

Auto Enrolment Solutions





Guide to auto enrolment

Workplace pension law introduced in 2012 stipulates that every employer now has a legal duty to help their workers in the UK save for retirement. As an employer, you must automatically enrol certain workers into a qualifying workplace pension scheme and make contributions towards it.

Background to auto enrolment

There will be more pensioners in the future and on average those pensioners will live longer. This will put a massive strain on the state pension system.

To alleviate this burden, the Pensions Acts 2007 and 2008 made changes to the Basic State Pension, the State Second Pension and introduced new employer duties for pensions.

The Pensions Act 2008 also laid out the foundations for auto enrolment, which started in 2012. This imposes many obligations onto employers, including the requirement to make pension contributions at a prescribed rate for all their eligible employees.

The employer duties

During a phased implementation from October 2012, you are required by law to automatically enrol all your 'eligible employees' into a Qualifying Workplace Pension Scheme (QWPS) and make contributions to their plan.

Eligible employees are:

- aged between 22 and state pension age; and
- earn over the earnings trigger for auto enrolment (£10,000 in 2016/17).

The QWPS can be:

- a workplace pension scheme which meets defined criteria for contributions or benefits.

You must register with the Pensions Regulator to confirm that you have a scheme in place within 5 months of your 'staging date' and then re-register every three years.

Once you reach your staging date, auto enrolment duties will have to be carried out on an on-going basis every time you pay your staff.

The largest employers have already gone through the auto enrolment process, and more and more employers are affected by the legislation each month. At the peak in late summer 2017, around 135,000 employers reach their respective compliance dates every single month. These numbers will create a very high demand on resource and it is therefore important that you plan early and take expert advice to ensure the most suitable outcome for your business.

Contribution Levels

Auto enrolment regulations prescribe minimum rates of contributions that must be made. The contribution rates are being phased in from employers' staging dates to April 2019.

As an employer you can choose to adopt one of four pensionable pay definitions for the basis of calculating pension contributions (listed in the table below). The rates of contributions differ depending on the pensionable pay basis selected. The table shows the minimum contribution rates applicable to each earnings basis:

Pensionable Pay	Staging Date to 5 April 2018		6 April 2018 to 5 April 2019		6 April 2019 onwards	
	Employer	Total minimum contributions	Employer	Total minimum contributions	Employer	Total minimum contributions
Basic pay	2%	3%	3%	6%	4%	9%
Over 85% earnings pensionable*	1%	2%	2%	5%	3%	8%
'Total Earnings'	1%	2%	2%	5%	3%	7%
'Qualifying Earnings'	1%	2%	2%	5%	3%	8%

*Pensionable pay must at least equal basic pay

- Qualifying earnings' are currently earnings between £5,824 and £43,000 (2016/17 tax year).
- Employee contributions are inclusive of tax relief.

Penalties for non-compliance

The Pensions Regulator has introduced stringent penalties for not enrolling staff by the allocated staging date. Enforcement of these penalties is already in action:

- Stage 1: 'Warning'
 Stage 2: 'Wake-up call' - fixed penalty of £400
 Stage 3: 'Persistent offender'

Penalties based on number of employees:

500+	£10,000 per day
250-499	£5,000 per day
50-249	£2,500 per day
5-49	£500 per day
1-4	£50 per day

Other penalties will also apply for wilful failure to comply, inducements to workers to opt-out and prohibited recruitment conduct.

What this means for employers

You will have to start making pension provision for your employees. Auto enrolment will mean additional costs for every employer in the UK, including the cost of the contributions but also the increased administration to comply with the employer duties.

It is essential that you consider the impact that this will have on your business and devise a suitable strategy. Before making any decision with regards to a pension scheme, you should take independent advice and choose the most suitable form of pension provision to suit individual circumstances.



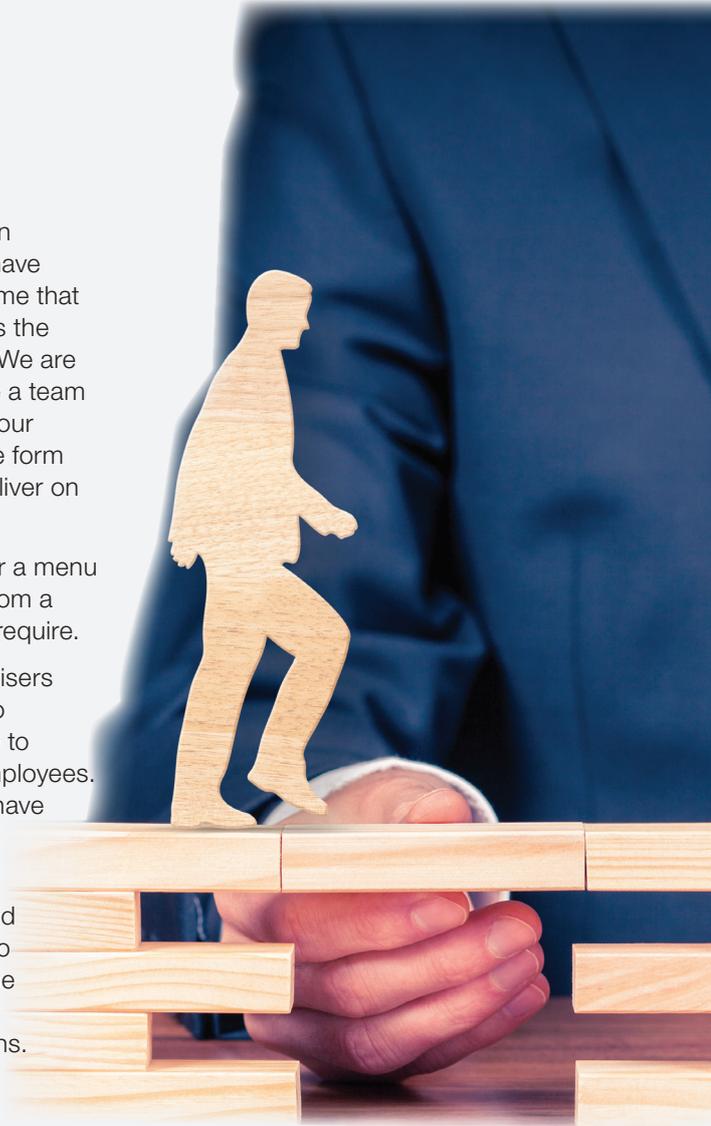
Our auto enrolment service

At PKF Francis Clark Financial Planning we have extensive experience in helping employers, both large and small, manage auto enrolment. We have the expertise to help you design, select and implement a pension scheme that suits your workforce. We are fully independent so we are able to assess the whole marketplace to find the right pension scheme for your business. We are transparent, so we quote a fee before any work is undertaken and have a team that is committed to giving you tailored and innovative advice to meet your specific objectives. We pride ourselves on the long-term relationship we form with our clients and recognise that to build this relationship we must deliver on promises.

Because we know that each client's requirements are different, we offer a menu based approach. As an employer, this allows you to pick and choose from a range of cost effective services to ensure you receive the services you require.

We believe that a face to face meeting between you and one of our advisers is the best way to start our support. Our advised service enables you to fully discuss your requirements with a financial adviser, who will be able to recommend the best scheme and options to suit both you and your employees. By selecting our advised service you are able to demonstrate that you have carried out due diligence in the selection of a scheme suitable for your workforce.

If, however, you do not wish to receive our advised service and a tailored recommendation, we do offer a non-advised service allowing those who only wish to meet their statutory obligations to remain compliant with the regulations. Our non-advised service will set up a government backed 'NEST' master trust arrangement applying a number of default selections.



Scheme implementation services

	Advised service	Non-advised service
A meeting with you to provide a guide to auto enrolment, detail the options available and confirm the actions that you must take to fulfil your employer duties.	included ✓	not included ✗
Review any existing schemes for auto enrolment suitability and project management of any required changes.	included ✓	not included ✗
A specific recommendation on the solution/pension scheme you should adopt to best meet your requirements and responsibilities.	included ✓	not included ✗
Provision of a tailored auto enrolment report and associated literature to assist with the auto enrolment process.	included ✓	not included ✗
Implementation of the recommended scheme with the pension provider, reflecting your bespoke scheme design, and support throughout the implementation process.	included ✓	not included ✗
Telephone support from our auto enrolment experts throughout the period approaching your staging date so that you are totally ready to commence your duties.	included ✓	not included ✗
Option for employees to deal direct with the auto enrolment scheme to transfer-in existing pension benefits.	included ✓	not included ✗
Set up of compliant scheme on fixed default basis.	not included ✗	included ✓
Cost	£800 no VAT	£300 plus VAT

Additional auto enrolment services

In addition to the services overleaf, we also offer the following bespoke services which can be selected at any stage:

On-site employee presentation and Q&A session (maximum 25 employees per presentation).	£500
Auto enrolment review service <ul style="list-style-type: none">Information and assistance in complying with the Pensions Regulator's triennial re-enrolment requirements.A 'health-check' assessment of your scheme's on-going suitability.Provision of current relevant information regarding employers' on-going auto enrolment responsibilities.	£300 plus VAT payable every third year (fee increases each year in line with the Retail Prices Index)
Bespoke workplace pension review service <ul style="list-style-type: none">Our experience of the workplace pension scheme marketplace has made us very aware that some pension providers are delivering significantly less than satisfactory levels of service and/or charging much higher than necessary fees.We offer a full review service of your existing workplace pension scheme(s). We will recommend the best way forward for you and your workforce and implement a more suitable replacement scheme if required.	Charges are specific to each individual request

The above costs are based on having at least 3 months until your staging date. We reserve the right to increase our charge if you require advice with less than 3 months to go until your staging date.

PKF Francis Clark auto enrolment payroll support

Auto enrolment will affect every employer by 2018 and the duties required of each employer don't finish at your staging date. Continuous assessments and communications have to be carried out every time you pay your workforce and make pension contributions. Failure to comply with the duties will result in penalties being issued by the Pensions Regulator.

The key to making auto enrolment work is getting your payroll systems and pension scheme to work together. At PKF Francis Clark we use specialist software and have a team of auto enrolment payroll experts who ensure that all of the 30+ auto enrolment duties are completed.

Our auto enrolment payroll support service carries out all of your on-going assessments, physical communications (including all required member letters), uploading of contribution schedules to the pension provider, and all reporting necessary to comply with auto enrolment legislation. Not least, we ensure that the correct on-going pension contributions are made for your staff.

Auto enrolment payroll support service

- Completion of your declaration of compliance on the Pension Regulator website.
- On-going auto enrolment payroll support service; all year round telephone/email back up, provision of all required assessments, communications, uploading of contribution schedules to the pension provider, and compliance with legislation.

A one-off implementation fee of £200 (plus VAT) and an ongoing cost per payroll run of £35 (plus VAT) plus 50p per employee assessed per month (capped at 60 employees).

Full payroll services

Payroll can be a large expense in most businesses; however it is often an area that is overlooked. Our payroll services department has a strong team of staff who keep constantly up to date with changing legislation with auto enrolment being just one example.

The team's role within PKF Francis Clark is to ease the onerous task of running a payroll, leaving you with more time to concentrate on core business issues with the peace of mind that your employees will not only be paid on a timely basis but that all legislative matters are complied with.

Reports are issued for your records that cover all HMRC payments, pension payments and of course salaries to staff along with their payslips. Being a registered BACS bureau we can also make all required payments. FREE quotes for a tailored full employer payroll service are available on request.



Contact us

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To discuss your auto enrolment requirements with us please phone your designated contact at PKF Francis Clark Financial Planning, or phone 0800 832 1785. Alternatively, you can email: hello@fcfp.co.uk

For further information, please visit our website:

FCFP.CO.UK

The information provided is based on our current understanding of the relevant legislation and regulations and may be subject to alteration as a result of changes in legislation or practice. The information provided is based on our current understanding of the Pensions Acts 2007, the Pensions Act 2008 and 'Making automatic enrolment work' – A review for the Department for Work and Pensions', Paul Johnson (Frontier economics and Institute for Fiscal Studies), David Yeandle (Engineering Employers' Federation), Adrian Boulding (Legal and General), October 2011.

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