

# Auto enrolment and payroll

## Understand how we will work together

By April 2017 every single UK employer with one or more employees will be legally required to auto-enrol certain staff into a workplace pension and make contributions into it.

Automatic enrolment describes the process whereby employers are required to put in place pension arrangements for their employees, make contributions, ensure compliance and manage ongoing administration and recording keeping.

- The pension schemes employers use to meet the requirements are called Workplace Pensions.
- The process of automatically placing an employee into a scheme and making contributions is called automatic enrolment.

### About this leaflet

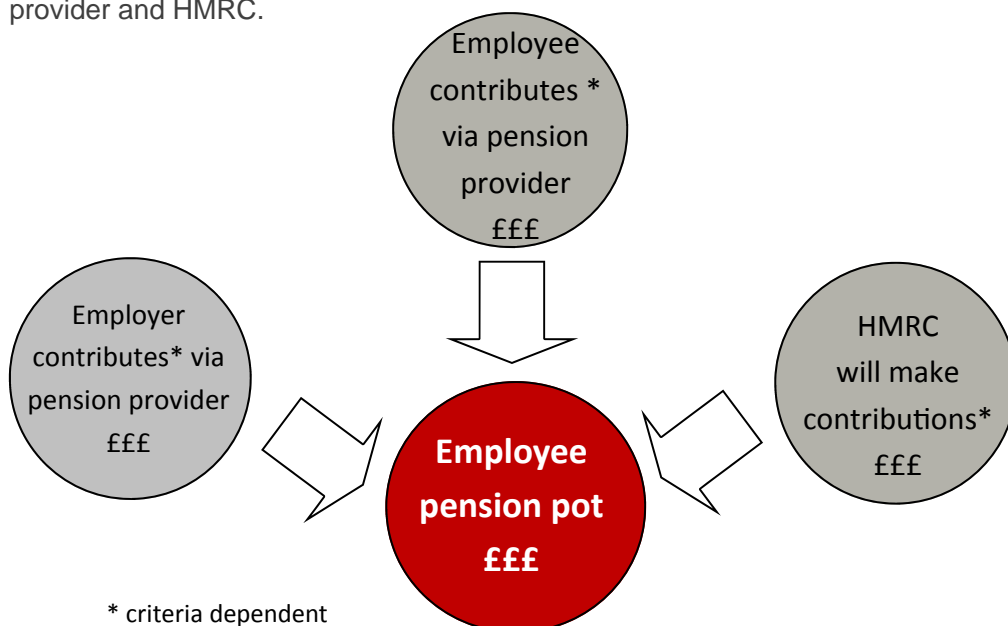
This leaflet is written to help you understand :

- how your payroll department will work within the auto enrolment process
- your responsibilities as an employer
- what information your payroll department will need to operate an effective auto enrolment process
- The information flow between payroll, pension provider and employer.

### Why does auto enrolment involve your payroll department?

The process of auto enrolling your staff into a workplace pension is triggered by certain parameters detected by special software that your payroll department will use.

Calculations are made by the payroll department and these figures are automatically reported to you, the pension provider and HMRC.



## Your checklist

### Six months before your deadline ('staging date') you should have:

- Told The Pension Regulator who your nominated workplace pension contact is.
- Checked which workers might need to be automatically enrolled into a pension scheme
- Chosen a pension scheme dependent on your assessments
- Confirmed that each chosen pension provider will accept your workers
- Ensured that your payroll system supports automatic enrolment
- Started to make your workers aware of automatic enrolment and how it will affect them.

If you haven't completed these steps you should start immediately.

### Three months before your deadline ('staging date') you should have informed Cox & Co:

- Contact details for pension providers including scheme references and portal login details.
- Contact details for middle agents acting between yourself and your pension provider including scheme references and portal login details.
- Earnings basis on which pension contributions under auto enrolment are to be calculated
- If there is any worker postponement period in operation
- If there is any eligible jobholder period in operation
- Confirmation of whether we are required to provide employee communications, or will these be dealt with by the scheme provider/agent.
- If any contributions will be under a salary sacrifice arrangement

### Once your staging date arrives you must from this date:

- enrol workers into your chosen pension scheme
- make contributions to that scheme
- keep records
- complete your declaration of compliance (registration) with The Pensions Regulator.

If you fail to automatically enrol your workers into a pension scheme on your staging date you could face fines of up to £2,500 per day for employers with 50-249 people in their PAYE scheme, or up to £10,000 if you have more than 250 people.

*Act now!*

*Call 0117 9323444*

## Ongoing auto enrolment payroll administration

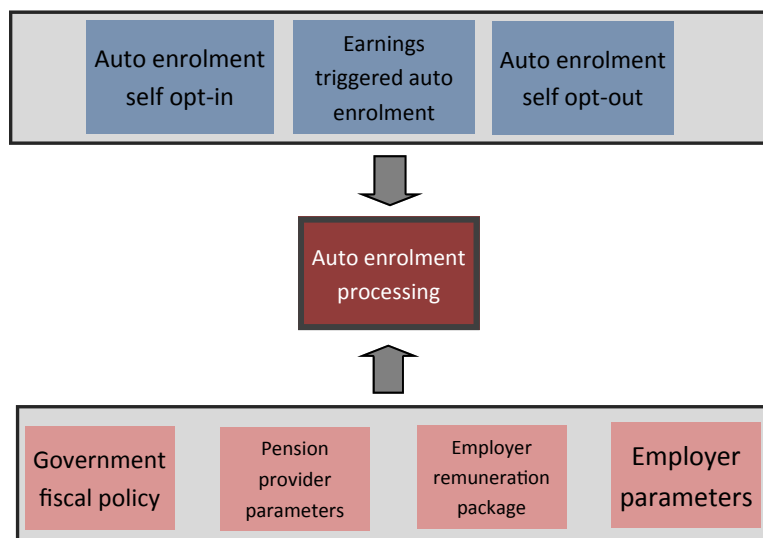
### Auto enrolling your staff (standard process)

- Every pay cycle those employees that meet the auto enrolment parameters will be included in the pension calculations.
- The pension feed that we generate will notify the pension provider of any new joiner.
- The pension provider will contact the employee directly and issue pension documents.
- Employees who decide to opt out of the pension scheme must get in touch with the pension provider directly.
- The pension provider will inform us of any employee who has opted out.
- We can only act once the pension provider has formally notified us that an employee has opted out of automatic enrolment, we cannot take instructions from the employee/employer.
- Entitled workers who wish to opt-in to the pension scheme should contact their employer directly.

### Payroll processing (standard process)

The pension calculations from your payroll will be uploaded to the pension provider. Your pension provider will debit your bank account a total figure and credit each individual's pension pot accordingly.

If a Direct Debit bounces, the TPR will be automatically notified and notice will be served.



### Pension records

It is advised that all records are kept for the maximum length of time directed by TPR. Any potential claim for discrimination, unlawful employee terms & conditions of employment or incorrect pension contributions will require a full audit. This is the employer's responsibility to manage.

## Plan your Pension Provision

### Do your homework

Take impartial pension advice and ensure that your chosen pension schemes(s) meet your immediate/future staff needs. For example:

- Some pension schemes will not accept very small weekly contributions from low paid earners should they choose to voluntarily opt-in
- Some pension funds do not meet Shariah, ethical needs or cash account needs which could be construed as discriminatory practice.
- Some existing pension schemes are not accepting auto enrolment contributions at all
- Some pension providers are rapidly increasing setup and administration costs as market demand increases
- Some pension providers will not provide schemes for small business pensions or minimum number of employees.
- Different pension schemes will have differing charges per employee for setup and continuing administration.
- Only pensions schemes that have been awarded an EPSR number are auto enrolment compatible. Do not assume your existing workplace pensions schemes will suffice.

### Select your scheme

Do your homework effectively and do it at least six months in advance of your staging date.

Your chosen pension scheme must be set up and ready prior to your staging date.

Inform us of your pension provider, reference codes, contacts at least three months prior to your staging date.

### Inform your employees

You must write to each member of staff to tell them how automatic enrolment affects them, details of scheme providers and about their rights.

Notifications are required by law at certain points in time - these are explained on the TPR website.

Employee notification letter templates are available on the TPR website to help you.

**For further information call**

*0117 9323444*

*Or email*

*enquiries@payrollslutionsltd.co.uk*