchased from your payroll provider to form part of your payroll function –  
**Rostrons recommended option.**

For further information please refer to The Pension Regulator a quick guide to setting up payroll included in this pack.

***Alternatively you could outsource your payroll processing and pension administration to a specialist.***

***At Rostrons we provide a full payroll and AE administration service – please see our service proposition.***



# Rostrons

## **Auto- enrolment : Sharing our learning**

### **Hints and Tips we have prepared for you**

#### **At a top level...**

Keep it simple - have a complete solution that will manage all of your key tasks automatically or outsource to a professional that can do it for you.

Use this opportunity to streamline your processes – review your existing payroll processes and consider alternatives.

Decide if you want to manage the AE process in-house or outsource early. With the number of employers reaching their staging date increasing heavily during 2016 and 2017 you might find they are not able to help or want to charge significant fees – supply and demand.

#### **At a process level...**

Payroll is central to AE success. Payroll has access to employees PAYE information, and runs calculations which must be completed before employee assessment can occur. It makes sense that the assessment process should also take place within payroll, to make the process as efficient as possible.

Check whether there is a standard output file for your chosen pension provider or if a bespoke file will need to be created. Additional time will be required for a bespoke file.

Payroll periods and your staging date – understand how they interact.

You can bring your staging date forward – you can do this online and will be given a choice of alternative dates by the TPR.

Don't forget your declaration of compliance must be completed within 5 months of your staging date and then every three years.

Postponement and payroll periods – don't get caught out.

Pension Salary sacrifice – decide at the outset if you are going to offer PSS and if you are make sure you allocate enough time to complete the extra admin.

Childcare voucher schemes – make sure you have accounted for the fact that employer contributions for AE are based on salary before childcare vouchers. (Employees contributions are calculated after the childcare voucher is deducted).



# Rostrons

## **Regarding your staff...**

Make sure your staff know that the contribution levels are increasing in stages, so that there are no surprises in 2018 and 2019.

Be ready for staff reactions to AE – it's like marmite, some will love it and some will hate it!

Don't provide your staff with Opt Out forms to complete – this is an absolute no no per TPR. We can provide your staff with a form on request if we are dealing with your administration.

## **Thinking of the costs...**

Make sure you know your costs and have budgeted – we can help you do the numbers. Costs to consider include:

- Ongoing additional outsourced payroll costs or internal resource
- Payroll software upgrades or additional products
- Other software if not doing through payroll
- Professional fees for Independent Financial Advice if needed to identify a pension provider or review an existing scheme
- Employers pension contributions for eligible employees
- Pension provider charges
- Other professional fees for help and support in setting up a system

## **And finally...**

Don't assume your existing scheme will be AE compliant. The restrictions on charges precludes a large number of existing schemes from being AE compliant.

Give yourselves plenty of time to implement.

TPR helpline is very good – this may not last as the number of employers going live increases.

If you are processing in-house make sure you test new software and have access to good training and on-going support.

There is likely to be a lead time for any new software so make sure you factor that in.



## **Auto Enrolment: Our Service Proposition**

### ***What we can do for you:***

- ✓ Provide fully integrated payroll and auto enrolment administration using Sage payroll and pension module.
- ✓ Assess your workforce – this includes initial letters notifying staff of auto enrolment and ongoing compliance communications
- ✓ Monthly payroll processing and auto enrolment administration – calculating pension contributions and re-assessing relevant employees.
- ✓ All payslips and staff auto enrolment communications sent by email.
- ✓ Use standard TPR templates to ensure compliant communication – we are unable to amend or add business branding.
- ✓ Provide standard opt out forms to staff on request.
- ✓ Process your opt ins, opt outs and refunds.
- ✓ Manage postponement and postponement communications
- ✓ Support the implementation of salary sacrifice.
- ✓ Submit monthly information to the pension provider in the prescribed format.
- ✓ Notify the employer of pension payments to be made and deadlines.
- ✓ Complete The Pensions Regulator compliance declarations.
- ✓ Maintain statutory records.
- ✓ Re-enrol eligible jobholders that have opted out – every 3 years.

***What we don't do:***

- ✘ We can't recommend a pension provider:
  - You will need the advice of an IFA.
  - We recommend Alan Boswell.
  
- ✘ Use a payroll system other than Sage
  
- ✘ Take full responsibility for employers duties – you remain responsible.
  
- ✘ Make payments to the pension provider on your behalf:
  - You will need to do this each month.
  - DDR may be available.



## Rostrons

**Auto-enrolment: useful contacts**

## The Pensions Regulator

<https://www.thepensionregulator.gov.uk>

Telephone 0845 600 1011

Email [customersupport@autoenrol.tpr.gov.uk](mailto:customersupport@autoenrol.tpr.gov.uk)

### **Independent Financial Advisors**

IFAs can provide advice to your business about getting the right pension scheme for your business and employees. They can also provide advice to your employees about investing in pension schemes and expected outcomes.

We recommend Alan Boswell



<https://www.alanboswell.com>

Telephone 01603 218000

### **Pensions providers**

Not all pension schemes will be suitable for automatic enrolment so it is important to choose a scheme that meets the legal requirements set up by the TPR. NEST is the pension scheme set up by the government and has a public service obligation to accept all employees onto the scheme.



<https://www.nest.com>