



Automatic Enrolment

The pitfalls of automatic enrolment

Since April 2012, all UK employers are legally obliged to automatically enroll all eligible workers into a qualifying workplace pension scheme. And if you're not fully aware of the implications, then these regulations can be difficult to understand and time consuming to implement.

Where this applies you must by law create and maintain detailed records of correspondence with workers, workforce assessments, joiners and leavers and pension payments. This is one of the most onerous challenges to face businesses in recent years and the financial penalties for breach can be severe.

You will have a duty to assess (and continually reassess) your workforce to be able to identify which of your

employees will be eligible to be automatically enrolled. For this purpose, workers have been arranged into three categories: Eligible Jobholder, Non-Eligible Jobholders and Entitled Workers. Whilst only Eligible Jobholders are required to be automatically enrolled, Non-Eligible Jobholders have a right to opt-in to an automatic enrolment pension scheme and Entitled Workers have a right to join any pension scheme. It is your responsibility as an employer to ensure that you communicate with each individual worker to ensure that they are aware of their rights.

It is also necessary for you to set up a qualifying pension scheme. This involves working with an Independent Financial Adviser to review any existing pension arrangements or to design a new scheme

that will suit the automatic enrolment criteria.

Once set up, you will be responsible for ensuring that both employee and employer contributions are paid into the scheme at the correct amount and the payroll accurately reflects these contributions.

Throughout each stage of the automatic enrolment cycle, you must create and maintain detailed records. These records must be available for review by The Pensions Regulator whenever requested.

Your employees must be aware of their rights and you must be aware of your duties and be ready to act on them to avoid breach of the rules and imposition of financial penalties.

The penalties can be very severe

There is a fixed penalty of £400 for non-compliance. That's bad.

But even worse are the daily penalties that range from £50 per day for a business with up to 4 employees (*rising to £500 per day if you have just 5 employees*) through to £10,000 per day where there are 500 or more employees. That's severe.

Consider this...

We are aware of a company employing 70 employees. They should have auto enrolled on 1 August 2014. The lady who did the payroll for the company knew that something needed to be done but the accountant acting for the company didn't think there was an immediate rush. The reality was very different.

At the time we came across this story the company was due to pay a fixed penalty of £400 for being late. But that paled into insignificance compared with the £2,500 daily penalty for a company of that size. These daily penalties had built up to a staggering £760,000 by the time it came to light in June 2015.

If you have not yet reached your staging date you need to make sure you know exactly when it is and allow at least three months to plan. We can help you get set up with automatic enrolment and take away the pain and hassle.

And even if you have already staged for automatic enrolment you'll know the on-going work required and your obligations are significant. We can

make life much easier for you with our auto enrolment solution. As part of our auto enrolment service we will review your position and advise you, to help ensure you are complying with this onerous legislation and minimise your exposure to penalties.

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I PROMISE TO PAY THE BEARER ON DEMAND

How much will it cost?

If you haven't yet reached your staging date we can sort that out with our automatic enrolment set up service.

And if you are set up for automatic enrolment we can support you by assessing your workforce every pay period, processing opt-outs and opt-ins, re-enrolling eligible workers, reporting to The Pensions Regulator, calculating your contributions for each pay period and much more.

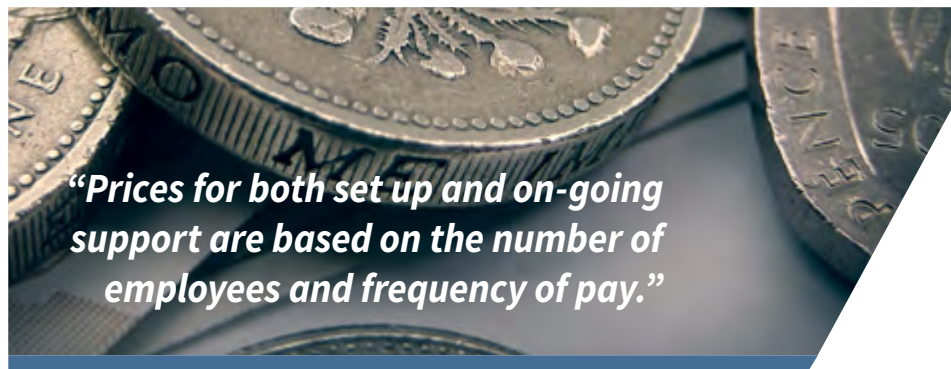
Prices for both set up and on-going support are based on the number of employees and frequency of pay.

And we have three packages which means you can choose the option which best meets your needs. If you choose, we can easily add on an option to deal with your automatic enrolment.

Most clients also ask us to do their payroll too. If we carry out your payroll there are big discounts available. This is simply because if we are already doing your payroll some of the work will already be done.

What if you are a director-only company or exempt company?

We also have an entry level service if you qualify for exemption.



“Prices for both set up and on-going support are based on the number of employees and frequency of pay.”

Your options at a glance

Whatever the size of your business – including director-only companies, you will find one of our automatic enrolment packages to suit your needs. The table below summarises what is included within each of our automatic enrolment packages.

To help you identify the best option for you, here is a quick overview:

Premium Set Up – This is the best option for larger businesses or businesses with more complex requirements that want the very best service, including setting up an appropriate pension scheme.

Full Set Up – This is our most popular option because in addition to having peace of mind that you are fully compliant, we will also help you save money through the multitude of planning opportunities such as phasing and postponement.

Essential Set Up – This option is best for those business owners who are on a tight budget and want the essential things doing to be compliant with automatic enrolment.



Your options in detail

	Premium Set Up	Full Set Up	Essential Set Up
Confirm your staging date	●	●	●
Healthcheck: Your initial workforce assessment	●	●	●
Acting as the point of contact for The Pensions Regulator	●	●	●
Employee communications	●	●	●
Confirm your systems are automatic enrolment compliant	●	●	●
Assess the workforce	●	●	●
Completion of the Declaration of Compliance	●	●	●
Develop your automatic enrolment action plan	●	●	○
Recommendations on setting up the pension scheme	●	●	○
Postponement planning	●	●	○
Phasing plan	●	●	○
Calculating the cost	●	●	○
Setting up your pension scheme	●	○	○
Liaise with your Independent Financial Adviser (if applicable)	●	○	○
Automatic enrolment workforce education workshop	●	○	○

- Included within the bundle
- Not included within the bundle

Note: The price of this service is fully deductible for tax purposes, which means, in effect, HM Revenue and Customs will refund you a portion of the cost (subject to the rate of tax you pay).

A photograph showing two business professionals in a meeting. One person is holding a tablet, and the other is typing on a laptop. A glass of water is on the table. The image is partially covered by a blue banner with white text.

Automatic Enrolment Set Up

Confirm your staging date

Your staging date is very important. It's the date your auto enrolment obligations start and the penalties for not being ready are very severe. Remember, not only £400 for non-compliance but daily penalties of up to £10,000 per day.

Healthcheck: Your initial workforce assessment

The initial assessment of your workforce will identify if you have any employees who will

need to automatically enrol. If you do, you'll need a pension scheme in place. This process should start 3 – 6 months before your staging date. The definition of 'worker' under the legislation is widely drawn (not limited to people paid through the PAYE system) and it's important not to accidentally exclude workers from the auto enrolment process as this contravenes automatic enrolment duties. These complex rules will catch out the unwary; our solution will mean you can rest easy knowing you are compliant.

Acting as the point of contact for The Pensions Regulator

The Pensions Regulator will send regular emails at key stages in your planning process so it is important to establish who will be the nominated contact person (this can be someone within your business or – if you want to remove the hassle – our auto enrolment manager who will do it all for you).

Employee communications

You must tell your employees how auto enrolment applies to them and explain their rights (such as their right to opt out). Although this is time consuming, we will start the process of communicating with your workforce to raise awareness about how auto enrolment will affect them. This must be done within 6 weeks from your staging date.

Confirm your systems are auto enrolment compliant

We will review your software and other systems. If it is not compliant with auto enrolment we will recommend alternative solutions.

Assess the workforce

On your staging date, or on the last day of the postponement period, we will formally assess the ages and earnings of each employee. Using auto enrolment compliant software we will enroll eligible job holders.

Completion of the Declaration of Compliance

Registration is managed online and you need to provide a huge amount of information, such as the employer address and your PAYE reference, when you set up your pension scheme, information about the pension scheme and more. But don't

worry; we'll take care of that for you. For example, we will assist you in registering your pension scheme with The Pensions Regulator. By law this must be completed within 5 months of your staging date.

The following benefits are part of our *Full Automatic Enrolment package*:

Develop your auto enrolment action plan

– This is a powerful planning tool, which will set out the key dates and responsibilities. With this one-year plan you will understand what to do and by when.

Recommendations on setting up the pension scheme

– We will look at your options and set out the necessary steps. This will include a review of your existing pension.

Postponement planning – The rules of postponement open up opportunities for planning which will save you money and time. For example, if you have temporary or short-term employees whom you know will stop working for you within three months. We will work out your optimum deferral date and advise you on your postponement policy.

Phasing plan – Prior to staging date we will review the potential to save money by advising you of the reduced contributions which can be made up to key *increase* dates. This reduced amount will increase until the maximum contribution is reached in October 2018.

Calculating the cost – On your staging date we will assess your workforce and calculate the cost of your additional wage bill for pension. This will ensure you know what must be paid and be confident you are paying the correct amount.

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Prior to staging date we will review the potential to save money by advising you of the reduced contributions which can be made up to key increase dates.

The following benefits are part of our *Premium Automatic Enrolment package*:

Setting up your pension scheme

– We will obtain an application form, assist you with the completion of the application form, submit your application form, arrange for the Deeds of Participation to be signed by you, and send you a welcome pack.

Where we are carrying out your payroll we will prepare the first employee assessment and send to the administrators.

Liaise with your Independent Financial Adviser (if applicable)

– If you are working with an IFA and they are sorting out your pension scheme we will liaise directly with them.

Auto enrolment workforce education workshop

– We will run an event in conjunction with our IFA to educate your workforce, explain their rights and what they need to do. This will include responding to questions from your workforce, which means you don't need to worry about dealing with technical questions.

“We will run an event in conjunction with our IFA to educate your workforce, explain their rights and what they need to do”

Popular *add ons*:

Setting up your pension scheme

There is a dizzying range of different pension schemes. We will:

- Obtain an application form and send you a welcome pack.
- Assist you with the completion of the application form.
- Submit your application form.
- Arrange for the Deeds of Participation to be signed by you.
- Where we are carrying out your payroll we will prepare the first employee assessment and send to the administrators.
- Assist you in registering the pension scheme with The Pensions Regulator.

Payroll

Auto enrolment doesn't finish once you have set everything up on your staging date. There are on going responsibilities including:

- Assessing the workforce every pay period.
- Processing opt-outs and opt-ins.
- On going employee communications and reporting to The Pensions Regulator.
- Assessment of new starters and dealing with leavers.
- Maintaining records and much more.

If you don't want the hassle of this, we can take over dealing with your payroll and ensure you are fully up to date and compliant with auto enrolment.

Salary exchange

A salary exchange can generate sizeable tax savings for both the company and the employees. Your employees can opt to reduce their salaries by the amount that they contribute to their pension scheme saving both income tax and NIC (and the company also saves NIC). These savings can then be either reinvested into their pension scheme or taken in their net pay. Further enhancements can be realised with a flexible benefit scheme.

As part of this service we will:

- Provide information for the employees in the form of suggested text for newsletters, key facts documents and an introduction letter.
- Provide information that will give a fair estimate of the savings, which can be made by operating a salary exchange scheme for your employees' pension contributions.
- Provide a salary exchange application form.
- Provide employment contract variation letters.
- Apply for clearance from HM Revenue and Customs of the correct tax and NIC treatment following introduction of the scheme.
- Provide a system to follow to help the smooth introduction of the process.
- Carry out an annual review.
- Review the benefits of a flexible benefit scheme.



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