

AUTO ENROLMENT

WHAT DO I NEED TO CONSIDER?



Auto Enrolment – it's not so scary

- In this presentation we are hoping to highlight things you need to think about to be ready for Auto Enrolment.
- We won't baffle you with too much jargon and hopefully in a way that just tells you what you need to know.
- We will share our experience of other clients with no scary stories, just the facts and what you need to do!



What Does it Mean to me?

So, we are just going to run through a whistle stop tour of your obligations as an employer.



Well, there are lots of new obligations for the employer such as:

- Automatically enrolling eligible jobholders
- Communicating about postponement of automatic enrolment / 'waiting periods'
- Paying compulsory employer contributions
- Administer the opt-out system
- Registering with the Pensions Regulator



And....

- Enrolling other jobholders who opt-in
- Enrolling workers without qualifying earnings who choose to join
- Automatically re-enrolling employees who have chosen to opt-out
- Providing information
- Retaining records



But it boils down to a few key things.....

- You need to make some decisions
- Take some action
- Make sure you do what you need to, in order to prevent being fined
- So here, put simply, are the steps.....



Number One

Find a pension scheme

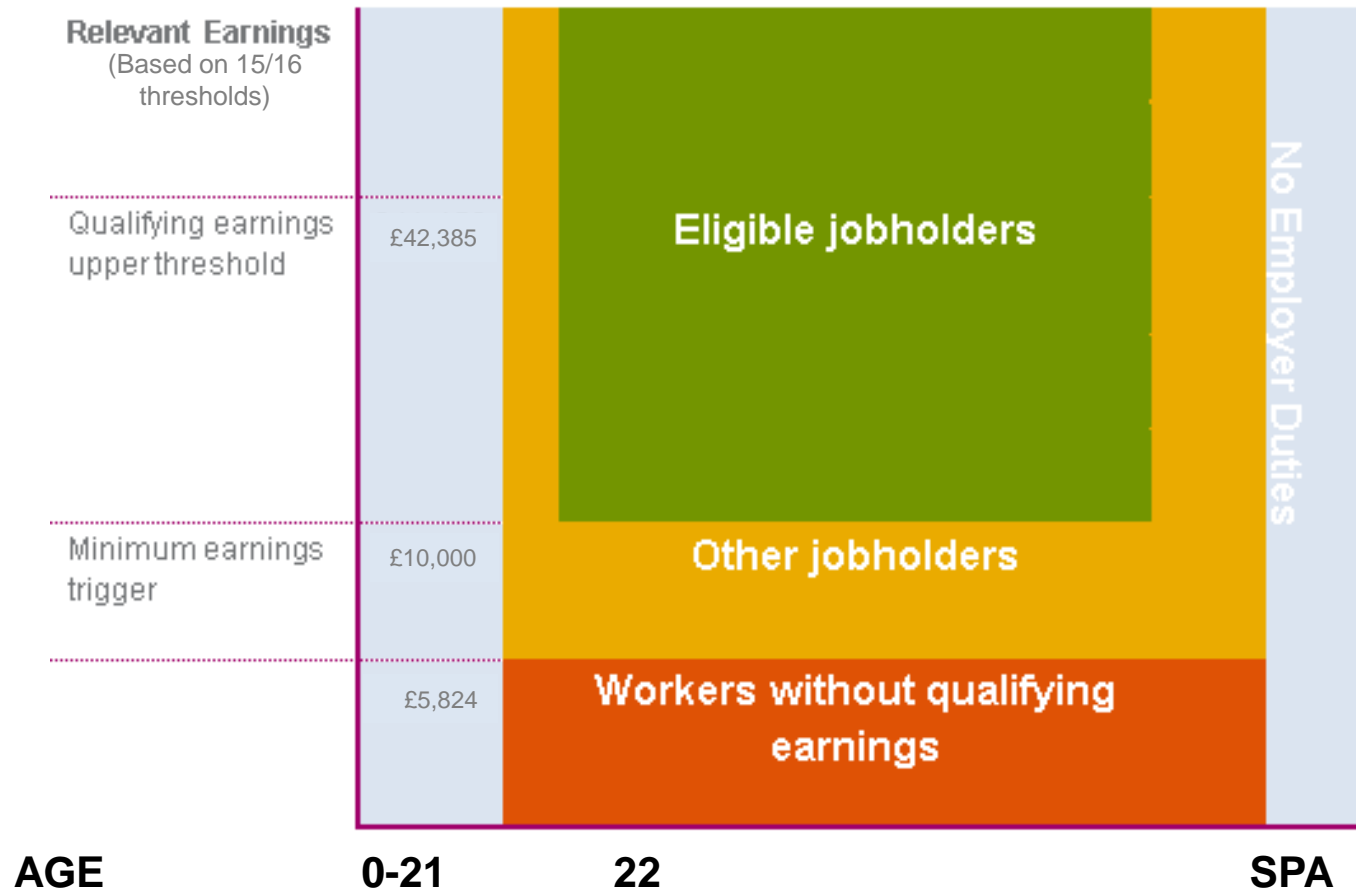
- There are a number of ways to do this, either using a pensions advisor or your own research.
- You can look at some of the “out of box” schemes set up specifically for AE like the government NEST scheme or Peoples Pension.

Remember that you should consider your workforce and what they need from a pension scheme when making your decision.

Number Two

Assess your workforce

- Payroll can help you with this but you need to assess your workforce to see who might be eligible or not as you will need this to set up your pension.
- A worker is a person who enters into either:
 - a contract of employment; or
 - any other contract by which he agrees to do work personally for your business but not where you are a customer or client.



Eligible jobholders will need to be automatically enrolled.

Other jobholders (non eligible) will not be automatically enrolled but have the right to join the pension scheme and receive employer contributions.

Workers without qualifying earnings (or ‘entitled workers’) are not automatically enrolled. They can ask to join the pension scheme but do not have to receive any employer contributions.

Number Three

Decide what your contributions are going to be based on.

there are four options for you to decide from:

1. Qualifying Earnings

This is calculated using earnings between £5,824 - £42,385 (2015/16 thresholds).

Your contributions on this option are:

Date	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 30 September 2017	1%	1%	2%
1 October 2017 to 30 September 2018	2%	3%	5%
1 October 2018 onwards	3%	5%	8%

Your contributions continued..

2. Basic Pay

As it says this option uses basic pay in its calculation but in order to do this you pay more employer contributions, see below

Date	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 30 September 2017	2%	1%	3%
1 October 2017 to 30 September 2018	3%	3%	6%
1 October 2018 onwards	4%	5%	9%

There is a version of this option called Tier 2 which is the same contribution levels as Qualifying Earnings but in order to use this option the Basic Pay for your employees must be at least 85% of their total pay.

Your contributions continued..

3. Total Pay

As it says this option uses total pay in its calculation so includes overtime, bonuses, commission, shift allowance etc. The contributions levels for this option are the same as qualifying earnings except in the final stage the employee has to contribute less.

Date	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 30 September 2017	1%	1%	2%
1 October 2017 to 30 September 2018	2%	3%	5%
1 October 2018 onwards	3%	4%	7%

Your contributions, final option..

4. Custom

In this option you can use whatever criteria you choose but it must be at least the same as Qualifying Earnings, and the contributions are the same too.

Date	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 30 September 2017	1%	1%	2%
1 October 2017 to 30 September 2018	2%	3%	5%
1 October 2018 onwards	3%	5%	8%

Example of Contributions in Year 1

- We have Jack, he earns £1000 per month
With contributions calculated on Qualifying Earnings his monthly Pension Contributions as follows:-



	£1000.00	Pay
Minus	£ 485.33	Outside band - not included
Leaves	£ 514.67	Qualifying Earnings
1%	£ 5.15	Employer Contribution
1% @ 0.08	£ 4.12	Employee Contribution
	£ 1.03	Tax Relief from government
Total Pension	£ 10.30	

(Based on 2015/16 thresholds)

Number Four

Decide if you are going to Postpone

- You know your staging date but you have the option to postpone starting your pension for 3 months.
- You also have the option to postpone at two other points
 - You can defer auto enrolling new starters for up to 3 months
 - You can defer auto enrolling employees who become eligible during their employment for 3 months.

Number Five

Communicate with your employees

It is crucial that you communicate with your employees each step of the way with the appropriate letters.

The Pensions Regulator make a big deal of this and you can be fined if you don't do it correctly as the letters have to contain certain phrases to be compliant.



Number Six

Get the pension set up and make the contributions

It starts to get a little easier now for a while as once you have identified a pension provider and signed up with them we will set it up in payroll correctly and calculate the contributions.

We will also do what we can to help provide the information you need to set up the pension in the first place.

Number Seven

Manage your pension scheme

Now this gets a little trickier again.

We will make the calculations and tell you how much to pay over but there are some other things that need to be managed in order to ensure you are doing what you have to.



Number Eight

Who is going to look after it?

Most pension providers offer an online system that gives employers access to template forms and letters for their employees and you can also get examples of these from The Pension Regulator website but it still leaves you with the problem of *“who is actually going to do this”*.

You may have someone in the organisation who has access to the pay details of all employees and can keep on top of the pensions traffic each pay day to ensure the communication with the employees and the pension providers are kept up.

The employers experience..

We have found that most of our clients did not have a real awareness of the ongoing obligations of Auto Enrolment and just when they were breathing a sigh of relief at having sorted out a pension scheme they suddenly took on board the enormity of what they needed to do next.



Peopletime Auto Enrolment Administration Service

- Peopletime provide an Auto Enrolment Administration Service which means we deal with the added workload from the scheme.
- Here is a brief guide to what is included in this service.....



What you might need help with

- Continual assessment to identify changes of employee categorisation e.g. eligible, non-eligible and entitled.
- Automatically enrol eligible job holders. For instance, when an employee reaches 22 years of age or when their pay reaches the right level in a pay period, they will automatically be placed into the pension scheme based on any postponement rules you may have in place.
- Manage postponements both initially and for new starters and in service changes.
- Communicating with employees about postponement periods
- Communicating with employees about eligibility



What you might need help with continued...

- Communicating with employees confirming opt outs
- Communicating with pension provider about newly eligible employees
- Administration of opt-out scheme
- Enrolling non eligible job holders who choose to opt in
- Automatically re enrolling employees who previously opt out at re enrolment date – and keeping track!
- Reporting contributions to pension provider in the correct format
- Reporting leavers to pension provider
- Retaining full records of pension calculations, payments and employee status
- And of course paying the contributions over!



What we do....

- This means that we liaise with you to prepare all the correspondence that needs to be sent to your employees at the right time.
- From that first letter onwards, we monitor the employees' eligibility each period and ensure that any changes are managed and communicated too.
- This includes management of opt outs and re enrolment at the correct time.
- We can help make sure that you do not miss your deadlines which saves you receiving any unpleasant fines.

What we do continued....

- If required we can also undertake the upload of the contributions file to the pension provider which pretty much then covers the entire operation making Auto Enrolment fuss free for you!



Get in touch!

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