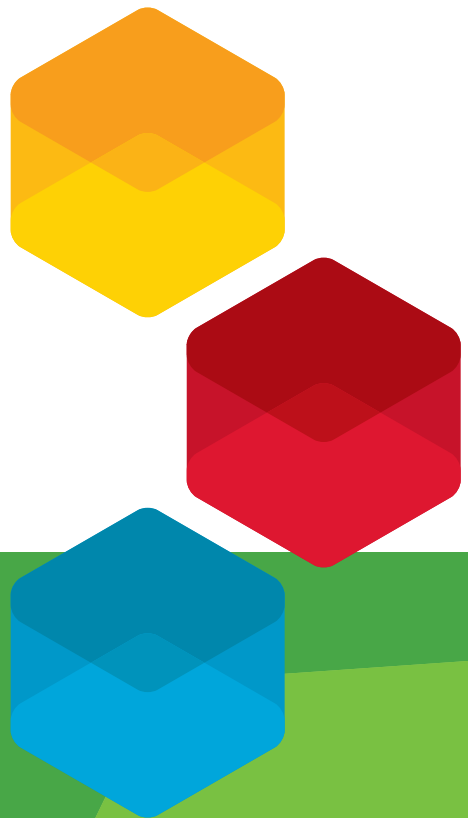


Auto- enrolment



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Thanks for downloading our ebook

Welcome to our guide to Auto-enrolment, brought to you by QuickBooks.



Over the last 12 months, we have seen a significant increase in Auto-enrolment guides, action plans and blueprints, and all tend to be either incredibly complicated or extremely confusing.

With our guide, we want to provide you with actionable information that allows you to effectively auto-enrol your staff onto a workplace pension.



However, we realised that you might need some fundamental questions answered, like **“What do I need to do and by when?”**, **“Does this affect all of my staff?”** and **“How much are the minimum contributions that I need to make?”**.



These are the reasons why we’ve designed this guide-to give you practical advice that ensures your journey to Auto-enrolment doesn’t affect the day to day running of your business.

Before we get started, it’s worth stating that there are a number of steps that you, as an employer, will need to complete in order to get compliant with Auto-enrolment in your business – it can be intimidating when you hear terms such as **“Staging Date”**, **“Workplace Assessments”** and **“Worker eligibility”**, but we’re here to help and to ensure the transition to an Auto-enrolment compliant company takes place as seamlessly as possible.

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We’ve given you a full introduction to Auto-enrolment and Workplace Pensions (all information is accurate as of January 2015), but if you have any questions, we’d love to hear from you about your challenges.

We hope you enjoy reading our guide.

The QuickBooks Team



Before we jump into the finer details of Auto-enrolment, we thought it would be useful to give you the top 5 things that are essential to understanding the fundamentals of Workplace Pensions and what it means for your business.

1. Okay, I've heard of it before somewhere, but what is Auto-enrolment?



A more familiar term is probably 'Workplace Pensions'; you've probably seen the celebrity themed TV ads where 'Dragons' and 'Apprentice' winners proclaim "I'm in". (Have a look at some of the adverts here:

www.tpr.gov.uk/actnow
https://www.youtube.com/watch?v=_C_rcu4HyIk
<https://www.youtube.com/watch?v=zqxeGCj1cZQ>

They're referring to the process that began in 2012, where every business will be obligated to provide their staff with access to pension schemes. This process is known as "**Auto-enrolment**". The "Auto" refers to employees being automatically included into the scheme (subject to specific criteria, which we'll talk about later).

As an employer, you will have to contribute to your worker's pension in addition to the contribution they will make.

Bigger businesses in the UK (that is, those with over 500 employees) have already enrolled their employees into this scheme; now it's the turn of the smaller businesses to comply with Auto-enrolment obligations. In 2018, the initial staging of the Auto-enrolment process will be completed and all organisations will need to have met the legal duty to provide a pension for their staff.

This is a legal obligation for all UK businesses.

Auto-enrolment is a legal obligation for all UK businesses who hire at least one employee.

2. Why is this happening?



Put simply, people are living longer; many of us will spend up to 20 years or more in retirement, and there is a real danger that those of us currently of working age at present are not saving enough to live on when we're older.

Therefore, the government has stepped in to ensure that all workers between the age of 22 and State Pension Age (SPA) are being 'Auto-enrolled' into a scheme that allows them to contribute towards their pension immediately.

3. Will all of my employees benefit from workplace pensions?



As mentioned above, if your employees are between the ages of 22 and the SPA and also earn over £10,000 per annum, then as an employer, you will need to automatically enrol them into a pension scheme.

However, employees do reserve the right to 'opt out' of the enrolment, as some may have their own pensions and don't want to contribute towards both their personal and work based schemes.

In these cases, it's important to note that your workers can opt back in to the scheme if they want, subject to the pension scheme rules.

If you have any employees who fall outside of the criteria mentioned above, then they will need to 'opt in' or join the scheme, as opposed to being Auto-enrolled. (i.e. employees aged from 16 to 21 or from SPA to 74 or those earning below **£10,000** per annum)

4. So, what do I have to do to start this process?



The first thing you'll need to do is find out when you have to start putting your employees into an Automatic enrolment program and begin contributing to their pension. This starting point is what is called a 'Staging date'.

You can find out your staging date by visiting The Pensions Regulator (www.thepensionsregulator.gov.uk) website and entering your PAYE information.

Generally, you won't be able to change your staging date, so the next step will be to work backwards from this date to the present and create a plan that allows you to hit this date.

A staging date refers to the time when your organisation has to start auto-enrolling employees into a pension scheme

Now your date's been arranged, you'll need to assess your workforce, which sounds complicated, but is quite straightforward. You'll need to assess who fits into the age and salary brackets that we mentioned earlier and confirm who in your business will be eligible for auto enrolment.

Another key responsibility for you to consider is to select a pension provider. If you've already got a provider, and as long as they are compliant with Auto-enrolment, you may not have to change them. However, if you do need to change provider, it is strongly recommended you factor in the time it can take to select a new provider within your plan.

You'll also need to start informing your employees about the process and when you've enrolled them, begin managing payroll and maintaining "opt-outs" and "opt-ins", but for now these will be the main things you'll need to do get the ball rolling on Auto-enrolment.

5. What's the minimum contribution that I'll need to make to my employees' pension?



From October 2017 onwards, the minimum total contribution to a pension will be 5%, with you, the business owner paying 2%, and the remaining 3% coming from the employee and tax relief.

However, after October 2018, the minimum total contribution will rise to 8%, with your payment increasing to 3%.

| | Employer Contribution | Employee Contribution |
|------------------------------------|-----------------------|-----------------------|
| 30th September 2017 | 1% | 2% |
| 1st Oct 2017 - 30th September 2018 | 2% | 5% |
| 1st October 2018 onwards | 3% | 8% |

Auto-enrolment doesn't need to be a complicated process. Take a look at our timeline below and get the full view on how you need to stay compliant with Workplace pensions.





“What’s a staging date?” and other Auto-enrolment questions answered.

If you’re anything like us, you’re probably overwhelmed with the sheer amount of different terms that are associated with Auto-enrolment. With staging dates, worker eligibility, minimum contributions and so on, it’s very easy to lose track of exactly what to do.

I’ve read about three different definitions about what Auto-enrolment is, and I’m still none the wiser. What is it?

Simply put, Auto-enrolment refers to all UK businesses being required by law to provide workplace pensions to their employees.

This scheme has been in place for three years and started with larger businesses, but now it’s the turn of small-to-medium enterprises.

Q Why is it here?
Our workforce is getting older and the government face a pension deficit as a lot of us are not putting enough money into our personal pensions.

Therefore, the government has taken the step to make it mandatory for organisations to contribute towards employees’ pensions.

Q Is it against the law if I ignore Auto-enrolment?
In a word, yes. All UK businesses will need to Auto-enrol their eligible staff into workplace pensions. Any company that doesn’t will be subject to enforcement action from The Pensions Regulator which includes financial penalties.

Q Okay, so what do I need to do?
The first thing is to find out your **staging date** and work backwards from and formulate a plan to meet this deadline...

Q Hold on – what’s a staging date?
A staging date is a day that has been assigned to your company as the time that you need to begin enrolling your staff into a pension scheme. This cannot be changed. You can get this date from The Pensions Regulator. You can find out more here: <http://www.thepensionsregulator.gov.uk/employers/tools/staging-date.aspx>

Q So, are all of my staff entitled to a workplace pension?
No, not necessarily. Only staff who are between the ages of 22 to SPA and earn over £10,000 per annum are eligible for Auto-enrolment.

Anyone who falls outside of this will need to ‘opt in’ or join the pension scheme.

Q Okay, this is starting to make sense. So I guess that after I get my staging date, I’m finished right? After all Auto-enrolment sounds like I don’t have to do much...
In fact, that’s only the beginning. The ‘auto’ in Auto-enrolment relates to your employees not having to do anything to be included into your pension scheme.

You need to assess your staff’s age and salaries, choose a pension provider, manage your payroll and communicate changes to your workforce. You also need to complete your declaration of compliance with The Pensions Regulator.

Q How do I select a pension provider?
If you have an online payroll software system like QuickBooks Online, there will be a pre-selected list of pension providers, all of which that meet the compliance requirements of Auto-enrolment, including NEST, the government backed provider, which has a legal obligation to accept any employer and their employees regardless of size and contribution values. You might have your own pension provider, and if you do, you’ll need to check that it is in line with Auto-enrolment and is willing to accept all your entitled employees.

QuickBooks do not receive any commission from any pension provider.

Worker Eligibility

Auto-enrolment refers to all UK businesses having to, by law, provide their staff with workplace pensions.

However, what is less known is the fact that not all of your employees will be eligible to be Auto-enrolled.

With that in mind, it becomes important that, when thinking about your timeline and getting ready for your staging date, you allow time to assess your workplace.

This sounds harder than it actually is – let's go through it in four steps:



1. Getting your house in order

The first thing to do is to ensure you know the age and earnings of your staff, as employees who fall outside of the ages of 22 to SPA and earn less than £10,000 per annum, will not be Auto-enrolled into a workplace pension scheme. Instead, they will have the option to 'opt in' or join the pension scheme. So, it's massively important that this straightforward but essential job is done before anything else.



2. Stay above the law

Secondly (excuse us if we get all serious for a second), you are breaking the law if you encourage any employee who qualifies for Auto-enrolment to opt out. If they fit the above criteria, then they will have a pension – one that you provide for them.



3. Report any changes to your employee's conditions

Your staff's salary might stay the same, but unless they've mastered the art of cryonics, their age most certainly won't. If you're assessing your workforce, you'll be able to quickly see who isn't eligible for a workplace pension. Again, an easy step to take, but one that's important you don't miss.



4. Don't wait for your date...

Once you know your staging date, assessing your workforce should be one of the first things you do; make sure you know their:

- National Insurance number
- PAYE details
- Date of birth
- Salary
- Their FULL name
- Contact details

By having this information ready before you hit your staging date is one way that you can make your auto enrolment process run much more effectively. Remember some pension providers may require additional information such as addresses and email of your employees.

Conclusion

Over the last few pages, we've discussed the finer details about exactly what Auto-enrolment is, and what you need to do in order to get your business ready for equipping your staff with pensions.

We covered finding your staging date and creating an action plan that ensures you meet it, as well as some of the burning questions that you might have around this new legislation.

We'd be more than happy to answer any questions you may have about any aspect of Auto-enrolment, as well as get your feedback on how useful you found this ebook. You can get in contact with us on **0808 168 4235**

Once again, thank you for reading our ebook.

The QuickBooks Online Team

