

Savvy

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The Savvy guide to Auto-enrolment

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Guide to Auto-enrolment

By 2018, all businesses must operate a pension scheme for qualifying employees, with employee and employer contributions.

Auto-enrolment will affect all employers regardless of the number of people they employ, and there are a number of important tasks that must be completed to comply with automatic enrolment.

In order that employers meet their requirements for automatic enrolment, they should start planning now.

This guide is designed to help you understand more about your obligations as an employer and to explain how we can help your business prepare for auto-enrolment compliance including:

- > helping you to set up new or review existing pension arrangements
- > providing statutory communications for your staff
- > managing your payroll function to ensure that you are auto-enrolment compliant

A few key points...

Before you continue, there are a few things you need to do.

Find out when your staging date is – this is the date by which employers must have a qualifying scheme in place for auto-enrolment and is determined by the number of employees who are part of your PAYE scheme as at 1 April 2012 (you do not have to wait until HMRC writes to you, you can find out by visiting the Pensions Regulator’s website at www.thepensionsregulator.gov.uk).

- > Gather the correct information for your employees, including name, gender, date of birth, address, NI number, and qualifying earnings
- > Start thinking about how you want to deal with auto-enrolment – this may be through setting up or adapting an existing pension scheme or whether you would prefer to join the government arranged National Employment Savings Trust (NEST) scheme
- > Think about how you expect to manage the additional administration in order to register new starters and existing staff into the scheme (as well as keeping track of those who have opted out)
- > Consider whether your existing payroll system can cope with calculating the contributions by employee and employer. Contributions will be paid on a monthly basis
- > Consider the additional costs to your business and how you will manage them

There are a number of ways we can help your business prepare for auto-enrolment in a timely manner.

Arranging a review of your current pension arrangements

We can help you with preparations for auto-enrolment by arranging for a detailed review of your existing pension scheme. This involves assessing the funds available and determining how far the scheme meets your requirements and those of your employees as well as advising you on your auto-enrolment responsibilities as an employer.

A written report is provided after the review to confirm the findings and the options available to you.

Helping you find and set up a new auto-enrolment compliant pension scheme

If you do not already have a pension scheme in place, or a review of your current system has led you to the decision to set up a new one, we can help. We can help you to set up a new pension scheme for your company, starting with a discussion about what you want from the scheme and identifying all the important areas to consider, such as the number of employees, the total contributions payable, and the type of scheme which would best meet your needs.

We have the means to research available schemes and can provide a report detailing our recommendations for a new scheme. Once you have made a decision, we can help you set up the scheme to ensure that you meet your obligations as an employer.

Managing your payroll function

The cost of auto-enrolment, in terms of time and money should not be underestimated by employers. One of the largest areas to be affected will be payroll procedures.

Assessment of your existing payroll software and functionality to find out whether it complies with minimum auto-enrolment requirements is essential. Some systems can be upgraded but many will need to be completely replaced. Payroll is a complex area of the business, especially given the recent changes for RTI, and once you have assessed the options available to you and the cost involved in upgrading or replacing your system, you may decide that now might be the ideal time to consider outsourcing your payroll function altogether.

We can manage your payroll function for you, ensuring that you are fully auto-enrolment compliant. With the many important issues to consider when preparing for auto-enrolment, it is recommended that you get the expert support that will help your business make a smooth transition into auto-enrolment compliance.

Please contact us for further information and tailored advice.

Communication about auto-enrolment with employees

As part of your responsibilities as an employer, you are required to provide certain statutory information to your employees (in writing) regarding their automatic enrolment into a new (or updated) qualifying pension scheme. This includes providing lengthy information about the pension scheme to workers who need to be auto-enrolled, updating your employee handbook and reviewing contracts of employment.

As part of our auto-enrolment services, we can assist in notifying all employees about their options under the new qualifying pension scheme and we can also provide annual review meetings and presentations to employees (both individually or in groups) in order to communicate with them about auto-enrolment.