



Pension Auto Enrolment: A Guide



Introduction

The introduction of the Pensions Act 2008 made significant changes to the law surrounding workplace pensions, meaning that every employer in the UK must auto enrol their employees into a pension scheme.

Of course, we understand that the prospect of dealing with pension administration and remaining fully compliant with the relevant legislation can seem somewhat daunting, especially for small businesses.

Here at Easy PAYE, we are fully equipped to ensure that you find the process of auto enrolment as simple and straightforward as possible. We'll guide you through every stage of the process – from assessing your employees to find out who is eligible and enrolling them into a pensions scheme, through to making payments to your pension provider.

We hope this guide will clarify your obligations as an employer, whilst explaining how Easy PAYE can help make your auto enrolment journey as seamless as possible.

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Your Responsibilities as an Employer

Under the Pensions Act 2008, every employer in the UK is now required to enrol their staff into a pension scheme and contribute towards their pension.

The process, known as auto enrolment, is being phased in, starting with the largest employers and trickling down to the smallest businesses. By February 2018, all employers across the country must be compliant with the new regulations.

All businesses within all sectors will be affected. So, whether you employ one person or 100 people, it's important to make sure you're compliant with the new regulations.

The next steps...

As an employer, there are seven basic steps to take to ensure that you are fully compliant with the new auto enrolment pension regulations:

1. Know your staging date
2. Assess your workforce
3. Review your pension arrangements
4. Communicate the changes to all
5. Automatically enrol your eligible employees
6. Register with the Pensions Regulator
7. Contribute to your workers' pensions

How Easy PAYE can help

Here at Easy PAYE, we offer an Auto Enrolment service that will make the process as simple and straightforward as possible, whilst ensuring you are fully compliant with the new pensions regulations.

How it works

Check your staging date

Firstly, our skilled and experienced payroll team will contact the pension regulator to confirm your company's staging date. We'll then provide regular reminders in the run up to your staging date, with information about the steps you should be taking to prepare. This should ensure that you have everything in place ahead of your staging deadline.

Assess your workforce

Once we have confirmed your staging date, we'll use our high performance payroll software to assess your employees and establish whether or not they are eligible for auto enrolment.

Qualifying Earnings P.A,	16 to 21 yrs.	22 yrs to SPA	SPA to 75 yrs.
Over £10,000 Between £5,824 & £10,000	NON-Eligible	Eligible Jobholder	NON-Eligible
	Non-Eligible Jobholder		
Below £5,824			

Enrol your employees

Once we've established who is eligible, we'll then ensure that all eligible employees are enrolled into a pension scheme and that the necessary deductions are taken from their salary. These deductions will be clearly shown on your employees' payslips.

Register with the Pension Regulator

With full access to the government gateway, once you've started auto enrolment duties, we'll be able to register your company details with the pension regulator. Acting on your behalf, we'll also be able to keep their records up to date with any changes to your employee status, for example if you employ staff for the first time.

Arrange employer contributions

We'll help to ensure that your contributions are made at the right level, and that they are reported correctly via your payroll. This will allow you to easily see your costs and contributions.

Provide reporting services

Our payroll team will provide you with the reports and data you will need to communicate effectively with both your employees and your chosen pensions provider.

Carry out reassessment

Under the new pension regulations, you'll need to reassess and re-enrol your entire workforce every three years. Our payroll software will automatically flag this date and, when the time comes round, we'll carry out the reassessment on your behalf, ensuring you remain fully compliant at all times.

Your Duties

Whilst our skilled and experienced team will take care of as much of the auto enrolment process for you as possible, there are certain responsibilities and duties that we are unable to handle on your behalf.

Choose a pensions provider

Although we can offer advice and guidance, we can't choose a pension scheme provider on your behalf.

There are a wide range of pension providers available, offering different levels of service and investment options. You'll need to research the various options available and decide which scheme will be most suitable and beneficial for your business.

With so much information out there, this can seem like a daunting task, especially for small businesses. For further information and guidance, we'd recommend looking at the pension regulator's guide.

What if I already have a pension scheme in place?

Many businesses will already have a pension scheme in place. If this is the case, and you want to use your existing pension scheme as your qualifying scheme for auto enrolment, you'll need to check with your provider to check that the scheme is eligible under the new regulations.

The next steps...

If you decide that you'd like us to carry out your auto enrolment services on your behalf, we'll need you to provide the details of your chosen scheme.

Make sure your employees are aware of the changes

One of your key responsibilities as an employer is to inform your employees about auto enrolment and ensure that they understand how it will impact them.

Depending which pensions provider you choose, they might send out letters to your employees on your behalf, so make sure you check whether this is something they can help you with.

For further information about the information you need to communicate with your employees, and when you need to communicate it, please visit the pension regulator's dedicated resource.

Communicate with your pension provider

Your scheme provider will typically require data from you at the end of each pay period.

We'll provide you with detailed reports that should give you all of the information you need to supply to your pensions provider. What's more, we can usually tailor your reports so that they fit in with your provider's required format, so you'll simply need to upload the data or send it on to your provider, inline with their requirements.

Pay your pension provider

As well as providing the necessary data to your pension provider, you will also need to make the correct payments to them in accordance with their deadlines. This can often be done via a direct debit arrangement.

We'll provide you with accurate reports showing how much you'll need to pay.

What happens if I don't comply?

Under the Pensions Act 2008, auto enrolment is legislation – making non-compliance a criminal offence.

As an employer, you have a legal obligation to:

- **Set up your auto enrolment pensions as per the Pension Regulator's guidelines**
- **Auto enrol all eligible employees**
- **Re-enrol every three years**

If you do not meet your obligations, you may face a fine or penalty. We have already seen a number examples of companies being fined for not implementing auto enrolment correctly – make sure it doesn't happen to you.

In addition to not meeting your obligations, it is also a criminal offence to force your employees to opt out of the pension scheme, or to suggest that it would be viewed positively if they did so. Fines for this start at £1,000.

Fees and Pricing

When it comes to our auto enrolment services, we go above and beyond to implement a fair and transparent pricing structure. Our costs are based on the number of employees on the payroll and fees are charged per payroll run.

No matter what size your business is, you'll be required to pay a one-off, initial set up fee of £200. After this, we'll charge you on each payroll run, based on the number of employees on the payroll.

1 to 10 Employees £20 charge per payroll run
11 to 50 Employees £30 charge per payroll run
51+ Employees £40 charge per payroll run

For further information about our fees and pricing structures, please do not hesitate to contact us.

The Next Steps...

Having worked your way through this guide to auto enrolment, we hope you have a clearer understanding of your responsibilities as an employer.

If you decide to work with Easy PAYE, we will ensure that the process is as simple and straightforward as possible, whilst making sure that you remain fully compliant at all times. And, of course, if you ever have any queries or concerns, we'll be on hand to assist.

If you'd like to find out more about our auto enrolment services, or to start the process, please get in touch.

FAQs

I don't employ any staff, does auto enrolment still apply to me?

If you are a director only business that does not employ any staff, the auto enrolment regulations will not apply to you. However, you need to make the Pension Regulator aware of your company status so they know that you are exempt.

I don't employ any staff at the moment, but what if that changes in the future?

If you are currently a director only company but you take on staff in the future after your staging date has passed, you will have six weeks from the date of employment to ensure you are fully compliant with auto enrolment regulations.

Can I delay the process?

You can not delay your staging date, it is final and not moveable. However, you can delay your first pension deductions using the pension regulators postponement rules. The maximum period you can postpone for is 3 months or 12 weeks.

However, it's important to bear in mind that these rules are not there to grant you more time if you are simply unprepared. The postponement rules have been put in place to delay your first pension payment for a number of valid reasons, including:

- To sync deductions with the next pay period
- For specific groups of workers, such as new starters

Why do I have to send my data to my pension provider? Can't you do it for me?

Unfortunately, this is part of the process that we can't handle on your behalf. This is because, in most cases, the pension reports being sent to your scheme provider initiate your direct debit payments to them. Therefore, you need to send the data personally so that you can ensure it is only sent, and as such the direct debit is only triggered, when you are completely satisfied.

Can you recommend a pension provider for me?

This is another aspect of the process that we can not deal with on your behalf – choosing a pension provider is a decision that must be made by you directly. You can find further information here. <http://www.thepensionsregulator.gov.uk/press/pn15-31.aspx>

If I already offer my employees a pension scheme, does auto enrolment still apply to me?

If you already have a pension scheme in place, you'll firstly need to check whether it is an eligible scheme. If it is, you'll still need to assess your workforce for eligibility, communicate with your employees regarding their status, automatically enrol any eligible employees, and communicate with the pension regulator. You'll also still need to ensure that you meet the minimum contribution levels.

Do I have to offer the same pension scheme to all of my employees?

No. As long as all of the schemes you offer meet the pension regulator's requirements, you can offer different schemes to different groups of employees. You can also decide to use one scheme but with different contributions levels for different groups of employees.

How soon do I need to start making arrangements?

The sooner the better! The more time you have to implement your auto enrolment process, the easier it will be.

Do I have to use the Pension Regulator's templates when communicating with my employees?

You are under no obligation to use the templates provided by the Pension Regulator when you communicate with your employees. However, it's worth remembering that certain aspects of the letters are mandatory and using the template will ensure that you have everything covered and are always fully compliant.



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