

► **Employer Guide**
10 steps to Auto Enrolment success

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UK employers have to automatically enrol their staff into a Workplace Pension if they meet certain criteria. The law on workplace pensions has now changed and every employer must comply.

We have set out the 10 key steps that you and your business will need to master in order to deliver a successful and compliant Auto Enrolment project. We summarise the steps as follows:



1. Know your key dates

Auto Enrolment is deadline driven and it is very important that you get on top of all of the important dates that effect your company:

- Staging
- Employee Communications
- Postponement
- Registration
- Certification
- Re-enrolment

Some of these dates are flexible and some are fixed so it really pays to make a note of your key dates before you get into the detail of your project.

2. Nominate contact for Regulator & create a project team

The Pensions Regulator (TPR) is responsible for the delivery of Auto Enrolment to all UK employers by 2018. You will receive or have already received a letter from (TPR) but it might not be directed at the right person.

It's important you get the right team of people in place to help you through Auto Enrolment and communication to and from the main regulator is an important area to consider so that important tasks and deadlines are not missed. You can also nominate third parties such as pension advisers as your main or secondary points of contact.

3. Assess your Workforce

Under Auto Enrolment rules you will need to assess your workforce every time you pay people and ensure that workers are categorised in the correct way. You will need to track age, earnings and employment status in real time and with a high degree of accuracy.

It makes a lot of sense to run a trial assessment some months before your Staging Date so that you can understand:

- How the Assessment process works in practice
- How many workers fall into the different categories
- What the potential pension contribution costs might be for the company and workers

This can help you as an employer to budget for Auto Enrolment and decide on some key issues around how you will approach Workplace Pension Schemes as an employee benefit. Many employers will want to understand the line of least resistance from a cost perspective but others will take this chance to use pensions as a differentiator for their business to help attract and retain talented staff.

4. Put a Qualifying Workplace Pension Scheme (QWPS) in place

You might already have a Workplace Pension scheme in place but the Auto Enrolment rules mean that you have a new set of criteria against which you need to measure your scheme. Having a pension in place does not mean that it is automatically a qualifying scheme.

Each scheme has to satisfy three criteria:

- Minimum requirements
- Qualifying criteria
- Auto Enrolment criteria

It is quite possible for employers to operate more than one pension scheme and in many cases existing providers will not be willing to provide access to the scheme for new entrants as a result of Auto Enrolment.

If you do not have a pension scheme in place then the law states that you will need to automatically enrol eligible jobholders into a qualifying Workplace Pension scheme. There are a number of providers in the market who provide very good commercial alternatives to NEST, the government backed Workplace Pension scheme.

TPR has laid down rules that mean employers must make a considered decision that can be explained to staff and underpinned by good due diligence. This is called the 'Good Quality Test'.

5. Review your software and systems

It might feel that having a functioning payroll system (or outsourcing partner) and a pension scheme will mean your employer duties are a doddle. However Auto Enrolment has a lot of moving parts both when you initially introduce it to your business and on an ongoing basis.

The combination of regular workforce assessment, workforce communication, pension deductions and recordkeeping mean that automation of procedures and use of software is essential for all businesses.

You will need to understand the impact of Auto Enrolment on the following systems and processes:

- **Payroll** – you will need an up to date system that can automate many of the complex requirements of Auto Enrolment
- **HR** – you will need a way to record and manage the statutory and non-statutory communication required
- **Pension provider** – you need to understand how to pay contributions across to your chosen pension provider in as efficient and accurate a manner as possible

It therefore follows that you need to leave plenty of time to review systems and processes in these areas as you might want to use Auto Enrolment as the catalyst to make wider changes such as moving from weekly to monthly pay, changing pay dates or introducing a new HR system.

6. Communicate with your workforce

Pensions are hard enough to communicate at the best of times but Auto Enrolment will have peaked the interest of many workers and so you need to ensure you communicate clearly and thoughtfully.

TPR has laid down a prescribed series of *statutory* communications (letter or emails) that you can either personalise or leave as template documents. These communications must be sent out to certain groups of workers at certain times.

In addition to this you might want to provide a wider range of communications and employee engagement programmes in the workplace such as:

- Posters and leaflets
- Email campaigns
- On-site Presentations
- Webinars
- Workshops
- 1:1 meetings

You will also need to consider whether you can automate much of your statutory communication by linking this to your HR & payroll system. In doing this you will need to be comfortable around how records are kept and proof of send and receipt is logged.

7. Hit your Staging Date (or Postponement Date)

You need to be ready to hit the ground running on your Staging Date. This is the date on which your legal duties really start and most importantly it is the actions you take from your Staging Date that you need to register with TPR and against which you will be audited for compliance.

You might choose to postpone your Auto Enrolment duties (by up to 90 days) but that does not mean you can postpone everything so your planning needs to be focused on the Staging Date initially.

On or around your Staging Date you will be:

- Assessing your workforce
- Communicating with your workforce
- Deducting pension contributions from salary
- Liaising with your pension provider
- Dealing with a high level of employee queries.

Planning and preparation are the key ingredients to managing the Staging Date and/or Postponement Dates for your company.

8. Registration

You have 5 months from your Staging Date to register with TPR. The registration process is done via the Government Gateway which many employers will have experience of.

Registration can be a time consuming process, especially for the uninitiated, so it makes sense to leave plenty of time to complete.

You register the actions you took on your Staging and/or Postponement Date. This is the process by which TPR understands what you have done and whether you are compliant with the new legislation. Your information will be audited and results sent to you that could range from a 'pass' to a heavy fine for non-compliance. The fine structure is as follows:

Fines

Failure to comply with your employer duties could incur the following fines for your business:

- £400 initial fine.
- £500 **per day** for continued non-compliance (5-49 staff).
- £2,500 **per day** (50-249 staff).

9. Record-keeping

Employers have a legal requirement to ensure that certain Automatic Enrolment records are kept.

These records fall into two categories:

- **Employer records on Jobholders (and workers)**
- **Employer records on the pension scheme**

These records must be kept for between 4 to 6 years and can be held electronically or in paper format. You will need to ensure you have a good procedure for keeping these records and TPR could ask for them at any time.

In addition to this, your chosen QWPS provider must also retain statutory records relating to the scheme members including name, address, gender, DOB, key dates and current status.

10. Business as usual

Auto Enrolment is not a one-off project, it's something you will need to get used to on an ongoing basis.

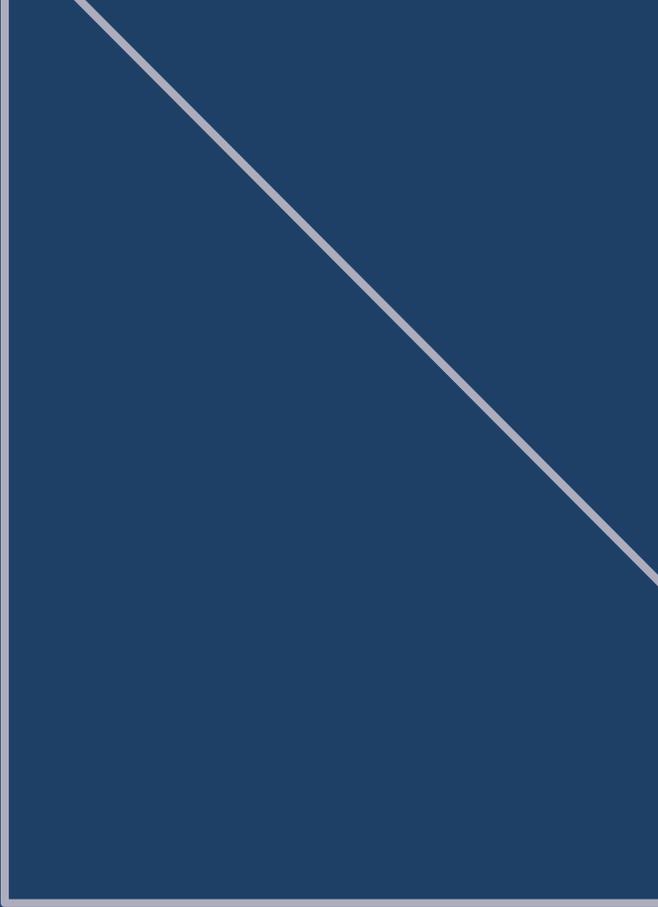
You will need to keep your finger on the pulse at all times and ensure you understand what has to happen in a range of different scenarios such as new joiners to your company, increases or decreases in earnings, birthdays, state retirement ages being attained, opt outs, opt ins and enrolments.

You will also need to consider how you monitor both your QWPS and your Auto Enrolment systems and processes to ensure that they continue to provide value for money and good quality at all times.

Summary

Auto Enrolment is a challenging undertaking for employers, it involves a significant degree of planning and relies on a range of internal and external resources to collaborate and work effectively to ensure that you are compliant, both initially and on an ongoing basis.

It is possible to cut corners and fast-track certain decisions but it is always important to bear in mind that the Directors of UK companies are responsible for the successful and compliant delivery of Auto Enrolment in their business. There is a strong culture of measurement and audit with TPR and so the firms that are well prepared, conduct appropriate due diligence at all times and focus on procedural efficiency will be the ones that enjoy the best Auto Enrolment outcomes.



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