

Auto-enrolment



What is automatic enrolment?

What is your staging date?

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What is automatic enrolment?

The law on workplace pensions has changed. Every employer with at least one member of staff now has new duties, including enrolling those who are eligible into a workplace pension scheme and contributing towards it.

This is called 'automatic enrolment' because it is automatic for staff – they don't have to do anything to be enrolled into a pension scheme, but it is not automatic for employers. You should already have had a letter from the Pensions Regulator telling you when your auto enrolment duties start.

There is no doubt this additional burden is unwelcome, but the longer you give yourself to plan for these changes hopefully the less impact it will have on your business as a whole.

We understand why the new legislation is necessary, but the rules seem complex especially for smaller firms and impose more work on firms when many are working flat out to keep their heads above water. But there is not a choice and we are here to help you meet your obligations.

KEY AUTO ENROLMENT STAGES

When do you need to be ready?

- What is your staging date?
- Provide a contact to The Pensions Regulator

Preparation

- Don't leave it to the last minute
- Who do you need to enrol?
- How much will it cost?

What do you need to do?

- Do you need help from Old Mill?
- Payroll services
- Setting up a pension scheme

Auto enrolment

- Auto enrol your staff
- Communication & Compliance
- How else can I comply with the legislation?

What is your staging date?

If you have not already received a letter from the Pensions Regulator telling you when your starting date (called the staging date) is, you can find out from their website www.thepensionsregulator.gov.uk.

Provide a contact to the Pensions Regulator

There are several things that you need to do to be ready for automatic enrolment. The person in your company who will be responsible for this should sign up to The Pensions Regulator's emails to receive help and guidance over the coming months.

Don't leave it to the last minute

Employers have found that they needed to start preparing up to a year prior to their staging date, so you should start making plans in good time.

Don't leave it until the last minute. If you do, it could be more costly and complex to prepare.



Who do you need to enrol?

You will have to assess all your staff for eligibility but you may not have to automatically enrol all of them. The table below outlines your duties depending on the age and salary of your staff member.

It's against the law to take any action to induce anyone to opt out. Examples of this could include persuading or forcing staff to opt out by offering them a cash bonus to do so, or by withholding a pay increase until they opt out.

Monthly Earnings	Aged from 16 to 21	Aged from 22 to SPA*	Aged from SPA* to 74
£486 and below	Has a right to join a pension scheme		
Over £486 up to £833	Has a right to opt in		
Over £833	Has a right to opt in	Automatically enrol	Has a right to opt in

*State Pension Age

How much will it cost?

For automatic enrolment there are minimum contributions you must pay in order to comply with your duties. These are a percentage of earnings and are shown in the table below.

Date	Employer minimum contribution	Total minimum contribution
Employer's staging date to 05/04/18	1%	2% (including 1% staff contribution)
06/04/18 – 05/04/19	2%	5% (including 3% staff contribution)
06/04/19 onwards	3%	8% (including 5% staff contribution)

Do you need help from Old Mill?

As auto enrolment will affect so many employers The Pensions Regulator has provided a great deal of information on their website to help employers comply with their duties.

Sometimes you may need some extra help and with our dual role in Accounting and Pensions we are ideally placed to oversee the changes you need to make and ensure you comply with the regulations initially and on an on-going basis with advice if needed.

If you want to provide employee benefits beyond the legal minimum in order to attract, motivate and retain the right staff then we are able to advise you as an employer on auto enrolment and pension schemes that will be suitable for your circumstances. In addition we can help your workforce as a group or on an individual basis to educate and encourage good savings behaviour to provide enough in retirement.

Payroll Services

Old Mill offer a dedicated payroll bureau to provide payroll services to businesses to ensure that their employees are paid on time and accurately in line with the current legislation leaving you more time to concentrate on what you do best.

In our discussions with companies many small and medium sized companies are finding that traditional bookkeepers or in-house payroll staff are often either unwilling or unable to take on the responsibility of auto enrolment and the consequences for not complying with the legislation.

The Old Mill Payroll Bureau provides a complete, end to end solution with skilled, experienced staff to deal with all aspects of the payroll operation to make it easy for your company to comply with auto enrolment legislation.



Setting up a pension scheme

Choosing a suitable pension scheme under the new rules is the responsibility of the employer.

It is thought that a million employers do not have a pension scheme at all, but even if you do, it may not be suitable at all and need changing, or at least need a few tweaks to comply.

For those with no scheme at all there are a number of choices to make. It will be possible to set up a company-specific scheme but there are also some larger schemes set up. There are pros and cons for each and these should be considered in your individual circumstances and requirements.

Auto enrol your staff

Automatic enrolment is not just something that happens at your staging date – it is an ongoing duty. You'll need to check every payday to see whether any of the members of staff who weren't automatically enrolled are now entitled to be put into the pension scheme, for example:

- When they reach their 22nd birthday
- When their monthly earnings go above £833.

After you have automatically enrolled your staff members, they may ask to 'opt out' of the pension scheme. You must then stop deductions of contributions and arrange a refund of any contributions they have paid to date. If they do opt out and stay with your company you have a duty to auto enrol them again after three years.

Staff who have not been automatically enrolled may ask to join the scheme. If you receive such a request, your software should help you process this. Automatic enrolment will be 'business as usual', just like real-time PAYE or filing your employer return with HMRC.

Communication & Compliance

After your staging date, you must write to your staff about how automatic enrolment affects them. The Pensions Regulator has template letters that you can use for this on their website.

Next steps

If you would like to speak to someone about the payroll service we can provide or if you would like a link to sign up to the Creative Auto Enrolment service online please speak to your usual Old Mill contact.

You must complete your declaration of compliance when you've automatically enrolled your members of staff. This confirms to The Pensions Regulator that you have fulfilled your legal duties.

As with real-time PAYE, you must keep records of your automatic enrolment activities. This will include the information you sent to your pension provider, and copies of any opt-out requests you receive.

How else can I comply with the legislation?

We are here to help where we can but realistically, many employers will merely want to do enough to comply with the legislation and no more.

The good news is that we have negotiated for our clients to have access to an auto enrolment solution provided by Creative Auto Enrolment that takes care of the preparation, communication and pension solution for you, leaving you only to make the payroll changes. When you enrol your business to the service provided by Creative, they will:

- Help you establish your staging date
- Provide the pension, all the auto enrolment setup, the administration and your employee communications
- Handle your Declaration of Compliance
- Provide a dedicated Helpline for you and your employees.

It's designed to make the solution easy for you to implement and run in your business:

- No need to upgrade or change your existing payroll software or processes
- The scheme includes a pension that invests in funds managed by Scottish Widows, one of the UK's most trusted Life, Pensions and Investments providers
- Simple sign up process means they only need information from you that you already know, with no complicated decisions to be made
- Low ongoing cost of £20 plus VAT per month.



Contact Old Mill

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