



The key points to discuss with your adviser

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This document is for employers who have a staging date and outlines the main points you should consider when discussing auto enrolment with your adviser.

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Auto enrolment is legislation* that requires all employers to automatically enrol some or all of their workforce into a qualifying pension scheme without employees having to do a thing.

Most companies have already passed their staging date for auto enrolment but a number of smaller employers still have to comply. With the staging date comes a vast amount of information that employers need to process in order to comply with their new employer duties. This guide has been designed by NOW: Pensions to help explain in simple terms the complex rules and regulations around auto enrolment so you can spend more time running your business.

Auto enrolment can become complicated and resource intensive. The Pensions Regulator has powers to require you to comply with your obligations if you fail to implement auto enrolment correctly.

However, it doesn't have to be this way. Finding the right auto enrolment provider will remove most of the hassle and will put you on the right track towards complying with your auto enrolment employer duties.

A professionally qualified adviser can help you make the right decisions to ensure you have the best quality auto enrolment solution that suits the needs of you and your employees.

* Auto enrolment was first launched in October 2012.



Staging dates:

When should I start planning?

 **Staging dates are when your legal duties come into effect and is the date that you should enrol some or all of your employees into a qualifying pension scheme. Staging dates are generally dependant on the number of employees of your largest PAYE as recorded by HMRC in April 2012.**

You will have received a letter from The Pensions Regulator twelve months before your staging date and follow up communications as your staging date draws nearer. By registering on The Pensions Regulator website, you can also receive regular reminder emails so you can check if your preparations for auto enrolment are on track.

The longer you give yourself to plan, the easier the transition will be. Often auto enrolment can be left until it's too late and companies may struggle to find a provider able to accommodate them at very short notice. Being ahead of the game means that you will have more options available to you.



Scheme selection:

Which auto enrolment scheme will fit my company best?

 **Start by determining what you want from a scheme, and then compare offerings, costs and benefits. Do you approach traditional group pensions providers or would one of the companies specialising in the auto enrolment market be best for you? Your adviser can do this research fully for you.**

For some the cost of implementation and running the scheme will be the most important, whereas for others it might be how well the provider integrates with your existing payroll systems and/or relieves you of a lot of work. You should be looking for a scheme that can accommodate your particular challenges.



Scheme design and contributions:

 *How much will I have to pay?*

 **The minimum employer contributions are 1% of each member's qualifying earnings, increasing to 3% over time.**

As long as you meet the minimum criteria, you can choose your contribution structure. Your employees will also contribute with a minimum of 1% of their qualifying earnings, increasing to 5% over time.

Your adviser can help you decide which definition of pensionable pay is most suitable for you – qualifying earnings or one of the three self certification bases. This will depend largely on whether your employees are remunerated mainly on basic pay or whether there is a high degree of variable pay.



Payroll integration:

 *How do I integrate my payroll?*

 **Your data that comes from a payroll system will need to integrate with your auto enrolment provider's pension administration system. This is when your employees will be assessed against the auto enrolment requirements, it drives communication and exchanges necessary data to be auto enrolment compliant.**

It is important to make sure your auto enrolment provider can work with your systems to avoid having to invest in new ones. Auto enrolment should not become an ongoing liability and constraint on your time and money. Some providers will offer you this software for free and as a modular solution, allowing you to choose the elements that are relevant for you. Other providers will be more restricted in their services.



Assessing your workers:

Which staff will qualify?

**Do you have employees between age 22 and State Pension Age (currently 65)?
Do they earn more than £10,000 per year? If so, they're eligible for auto enrolment.**

Employees aged between 16 and under 74, earning more than £5,876 but less than £10,000, are not eligible. Even if they earn more than £10,000, but are under 21 or over the State Pension age (currently 65), they won't be auto enrolled. But they can opt in and then you'll be required to contribute. Those aged 16–74 yet earning less than £5,876 will not be auto enrolled, but they can opt in. In this case though, you will not need to contribute.

Some providers will offer to do the assessment of your employees whilst we think assessment should be completed by payroll. Some might also ask you to handle the assessment yourself.

You need to consider the impact this will have on your company. Your adviser can inform you about which pension providers offer what services.

* Correct for the 2017/18 tax year



Postponement:

Do I have more time?

If you need a bit more time, postponement lets you delay auto enrolment for a period of up to three months. Employees will be able to opt in during any postponement period, although you will still need to handle these employees from your staging date.

This can be useful when dealing with:

- Temporary / seasonal employees
- Matching enrolment of employee with pay periods
- Matching new joiners with probation periods

Postponement can also be useful when considering implementing salary sacrifice, giving employers more time for employee agreement.



Communications:

 *How can I make the process as simple as possible?*

 **It's your duty to communicate with your employees, while keeping proper records to stay compliant. The communication to your employees may contain the following:**

- Notification of postponement (if applicable)
- Notification of auto enrolment with assessment categories
- Opt in and opt out forms

Communication support will vary from provider to provider. Some can take it off your hands entirely as well as keeping the proper records. It is definitely in your interest to make sure the required communication is handled efficiently, regardless of whether you're doing it inhouse or having your provider do it. If not this could not only cause you an on going administrative burden, but could potentially mean you run the risk of being non compliant and suffering the resultant penalties.



Record keeping:

 *How do I ensure this doesn't become a long term liability?*

 **The ultimate responsibility of record keeping lies with you to fulfil your employer duties. Again, the extent of services and charges can differ a lot from provider to provider.**

Some can handle the record keeping for you, while others can't. Therefore, it's important that you liaise with your adviser to make sure you get the best solution for your company.



Contact your adviser to ensure that you make the right decisions, for you and your business. auto enrolment doesn't have to become a problem. Find the provider that suits your needs and make it easy on yourself today, tomorrow and for the future ahead.

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NOW: Pensions is a UK occupational pension plan. This is written as a general guide only.
It should not be relied upon as a substitute for specific professional advice.

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