



CompleteAuto-EnrolmentSolutions™

Saving your company time, money and resources.

Auto-Enrolment

An Employer check list



Cost-effective, end-to-end support throughout your auto-enrolment journey

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1. Introduction

Your new duties

Pension reform legislation has been introduced which is intended to provide workers with universal access to a pension scheme set up by their employer. It is a huge change to the landscape of workplace pensions and requires all employers to enrol staff into a qualifying workplace pension scheme (QWPS) if they are not already in one. This process is known as auto-enrolment. Every employer will be allocated a 'staging date' by which they must implement auto-enrolment.

Employer duties will include:

- Providing a QWPS that meets the new quality standards
- Establishing workers' status and ensure that eligible workers are members of the QWPS
- Making sure the right communications are sent to relevant workers at the right time
- Understand which workers have opted out of, or into, the QWPS
- Make payments at the required level for workers who have chosen not to opt out of the QWPS

The purpose of this checklist is to give you as an employer an overview of the key tasks you must carry out to fulfil your new duties. It is not intended to be an exhaustive list of all your duties and does not seek to explain the detailed steps necessary to carry them out. Please contact us if you require further information.



2. Preparation and strategy

Staging date

Your staging date is the scheduled start date for your new duties, so it's important you know when it is.

- Identify your staging date (confirm with The Pensions Regulator if unsure)
- Decide whether to bring forward your staging date and give the Pensions Regulator at least one month's notice if that's what you intend to do
- If you operate multiple PAYE schemes, align staging dates across all parts of your organisation (unless there is a valid reason not to)

Waiting periods

You can apply a waiting period of up to three months to help fit your new duties in with your payroll process and way of working.

- Decide if you want to use a waiting period at your staging date
- Decide if you want to apply a waiting period to new workers and / or when existing workers first become eligible
- Establish your waiting period strategy

Pay reference period

The pay reference period is crucial to establishing worker eligibility and minimum payments.

- Identify the pay reference period for each worker
- Establish a process to capture worker data for each pay reference period

Joining process

A waiting period can give flexibility to use a joining process that suits your business (such as contract of employment, flexible benefits election or application as well as auto-enrolment).

- Decide which joining method(s) you will use going forward
- Establish a strategy for current non-members
- Agree a process to capture worker investment choices and payment levels for those who don't want to use the default bases



3. Certification and governance

Certification

Unless you are confident that the payment basis of your qualifying workplace pension scheme (QWPS) meets the default 'qualifying earnings' quality standard, you will need to periodically certify that it meets an alternative standard.

- Establish a process to satisfy yourself that your QWPS is likely to meet the alternative standard(s) over the period of your certificate
- Ensure your initial certificate is produced within a month of your staging date (or the end of your waiting period)
- Decide how often you wish to conduct a quality check (at least every 18 months)
- Establish a process for checking that sufficient payments have been made
- Ensure your certificate is renewed within a month of the old one expiring

Record keeping

Maintaining complete and accurate records is key to meeting your duties.

- Identify records that must be kept to meet legislative requirements
- Implement a process to store records for six years
- Establish and document the joining window
- Record worker joining dates and status
- Establish and document the opt out period
- Store full details of any opt out notices received
- Maintain records of all payments to and from your scheme



4. Eligibility assessment

Worker identification

You need to review the status of all your UK workers, to identify those for whom you need to assess eligibility, and to identify your pension duties.

- Permanent workers
- Agency workers and temps
- Contractors and self-employed individuals
- Special groups, e.g. international workers, those on maternity, long-term sick, unpaid leave, career breaks etc.
- Establish a process to monitor changes in employment status that might affect your duties
- Ensure necessary information is stored to meet record keeping requirements

Eligibility assessment

At your staging date, and every pay reference period thereafter, you need to check the eligibility of any workers who aren't in your QWPS.

- Agree a process to obtain worker data from payroll each pay reference period
- Existing members of another QWPS (e.g.NEST): No new action required
- Eligible jobholders: Need to be joined to your QWPS
- Non-eligible jobholders: Can opt in to your QWPS
- Entitled workers: Can join a pension scheme
- Workers that have opted out: Monitor re-enrolment duty
- Workers in waiting period: Monitor joining date and opt ins
- Ensure necessary communications are issued

4. Eligibility assessment cont.

Non-employed workers

Workers who aren't employees but are identified as being relevant to your pension duties impose extra administrative challenges for which you need to plan.

- Introduce an authorisation process to identify expenses or other payments (e.g. materials) that don't count as qualifying / pensionable earnings
- Establish a process to identify qualifying / pensionable earnings from invoices
- Review invoice payment dates / cycles and align with assessment dates
- Agree how VAT interacts with your pension duties / process
- Create a process to deduct pension payments for non-employed QWPS members when due and reconcile them with invoices



5. Payroll, data and systems

Data exchanges

Efficient data exchanges are crucial to the smooth and cost-effective running of your QWPS.

- Identify the data you need to provide each pay reference period and make sure all data from HR and payroll can be collated into a single file for upload
- Ensure your payroll can provide data in a file type and format compatible with your principal provider's systems and those of any other providers you use, e.g. NEST
- Ensure your payroll can accept data, such as opt out reports, from your principal provider and any other providers you use, e.g. NEST
- If you are using another provider, e.g. NEST, ensure the report has an appropriate flag to identify those workers
- For workers who have been enrolled into an alternative provider scheme, e.g. NEST, ensure payroll records all opt out details

Data cleansing

Maintaining data integrity is core to meeting your duties.

- Undertake a data audit to ensure your data is accurate
- Ensure all data is captured and can be retrieved
- Establish a process to gather the necessary data for new workers, including:
 - Date of birth
 - National Insurance number
 - Full address
 - E-mail address

Pay data

It's important that you can identify which elements of pay are pensionable.

- Identify all payroll elements
- Review each element to identify those that are pensionable and / or constitute qualifying earnings
- Establish a process to capture and submit relevant pay data for each pay reference period



5. Payroll, data and systems

cont.

Making payments

There are strict deadlines for passing payments to your QWPS.

- Ensure payroll can produce a payment file in the correct format
- Establish a process to ensure payments are uploaded on an appropriate date and paid across on time
- Make sure worker payments are deducted from the first payroll run after their enrolment date (even if this is during the opt out period)

Refunds on opt out

If a worker opts out, you have a strict deadline to refund any pension payments taken from their pay.

- Decide whether to retain payments until the opt out period has ended or pass them to your QWPS provider
- If retaining payments, establish a process to calculate, log, date match and reconcile them
- Consider the interaction of refunds with pension salary exchange
- Ensure the information on the refund file can be integrated with payroll
- Ensure payroll can process refunds within the statutory deadline



6. Communications

Strategy and approach

Effective communication is key to meeting your duties and operating an effective and efficient pension process.

- Identify and alert key staff such as HR and payroll
- Communicate to any specialist groups. For example, identify the importance of opting out to those with fixed or enhanced protection
- Decide if you will use a waiting period
- Keep a record of communications issued

Employee engagement

Pension reform and auto-enrolment is the biggest change to workplace pensions ever, so it's important you engage your workers and ensure they value your pension spend.

- Communicate the 'how, when and what' of pension reform
- Communicate the benefits of membership of the pension scheme
- Confirm qualifying status to existing members of your scheme within two months of your staging date

Using a waiting period

A waiting period can be applied so the joining date is better suited to your business processes.

- Determine the waiting period end date in line with your waiting period strategy
- Communicate to those affected at staging and at any further date within the required time period
- Decide if you will issue generic information or tailored information specific to the workers' assessment category
- If relevant, communicate and operate any non-enrolment joining process
- At the end of any waiting period, carry out an eligibility assessment
- Where the assessment shows the worker as an entitled jobholder, begin the auto-enrolment process using the end of the waiting period as the automatic enrolment date
- Where the assessment shows the worker as an entitled worker or non-eligible jobholder, log the worker's status and continue the on-going monitoring each pay period

6. Communications

cont.

Opt out

Managing opt out communication is key to the joining process.

- Give information about opt out rights and process to those eligible for enrolment or with rights to opt in
- Inform the scheme that a worker has opted out



7. Reviews and ongoing processes

Ongoing eligibility assessment

Every pay reference period you need to check the eligibility of any workers who aren't in your QWPS.

- Build pension eligibility assessment into your new worker process
- Monitor changes in worker status (e.g. agency to permanent employee, returns from overseas, etc.)
- Ensure that communication requirements are met

Opt ins and entitled joiners

It's important that you have a compliant and efficient process for workers who join your scheme voluntarily.

- Introduce a process that enrolls individuals who want to opt in, and starts member and employer payments
- Decide an approach for dealing with opt in requests made within a year of a previous opt out
- Ensure a pension scheme is in place for entitled workers who submit a joining notice, and that a process is in place to collect and pay their pension payments (employer payments are not a requirement for entitled workers)
- Designate a person responsible for dealing with opt in notices
- Ensure opt in notices are valid
- Ensure payroll and the pension provider are made aware of any valid opt in notices
- Log the date all opt in notices are received
- Log the date active membership begins

7. Reviews and ongoing processes

cont.

Opt outs and refunds

Managing the opt out process efficiently is an important part in running your QWPS.

- Ensure opt out communications are issued on time
- Establish a process for obtaining and reviewing opt out notices
- Advise the worker if an opt out notice is not valid and extend the joining window by two weeks
- Calculate the refund due on receipt of a valid opt out notice and ensure it is paid on time
- Where applicable, calculate any retained payments due on refunds
- Establish a process for dealing with late opt out notices

Re-enrolment

Every three years you must carry out an exercise to re-enrol most eligible jobholders who aren't members of your QWPS.

- Choose a triennial re-enrolment date that fits your payroll cycle or flexible benefits window (within the six month window)
- Create a process to carry out the re-enrolment exercise every three years
- Exclude opt outs within a year of your chosen date from the re-enrolment exercise
- Maintain records to evidence that re-enrolment obligations have been satisfied

8. Next steps

We can help

As you can see, your duties as an employer under the auto-enrolment legislation are many and wide-ranging. In addition to understanding what you have to do, you'll also need to budget for additional costs, such as making employer contributions, collecting and paying over worker contributions, upgrading payroll systems, keeping meticulous records and possibly employing extra staff to handle the increased workload. Clearly, these extra costs will be on-going.

We believe the answer is to outsource your auto-enrolment administration to us. Complete Auto-Enrolment Solutions™ is able to effectively and efficiently address the issues and risks on your behalf and ensure a smooth process and satisfactory outcome. We can also arrange advice on a QWPS if none is in place. Very few financial advisers or employee benefits consultants will be able to offer this specialist service and demand is therefore likely to be high.

So if you are at all unsure of your legal obligations, are worried that you may be unable to meet your staging deadline, or would like further information, please contact us straightaway. Our end-to-end solution will provide the peace-of-mind that your company will be fully compliant by your staging date.



