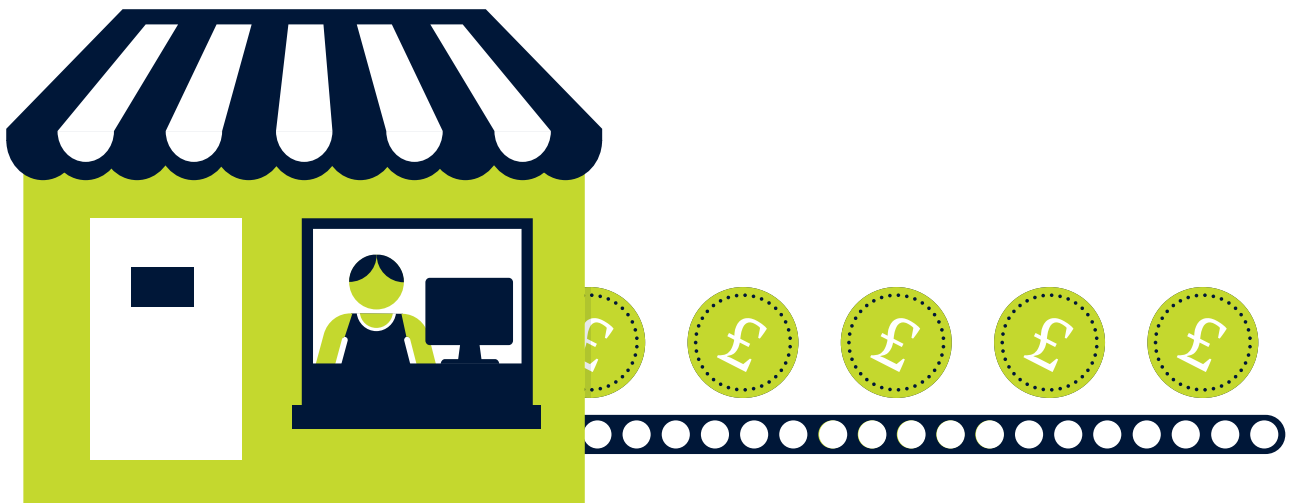




Auto enrolment costs and charges

When we speak to employers, we often get asked, “How much is auto enrolment going to cost my company?” The truth is, there’s no escaping the costs associated with auto enrolment. However, a little planning can go a long way and the more time you leave to find a suitable provider, getting your payroll data in order and seeking help if you need it, the less pressure and unnecessary stress there will be.



Costs to consider

Below is a guide which outlines the types of costs you may incur and explains how you might be able to keep costs down.



Pension provider



Payroll



Pension contributions



Communication



Staff assessment



Financial advice



Pension provider

Many pension providers charge for their auto enrolment services. In return, they will usually offer a package of support that eases the ongoing administration and communications costs associated with auto enrolment.



Pension contributions

For your eligible employees, you will have to contribute a percentage of each member of staff's qualifying earnings. The table below shows the minimum contributions you and your members of staff will need to pay as set out by the government, but you can choose to pay in more if you want to.

How to keep costs down

When you introduce auto enrolment, you may choose to contribute more than the legislative minimum. We have noticed that some employers have increased their contributions paid to members of staff to help with recruitment and retention. This may help with lowering staff turnover or improve morale by adding an extra staff benefit.



Employer minimum contribution of each member of staff's qualifying earnings.

6 April 2019 onwards

3%



Total minimum contribution

8%

Keep costs down

Find out if your pension provider can issue communications for you. Where possible, make sure you capture e-mail addresses for all your staff as issuing communications about auto enrolment via email is often cheaper and more efficient than by post.



Staff assessment

When you set up a workplace pension, you will need to assess your staff to see who should be put into the Scheme. Then your staff will need to be assessed at each pay period. One of the biggest stumbling blocks you can encounter in the auto enrolment process is inaccurate or incomplete payroll data. Taking the time to ensure that payroll data is complete and entirely up to date, will help avoid problems during the set up process and beyond.

If you don't already have one, you may want to employ an internal payroll administrator or an HR manager who can take on the ongoing auto enrolment duties. Alternatively, you might want to outsource these duties to a payroll bureau who will help with the ongoing scheme administration.

How to keep costs down

A payroll bureau will use auto enrolment software to manage staff assessment, which could save you time and money. Some pension providers will also discount the price for employers who outsource to a payroll bureau to administer their pension scheme.

However, if you choose to undertake the assessment in-house this will create additional administration resource and, no matter what, don't underestimate the importance of keeping your data up-to-date.



Payroll

Payroll providers have a very important role to play in auto enrolment. If you process your payroll in-house, you should contact your payroll provider as soon as possible as you may need to upgrade your software so it is compatible with auto enrolment.

If you use an outsourced payroll service, such as a payroll bureau, they may be able to manage the day to day processes involved with auto enrolment such as uploading payroll files and managing contributions sent to pension providers and scheme administration.

How to keep costs down

By selecting a pension provider that is already integrated with your payroll provider, you can avoid unnecessary hassle and expense. So making enquiries early on is time well spent.



Financial advice

You may choose to find an independent financial adviser who can help you navigate through the complexities of auto enrolment. They can help you find a suitable pension provider, work out the costs for you and they may even help with setting up the pension scheme. Choosing a good independent financial adviser with expertise in pensions can save you time and give you peace of mind.

How to keep costs down

Consider whether an independent financial adviser could help you with auto enrolment. If you choose to work with a financial adviser find one that is an expert in pensions.

How much does it cost to use NOW: Pensions?



With NOW: Pensions, the cost depends on how the pension is administered and how many members of staff you have. There are two separate charges: one paid for by the employer and one by each staff member that is enrolled into the scheme.

Monthly employer service charge

This is a charge paid for by the employer and varies depending on how the scheme is administered. The discounted price for employers using a payroll bureau reflects the considerable support payroll bureaux provide with auto enrolment administration for NOW: Pensions.

	Number of active members	Discount	Monthly charge
Any employer	0	100%	£0*
An employer working with NOW: Pensions Directly	Any number	N/A	£36.00 + VAT
A payroll bureau using the NOW: Pensions Gateway	5+	44%	£20.00 + VAT
A payroll bureau using the NOW: Pensions Gateway	1-4	65%	£12.50 + VAT

*Initial assessment of active members takes 3 full months and therefore the £0 charge only comes into effect after the assessment has been completed. Assessments of active member numbers are performed at the sole discretion of NOW: Pensions.

The monthly employer service charge includes:

- Step by step guidance to setting up a scheme with NOW: Pensions
- Easy access for uploading your pension data via NOW: Pensions Gateway
- A dedicated support team offering all the help you need
- All statutory auto enrolment communications sent out via email

Member charges

We've developed a charging structure we believe that is fair and transparent for all members. These charges apply to active members and deferred members (members who are no longer contributing but still hold savings with NOW: Pensions).

As you can see from the table below, there are no hidden or additional charges for members, just an administration charge that pays for the day-to-day administration of the member's pension and an investment charge that pays for managing the investments in the pension.

Member charges

Monthly administration charge	£1.50
+	
Annual investment charge	0.3% of fund

The employees' pension contributions will stay invested with NOW: Pensions after the employee leaves the company or stops contributing, and the employee will continue to receive pension communications from NOW: Pensions.

An employee can also choose to transfer their pension pot to another Pensions Scheme or a Qualifying Registered Overseas Pension Scheme at no cost. This may be a sensible thing to do, especially if they are leaving a very small pension pot with just a few hundred pounds because the charges continue to apply.

Or if they have pension savings elsewhere they could transfer them into NOW: Pensions to take advantage of our low charges for slightly bigger pots.

Find out more about our charges for members in our [member charges infographic](#).

NOW: Pensions

The future is now

Information correct as at April 2019 | EM00147.1117/9

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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