



Guide to auto-enrolment

Creative solutions for all your accountancy needs

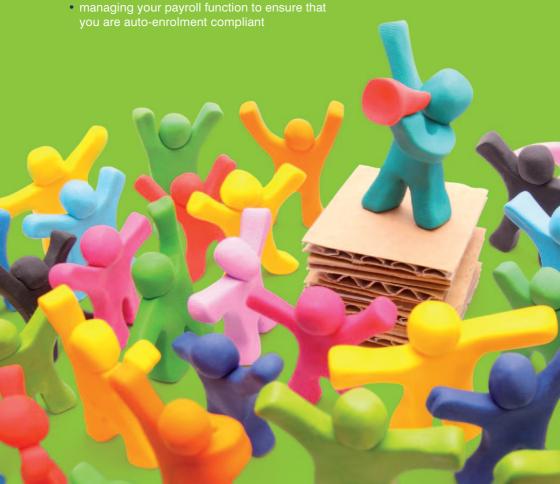


By October 2017, all employers must operate an autoenrolment pension scheme for qualifying employees, to which both employees and the employer must contribute.

Employers who have yet to reach their auto-enrolment staging date (the date on which they need to start auto-enrolling eligible employees into a qualifying workplace pension scheme) should start planning for auto-enrolment at least six months in advance.

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

- helping you to set up a new or reviewing existing pension arrangements
- · providing statutory communication for your staff



Employees and auto-enrolment



There are three types of employee for auto-enrolment purposes:

- Eligible: aged between 22 and state retirement age and earning at least £10,000 per annum. Eligible employees must be enrolled
- Non-eligible: aged between 16 and 22 or state retirement age to 75, earning over £10,000 per annum, or aged 16 to state retirement age and earning between £5,824 and £10,000 per annum. Non-eligible employees can ask to be enrolled
- Entitled: aged 16-75 and earning £5,824 or less. Entitled employees can ask to join a pension scheme but their employer does not need to contribute

Earnings levels are for the 2015-16 financial year and are subject to change in subsequent years.

Employees can opt out of the pension scheme after they have been automatically enrolled but the employer cannot make them do so. If they opt out, they must be re-enrolled every three years.

Companies that only employ a director/directors with no contract of employment are exempt from auto-enrolment requirements but must inform the Pension Regulator of their position.

Contribution levels



Contribution levels are based on earnings above £5,824 per annum (2015-16 level) and are set out below.

	Employees	Employer	Tax Credit
Until 5 April 2018	0.8%	1.0%	0.2%
Until 5 April 2019	2.4%	2.0%	0.6%
From 6 April 2019	4.0%	3.0%	1.0%

Key points for auto-enrolment planning

- Find out when your staging date is. You can do this by visiting the Pensions Regulator website at www.thepensionregulator.gov.uk, following the link and entering your PAYE reference number.
- 2) Gather the correct information for your employees, including full name, date of birth, national insurance number, address and qualifying earnings.
- 3) Start thinking how you wish to deal with auto-enrolment. This may be adapting an existing pension scheme so that it is compliant with the Pension Regulator's requirements, setting up a new scheme, or using one of the general schemes available, such as NEST, NOW: Pensions or the People's Pension.
- 4) Think about how you will cope with the additional administration in order to set up and maintain your pension scheme. Especially consider those who have opted out, calculation of amounts due, and communication with the chosen scheme(s).
- 5) Consider if your existing payroll system can cope with auto-enrolment, for example calculating the employer and employee contributions and forwarding payments and data to the scheme administrator.
- 6) Consider the additional costs to your business and how you can manage them.





How we can help you with auto-enrolment

There are a number of ways that Moore Thompson and our sister firm MT Financial Management, can help your business to prepare for auto-enrolment.

Moore Thompson

- · Reviewing systems to help you prepare for auto-enrolment
- Identifying the costs of auto-enrolment
- Assisting with setting up a NEST, Now: Pensions or People's Pension scheme
- Advising on salary sacrifice or certification
- Assisting with the auto-enrolment information you need to send to your employees
- Payroll bureau support for auto-enrolment
- Advising on and providing quotations for Sage software to assist with auto-enrolment and accounting

MT Financial Management

- Carrying out a detailed review of your existing pension scheme to see if it is compliant with auto-enrolment requirements or can be adapted to be compliant
- Providing a written report setting out our review findings and suggested options
- Advising on and assisting with the setting up of a regulated pension scheme that is auto-enrolment compliant
- Meeting with you and your staff to discuss personal pension positions and advising on the suitability of any scheme for them
- Assisting you with notifying the Pensions Regulator
- Discussing the impact on your staff on a group basis

Communicating 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.

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 Real Time Information (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. 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.

Contact us...

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