



Work Place Pensions (Auto Enrolment)

What does it mean to Employers and
how can James Cowper Kreston help?

Work Place Pensions (Auto Enrolment) – key facts:

Q: Which employers need to comply with Auto Enrolment?

A: All employers in the UK.

Q: But I am the only Director with no employees on the payroll, do I need to comply?

A: No, The Pensions Regulator (TPR) has advised that if you are the sole Director, or there are a number of Directors but none of whom (or just one) have an employment contract then you can self declare that you're not an employer for the purposes of Automatic Enrolment. This is done via the TPR website, simply follow this link:

<http://www.thepensionsregulator.gov.uk/employers/What-if-I-dont-have-any-staff.aspx>

Q: When do I Stage (Stage = date where I have to comply)?

A: This depends upon your employee headcount. If you do not know and we process your payroll, just ask us. If we do not process your payroll simply follow this link (you will need your employers tax reference number):

<http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

Q: What do I need to pay?

A: The minimum contribution rates are set out below and are based upon qualifying earnings (NI LEL to the UEL) which is the default range for AE. Legislation only calls for minimum employer and minimum overall contributions, it does not set a minimum employees contribution level. Therefore, if an employer wishes to pay the full overall minimum the employee need not contribute!

Period	Employer Minimum	Overall Minimum	Default Employee Contribution
to 05/04/18	1%	2%	1%
06/04/18 to 05/04/19	2%	5%	3%
06/04/2019 onwards	3%	8%	5%

Q: So what other duties do I have as an employer?

A: The real burden of AE is the administration. Every time you run a payroll you need to assess your workforce and categorise their 'worker' status (the following graphic explains this further). Once you have made the assessment and enrolled those you need to, you must also write letters to all categories outlining what you have done. You may also need to provide the pension company with a 'feed'. These tasks have to be repeated every payroll.

Q: So who do I need to enrol?

A: Time for another table:

Annual Earnings (2015-16 levels)	State Pension Age		75 and Over
	16	22	
£10,000	Under 16	Employees must be 'Automatically Enrolled' into an AE compliant pension scheme and the employer must make contributions. (Eligible Jobholders)	75 and Over
£5,824		Employees have a right to 'Opt-in' to an AE Compliant pension scheme and the employer must make contributions. (Non-eligible Jobholders)	
£0		Employees have a right to 'join' a pension scheme, but the employer is under no obligation to make contributions. (Entitled Workers)	

Q: Who does this 'employee assessment'?

A: Sometimes the pension provider but mainly your payroll team. This is part of our standard service for JC Payroll clients.

“ So you can see Auto Enrolment is not quite as simple as we are lead to believe by the TV adverts. However, we feel that with the right 'helping hand' the burden can be reduced. There are many possible solutions to Auto Enrolment, however we have set out overleaf four possible options that we feel illustrate the range of options available to our broad and diverse range of clients. If you would like to discuss them further just contact us. ”



Chiltern Consultancy

As financial service professionals we believe that our clients should always engage with the relevant professional for any given situation. If you already have an IFA or pension professional that you deal with then we suggest you contact them in the first instance. If you feel that an IFA would best suit your needs and would like an introduction to Chiltern Consultancy just let us know.

Why choose Chiltern Consultancy?

1. Experienced / highly qualified corporate financial planning specialists with a dedicated AE support team, already providing services to over 100 UK companies.
2. Handholding throughout the entire AE process including educational & informative employee 'group' presentations.
3. Unbiased scheme recommendation from 'whole of market' pension experts.
4. Support tailored to company typically working with FDs / HR Depts. / payroll providers / the company's accountants.
5. Access to other areas of financial planning/advice.
6. Scalable solution, with as much or as little 'hands on' assistance as required.

What does it cost?

Fees will depend upon the bespoke solution chosen and also numbers of workers. Chiltern Consultancy offer 4 defined and bespoke solutions but typical fees are:

Basic proposition starts from £1,500

For a 15 employee company who wants the comprehensive solution with individual and personalised face to face advice meetings, and regular annual review meetings, the cost is £10,275.

Who will like this solution?

An employer that is looking for personalised / professional guidance and support in fulfilling their regulatory duties and retaining a close working relationship with their Financial Adviser. They see the importance of pensions forming part of their employee benefit package, and want this 'employee education' piece to be communicated clearly and understood by all.

Husky Finance

Husky uses technology to deliver an alternative to those that cannot or will not engage with an IFA. Their systems enable you to choose the best pension for you from an independently selected set of 9 pensions. Once you have made the selection they look after everything else from pension application/set up to the day to day duties. JC Payroll are able to fully integrate with Husky systems and portals.

Why choose Husky Finance?

1. Husky's independent team of pensions experts ensure that the decisions employers make are supported by expert oversight.
2. Choice of schemes for all payroll processes, supporting the essence of the regulatory framework.
3. Husky profiles employers and their workers and matches them to the pension scheme(s) that best-fits their needs, helping them to evaluate the right scheme for their business.
4. Continuously monitors employer's workforce and manages all changes (joiners, leavers, pay changes, birthdays, retirement) throughout the 36-month Auto Enrolment period.
5. Straightforward tools and comprehensive service enable employers to meet their obligations and select the right solutions for their business.
6. Access to a dedicated helpline.

What does it cost?

Very simple fee structure, based upon headcount as set out below and reflect a negotiated rate for James Cowper Kreston clients:

Headcount	Set Up	Monthly	Other
1-9	£250	£35	£0
10-19	£300	£50	£0
20-49	£400	£90	£0
50+	Price on Application	£2 per worker per month	£0

In line with the 36-month Auto Enrolment cycle there is a 'tie in' period of 36 months, starting from either the Staging Date or when contributions begin.

Who will like this solution?

An employer who wants the information and on-line tools to enable them to choose a workplace pension. Husky's complete service means that you're supported throughout the process so you can concentrate on the business knowing that you stay compliant and your workers keep saving.

CreativeAE

CreativeAE have taken their IFA knowledge of the AE market and created a solution which is an alternative to the 'default' options, and is the only one of our selections that ensures the employer does not need to make any pensions related decisions. They too look after everything from actual pension set up to the arduous daily duties. JC Payroll are able to fully integrate with CreativeAE systems and portals.

Why choose CreativeAE?

1. It ensures simple and cost effective compliance to the Automatic Enrolment legislation.
2. It is an end to end solution, with no complex pension related decisions to make.
3. Includes ongoing, on-line and helpline support for the employer and employee.
4. Investment management from Scottish Widows, one of the UK's most trusted life, pensions and investment brands.
5. It has the Creative companies support with both corporate and individual regulated advice available.
6. All Auto Enrolment duties taken care of by Creative AE.
7. James Cowper Kreston will look after registration for our JC Payroll clients.

What does it cost?

Fees are not aligned to headcount so no matter what the size of your business the fee stays the same.

Set Up	Monthly	Other
£200	£30	£0

Who will like this solution?

This solution will suit any employer, but is especially suitable to companies with no existing scheme (although that is not a requirement) who wish to ensure their compliance with the minimum financial and time input.

NEST

Often referred to as the 'default' solution, NEST should be considered as anything but the 'default' solution and measured with other providers when making a decision upon what provider to use. NEST is not the government scheme but was set up with a loan from the Government, hence the higher Annual Management Charges whilst this loan is being repaid.

Why choose NEST?

1. Have a great deal of experience in the AE market, as you would expect.
2. Feedback suggests NEST is relatively simple to use.
3. Flexible on pension parameters so you can set up exactly what you want, assuming of course you know about pensions!

Some drawbacks:

1. Relatively high costs due to new contribution charge, introduced to repay £600 million loan from Government.
2. Self service or you pay someone to perform administrative duties, such as JC Payroll, but this then increases the cost even further.
3. Feedback suggests it's hard to speak to someone for help. NEST is on-line so you have resource tools to help yourself.

What does it cost?

NEST is free to the employer so they generate all their income through charges to the employees pensions pots (as do all pension providers). NEST's are made up of 2 parts, they are:

Part 1 - Annual Management Charge of 0.3% of total pot each year.

Part 2 - 1.8% charge on all new contributions into the pension pot.

We are able to register any James Cowper Kreston client with NEST, and for our JC Payroll clients also provide the 'feeds' and 'letters' mentioned earlier. Our fees are:

Register	Pension feed	Letters
£200	£30	£5 per letter

Who will like this solution?

An employer that just wants to be compliant and believes that there is safety in choosing the Government and Pension Regulators promoted scheme.

Frequently Asked questions

Q: What is the staging date?

A: The date that your company falls under the Auto Enrolment regime and must start to assess your workforce.

Q: What is Postponement?

A: You can postpone the employee assessment for up to 3 months. Note: you are not changing your staging date just deferring the 1st assessment.

Q: Can I stage before my staging date?

A: Yes, but you must give The Pensions Regulator at least one months notice. Chiltern Consultancy, Husky Finance and CreativeAE can help you do this.

Q: What is a worker?

A: Your Auto Enrolment obligations relate to your workers and this means:

“Any individual who works under a contract of employment (an employee), or has a contract to perform work or services personally and is not undertaking the work as part of their own business.”

Q: I am self employed. Does AE apply to me?

A: No, you are not required by law to enrol yourself into a workplace pension.

Q: I use agency staff, am I responsible for them under Auto Enrolment?

A: For the purpose of the employer duties, it is whoever is responsible for paying the worker or whoever actually pays the worker.

Q: How will I be treated if I am on a zero hours contract?

A: You will be automatically enrolled in the same way as other workers if you earn more than, currently, £192 a week, £833 per month or £10,000 a year and meet the other joining conditions.

Q: Who do I not need to enrol?

A: Workers that do not fall into the Eligible Jobholders criteria will not be automatically enrolled. These workers can chose to opt into the scheme and are known as Non Eligible Jobholders or Entitled Members. In April 2015, new legislation was passed that also included workers leaving employment, members who have received a winding-up lump sum and also employees who cancel their membership or have tax protection.

Q: What is a Pay Reference Period (PRP)?

A: The period of time over which earnings are to be measured, e.g. if a worker is paid their earnings weekly, their PRP will be one week. If they are paid their earnings monthly, their PRP would be one month.

Q: How often do I need to assess workers?

A: Workers must be assessed every Pay Reference Period.

Q: What is Re-assessment?

A: After the first time you assess your employees for their Auto Enrolment status at your staging date, you have to monitor their age and earnings for each subsequent Pay Reference Period. They may trigger the requirements to become an Eligible Jobholder and will therefore need to be automatically enrolled.

Q: How is tax relief calculated?

A: There are two ways that the tax relief on a member's pension contribution is obtained. Many pension schemes only support one tax relief method, so you should understand which system they use.

Relief at source: This is when the employer would apply tax to the member's contribution and the pension scheme would claim 20% tax back from HM Revenue & Customs (HMRC) and add it to their pot.

Net Pay Arrangement: This is when the employer deducts contributions from a member's gross salary before calculating income tax on the reduced amount. This is then paid to the pension scheme gross of tax.

Q: What is opting out?

A: This is when a staff member decides to leave the pension scheme within a month of being enrolled. **Employers must not influence/encourage their staff to opt-out.** Staff who have been automatically enrolled or who have opted in have the right to opt-out. Once staff have been enrolled into the pension scheme, they have one calendar month during which they can opt-out and get a full refund of any contributions. This is known as the 'opt-out period'. Staff can't opt out before the opt-out period starts or after it ends.

Q: What is Automatic Re-enrolment?

A: Every three years on the anniversary of the original staging date, the employer must re-enrol eligible staff into an Automatic Enrolment pension scheme if they're not already active members of one.

Q: What are the penalties for non-compliance?

A: The Pensions Regulator is responsible for ensuring compliance with the Auto Enrolment legislation; where there is a breach it will initially focus on education rather than imposing fines for non-adherence. In a case of an employer not complying, they will first be told to put things right by The Pensions Regulator. Failure to comply may lead to fines. In the event of persistent and deliberate non-compliance, The Pensions Regulator can issue escalating penalty notices of up to £10,000 a day. It could ultimately end in criminal prosecution and even imprisonment in extreme cases.



Since 2012 Work Place Pensions, or Auto Enrolment as it has become better known, has been testing UK employers. Both in terms of getting to grips with new legislation & pension selection and the administrative burden that is Auto Enrolment compliance. We at JC Payroll Services, James Cowper Kreston's dedicated payroll bureau, have been helping our clients understand 'what it all means to them' over these last few years and have a wealth of experience in all things Auto Enrolment. During this time we have been looking for different options that can help the very broad and diverse range of clients of James Cowper Kreston and JC Payroll Services, navigate through this latest of employer minefields! This brochure introduces the reader to these options and is very much a guide of where to start, and what to think of.



If you would like to know more about how James Cowper Kreston can help you fulfil your Auto Enrolment duties please speak to your client Partner or Nick Butler. Auto Enrolment and payroll are intrinsically linked and therefore why not let JC Payroll Services give you a quote to provide you with a fully comprehensive service.

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