

# A Guide to Auto Enrolment

## Everything you need to know for your business

We have put this guide together to give you the key facts and action points to guide you through Auto Enrolment

- Know when you need to be ready
- Provide a point of contact
- Develop your initial plans
- Postponement
- Find out who to enrol
- Decide how you are going to manage your pension
- Choose a pension provider
- Automatically enrol your staff
- Communicate with your staff
- Declaration of compliance
- Maintain records



[www.sgwpayroll.com](http://www.sgwpayroll.com)  
T: 01270 500599

**SGW Payroll**  
Ltd

# What is Auto Enrolment?

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 plan to enrol them in and allow other staff to join if they request to do so.

## You need to:

- Find out your staging date
- Have an appropriate pension scheme in place
- Arrange how you are going to manage the communication, correspondence and logistics of the scheme
- Pay pension contributions into the scheme

## Don't leave everything until the last minute, ACT NOW...

- Assess your workforce
- Identify financial implications and decide how much you are going to contribute into the pension scheme
- Decide how you are going to communicate with your employees about auto enrolment
- Check that your payroll software or payroll agent can deal with the calculations of the pension scheme each pay period



## The main steps to Auto Enrolment

12 to 18 months before staging

1. Find out when you need to be ready - Staging Date
2. Provide a point of contact
3. Develop your initial plans

9 to 0 months before staging

4. Assess who to enrol
5. Find out how you are going to manage your pension, i.e. software/outsource
6. Select a pension scheme

Staging date

7. Automatically enrol your staff

Up to 6 weeks from staging date

8. Inform your staff

Up to 5 months from staging date

9. Complete your declaration of compliance

Continuing

10. Maintain records
11. Fulfil ongoing responsibilities

### Employers assessment date is either:

- The employers staging date for any existing workers
- The first day of employment for any new joiner after the staging date
- The birthday of someone turning 16 or 22 years old
- The first day of the Pay Reference Period (PRP) for any other worker assessed after the employers staging date; or
- If **postponement** has been used, the last day of the postponement period

**The Total Qualifying Earnings** - paid in the Pay Reference Period in which the assesment day falls - is compared to the earnings threshold.

- The PRP is either based on tax weeks or months (if the normal interval between payday is a whole number of weeks or months) - or is the “period of time by reference to which the employer pays the worker their regular wage or salary”.
- Eligible jobholders will need to be automatically enrolled in the “joining window” of 6 weeks from the assessment date - unless it is possible to use postponement.
- The first employee contribution must be taken on the first payday on or after the assessment date.
- Scheme membership will be dated and contributions calculated from the assessment date.

### Find out your staging date...

Every employer must be ready to start enrolling their staff from their staging date. You should have received a letter from the Pension Regulator stating this date. If you do not have a copy of the letter you can find out your staging date by entering your PAYE reference into the tool on the website below:

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

### Provide a point of contact

There are several things that every employer needs to do to be ready for automatic enrolment. The Pension Regulator can e-mail you regular updates and guidance over the coming months. To make sure you take full advantage of this, nominate a person within your organisation to receive these.

Let the Pension Regulator know who to contact:

**[www.tpr.gov.uk/nominate-contact](http://www.tpr.gov.uk/nominate-contact)**

### When can Postponement be used?

- At the employer's staging date for any existing workers
- The first day of employment for any new joiner after the staging date
- The date a worker meets the criteria to be an eligible jobholder after the employer's staging date.

**Postponement suspends the duty of assessment and automatic enrolment and be from 1 day up to a maximum of 3 months - and can vary by individual.**

- Employer must notify postponed workers by midnight six weeks after the assesment date
- Workers have the right to opt-in or join during postponement
- Employer must asses on the last day of postponement and automatically enrol eligible jobholders or, if not eligible at that point, monitor each future pay reference period.
- Only one postponement at a given time per worker - cannot overlap two postponement periods for a worker.

## Time is ticking, don't incur any unnecessary fines...

It is vital that employers start preparing for auto enrolment up to a year prior to their staging date, giving them plenty of time to make sure everything is in place and all legalities are considered.

There is an automatic enrolment planner on the Pension Regulator's website to help employers prepare. It shows you exactly what you should do and by when as your staging date approaches.

Don't leave it to 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)

## How much does an employer have to contribute

### Paying regular contributions

Under auto enrolment there is a minimum total contribution that must be paid into the employees pension pot. The amount is set by the Government, and is made up of the employer's contribution, employees contribution, and tax relief on the employees contribution. It is a percentage of the employees qualifying earnings.

Tax relief means that some of the employees money that would have gone to the government as tax, goes into the pension pot instead.

If the employer decides to contribute the minimum required, the total contribution to their pension pot is made up of the following:

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

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

**Continued...**  
**How much does an employer have to contribute**

**Alternatively employers can choose to use one of three different types of pensionable salary - known as Tier's 1,2 and 3.**

	<b>Up to 1st October 2017</b>	<b>1st October 2017 to 30th September 2018</b>	<b>From 1st October 2018</b>	<b>Pensionable Salary (Basis of % Contributions)</b>
<b>Set 1 (Tier 1)</b>	2% Employer 3% Total	3% Employer 6% Total	4% Employer 9% Total	Scheme Definition (if > = basic pay from £1)
<b>Set 2 (Tier 2)</b>	1% Employer 2% Total	2% Employer 5% Total	3% Employer 8% Total	> 85% of Total Pay (scheme average)
<b>Set 3 (Tier 3)</b>	1% Employer 2% Total	2% Employer 5% Total	3% Employer 7% Total	100% of Total Pay

### Find out who to enrol...

Every employer will have to assess all of their staff for eligibility but they may not have to automatically enrol all of them. The table below outlines employer duties depending on the salary of their staff member.

Monthly Earnings	Age		
	From 16 to 21	From 22 to SPA*	From SPA to 74
£481 and below	Has a right to join a pension scheme		
Over £481 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 of 2014/15. \* SPA = State Pension Age

### Important Information

It is 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 withholding a pay increase until they opt out.

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

Evaluating the workforce: [www.tpr.gov.uk/evaluate](http://www.tpr.gov.uk/evaluate)

## We can help with your Auto Enrolment

If we run your payroll, we can now offer so much more with our Auto Enrolment support...

**SGW Payroll is very flexible, letting you decide which elements of Auto Enrolment are best suited to your business.**

We offer the following:

**Payday Audit** - Staff are assessed each pay day and a report is sent to the client indicating any change of circumstances and staff eligibility for Auto Enrolment.

**Clients Pension Data** - SGW Payroll will send the client pension payment data to be uploaded by the client to their pension provider in the format of the pension provider being used by the client.

**Communication Letters** - SGW Payroll will produce the appropriate letters to be sent to the clients staff at every stage prior to, at and after the staging date. We will also write to the staff about the change in legislation.

**Communication to Pension Provider** - SGW Payroll will upload the pension reports directly to the clients pension provider on behalf of the client. Any enquiries from the pension provider will initially be dealt with by SGW Payroll. Currently available for NEST and NOW Pensions.

[www.sgwpayroll.com](http://www.sgwpayroll.com)  
T: 01270 500599



If an employer has an existing pension scheme for their workforce they need to check with their pension provider to see if it can be used for automatic enrolment.

### Act Now...

If an employer needs to open a new scheme, ensure to 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 Saving Trust (NEST)** which will accept all employers wishing to use the scheme for automatic enrolment. This is one option. There are other providers available including People's Pension and Now Pensions, who will take the smaller companies.

[www.nestpensions.org.uk](http://www.nestpensions.org.uk)

[www.thepeoplespension.co.uk](http://www.thepeoplespension.co.uk)

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

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

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

\* Before committing to a pension scheme please check with SGW Payroll that your pension provider's software is compatible with ours, if we are managing your auto enrolment for you.

### Automatically enrolling staff...

At your staging date you will have to identify which members of staff to automatically enrol and which will have a right to join the pension scheme if they decide they want to. **SGW Payroll would do this for you.**

By this point you will already know what information your pension provider provider would need from you, to set up your employees.

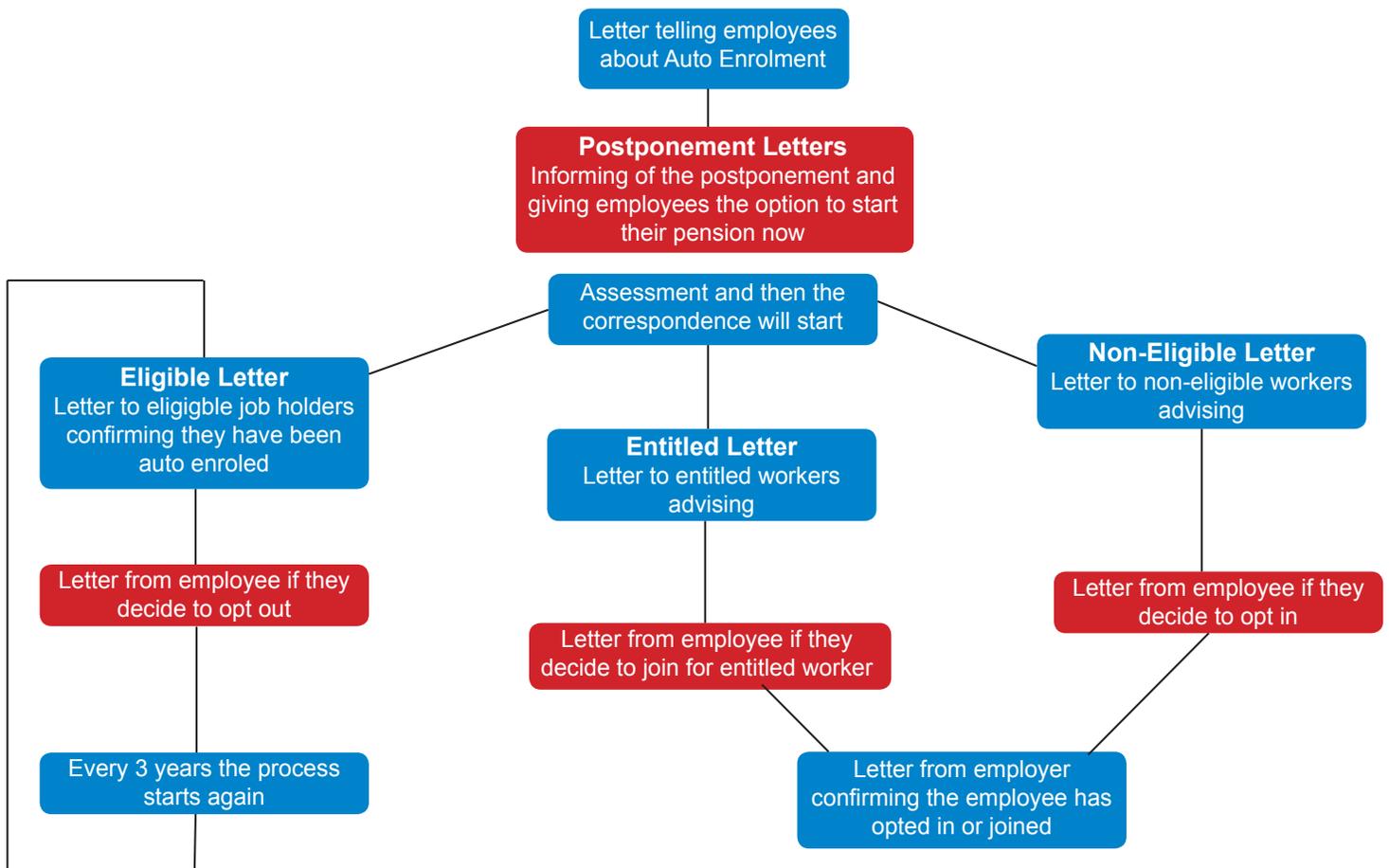
**Enrolling staff:** [www.tpr.gov.uk/enrolling](http://www.tpr.gov.uk/enrolling)

### Informing Employees...

You must write to your staff informing them of how auto enrolment will affect them. The following page is a flow chart of the correspondence that should take place.

**Or save the hassle and let SGW Payroll do this for you!**

### Auto Enrolment Correspondence Letters



This process starts over again when a new employee starts the company

### Declaration of Compliance

Every employer must complete a declaration of compliance when you have automatically enrolled your members of staff. This confirms to the Pension Regulator that you have fulfilled your legal duties.

It may be a good idea to start the declaration early to track your progress. It must be completed up to five months from your staging date.

To help the pension regulator has a checklist of information an employer will need: [www.tpr.gov.uk/declaration](http://www.tpr.gov.uk/declaration)

### Record Keeping

Employers, as well as trustees, managers and providers of a pension scheme, must keep records about your workers and the pension scheme used to comply with the employer duties.

An employer can use electronic or paper filing systems to keep or store any records, as long as these records are legible or can be produced in a legible way.

Most records must be kept for 6 years; those that relate to opting-out must be kept for 4 years.

The records must be produced to The Pension Regulator, if requested.

The Pension Regulator can conduct an inspection if they have reasonable grounds to do so.

## Fulfil ongoing responsibilities to be legally compliant...

Automatic Enrolment is not just something that happens at your staging date, it is an ongoing duty. Every time a payroll is run you will have to check to see whether any of your members of staff who weren't automatically enrolled are now entitled to be put into the pension scheme (for example if they reached their 22nd birthday).

After you have automatically enrolled your staff members, staff may ask to 'opt-out' of the pension scheme. You must then stop deductions they have paid to date.

Staff who have not been automatically enrolled may ask to join the scheme.

Automatic enrolment will be 'business as usual' just like real-time PAYE.

### Ongoing automatic enrolment responsibilities:

[www.tpr.gov.uk/ongoing](http://www.tpr.gov.uk/ongoing)

- Staging date tool: [www.tpr.gov.uk/employers/tools/staging-date.aspx](http://www.tpr.gov.uk/employers/tools/staging-date.aspx)
- Auto Enrolment registration:  
[www.tpr.gov.uk/press/webinar-automatic-enrolment-registration.aspx](http://www.tpr.gov.uk/press/webinar-automatic-enrolment-registration.aspx)
- Planner tool: [www.tpr.uk/planner](http://www.tpr.uk/planner)
- What information do employers need to provide to their workers?:  
[www.tpr.gov.uk/docs/resource-info-to-workers.pdf](http://www.tpr.gov.uk/docs/resource-info-to-workers.pdf)
- Information about declaration of compliance: [www.tpr.gov.uk/declaration](http://www.tpr.gov.uk/declaration)
- The National Association of Pension Funds: [www.napf.co.uk](http://www.napf.co.uk)
- Are you ready for auto enrolment?:  
[www.tpr.gov.uk/press/webinar-automatic-enrolment-registration.aspx](http://www.tpr.gov.uk/press/webinar-automatic-enrolment-registration.aspx)

## Next Steps...

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

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

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

Contact SGW Payroll to help manage your payroll  
[enquiries@sgwpayroll.com](mailto:enquiries@sgwpayroll.com) T: 01270 500599