IRIS Bureau Payroll

Guide to Workplace Pension Reform

18/02/2014

Guide to Workplace Pension Reform

This guide will give you a general overview of the **Workplace Pension Reform** and what it means for you as an employer.

It will also demonstrate how IRIS Bureau Payroll can help you carry out your new responsibilities.

> **Some of the functions contained in this guide are chargeable; please contact our Sales team for further details**

The guide covers:

- What is Workplace Pension Reform?
- How to prepare for Workplace Pension Reform and Automatic Enrolment
- How IRIS Bureau Payroll can help you with
  - Automatic Enrolment
  - Pension Funds
  - Pension Deductions
  - NEST
  - Other Pension output files
- Quick Reference & Definitions

Contents

What is Workplace Pension Reform?

Workplace Pension Reform covers changes to pension law affecting all employers with at least one worker in the UK. The Government intends these changes to help address the issues that prevent people from saving into a pension.

Automatic Enrolment

The most significant change is **Automatic Enrolment**. From October 2012 onwards, starting with the largest companies, it became law for every employer to automatically enrol workers into a workplace pension scheme (and contribute to it on their behalf) if they:

- Are aged between 22 and State Pension Age
- Earn more than £10,000 a year (in 2014/15)
- Work in the UK
- Are not already a member of a qualifying pension scheme

To be a qualifying scheme:

- Minimum contributions must be made or it must provide a minimum rate at which benefits will build up

A scheme suitable for automatic enrolment must also not:

- Impose barriers to joining the scheme, such as probationary periods or age limits for members
- Require staff to make an active choice to join or take any other action prior to joining
- Require the provision of extra information in order to stay in the scheme

How to prepare for Workplace Pension Reform

Know your staging date

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Assess your workforce

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Review your pension arrangements

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Communicate the changes to all your workers

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Automatically enrol your Eligible Jobholders

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Register with The Pensions Regulator and maintain records

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Contribute to your workers' pensions
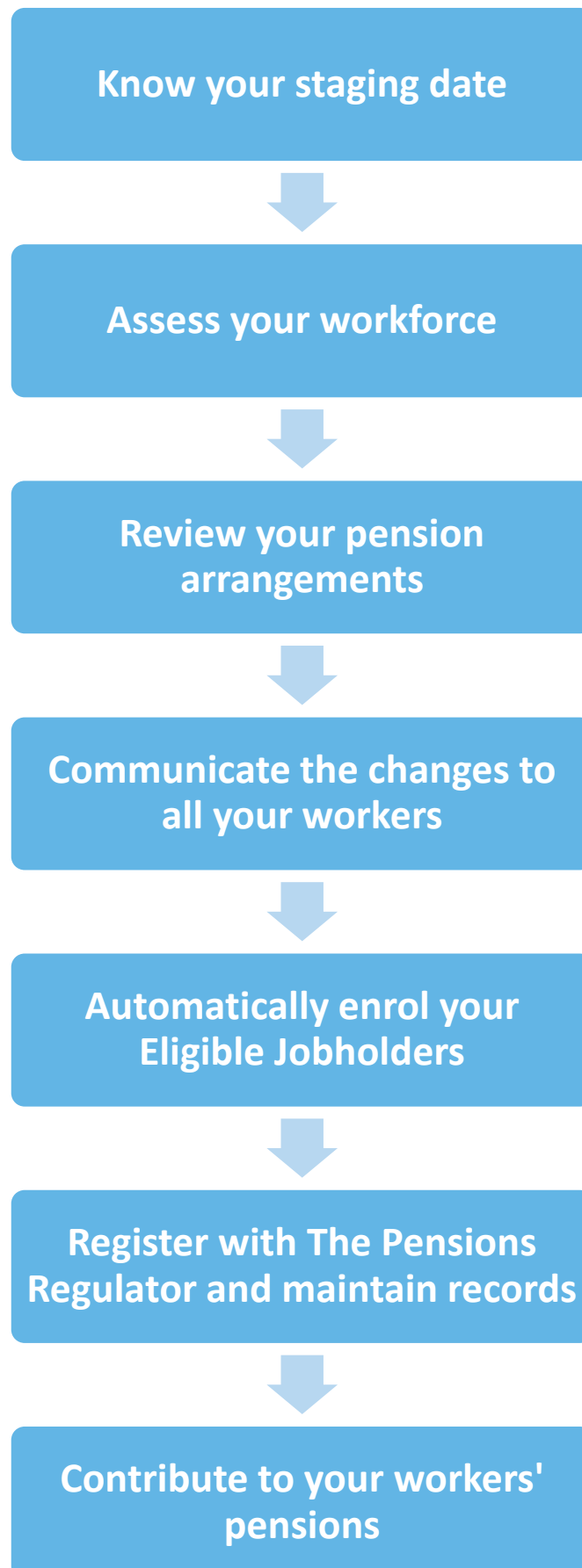
Know your Staging Date

The **Staging Date** is the start date of an employer's automatic enrolment duties. If you don't already offer workers a **Workplace Pension Scheme**, you must set one up before your business' **Staging Date**.

The **Staging Date** is being introduced over 6 years and is determined by the size of your largest PAYE scheme.

Any employers with fewer than 30 staff on 1st April 2012 will have a **Staging Date** of June 2015 or later. If you were using a PAYE scheme on 1st April 2012 your **Staging Date** will now be set.

> **Your employee count could include individuals who do not have any duties, for instance, people on your pension payroll**

You can find out when your **Staging Date** is likely to be by visiting **The Pensions Regulator** website at **http://www.tpr.gov.uk/staging** - all you need is your number of workers and your PAYE reference.

The Pensions Regulator will contact you 12-18 months before your **Staging Date** to confirm it with you.

Assess your workforce

There are three main things to look at when assessing your workers:

| Age | → | Earnings | → | UK Worker |

These things will determine whether they are an **Entitled Worker**, an **Eligible Jobholder** or a **Non-eligible** jobholder.

Earnings (2013/2014)	Age (Inclusive)		
	16-21	**22-SPA**	**SPA-74**
Up to and including lower earnings threshold (£5,772.00)	Entitled worker		
Between £5,772.01 and £10,000.00 inclusive	Non-eligible jobholder		
Over earnings trigger for automatic enrolment (£10,000.01)	Non-eligible jobholder	**Eligible jobholder**	Non-eligible jobholder

- An **Entitled worker** can request to join a scheme
- A **Non-eligible jobholder** can opt in to an auto-enrolment scheme
- An **Eligible jobholder** must be auto-enrolled

> **Workers without qualifying earnings have a right to join a workplace pension scheme but there is no requirement for the employer to make contributions in respect of these individuals**

Review your pension arrangements

As an employer, you now need to provide a **Workplace Pension Scheme** that:

Automatically enrols any eligible jobholders (who are not already members)...

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into an automatic enrolment scheme...

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from that jobholder's automatic enrolment date...

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without the need for any action by the worker
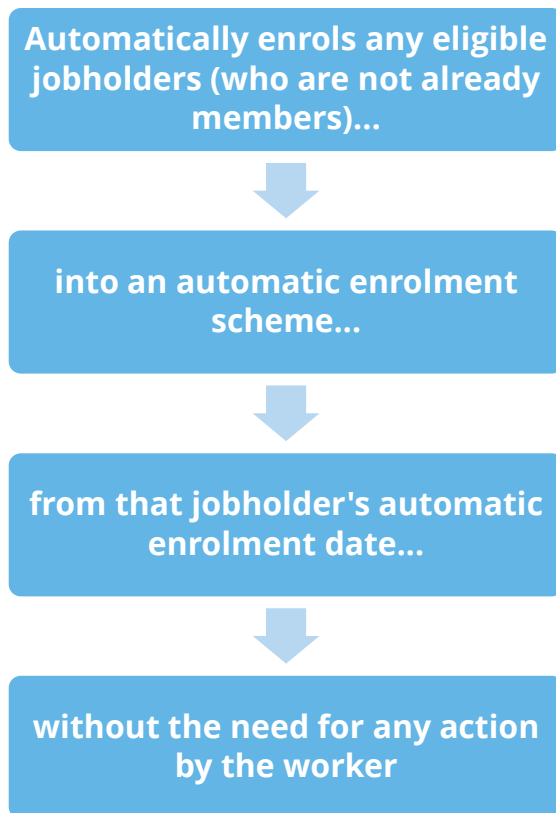
You also need to arrange membership of a pension scheme for entitled workers and non-eligible jobholders who choose to opt in or join a qualifying pension scheme.

The Auto Enrolment Pension scheme must be in place before your Staging Date

Speak to a professional advisor:

- If you do not have an existing pension scheme
- To check if you are already running a qualifying scheme
  Or
- To check if the scheme you are running can be made to qualify by the time your **Staging Date** comes around

A list of scheme providers can be found here:

http://www.thepensionsregulator.gov.uk/employers/stakeholder-pensions/registerSearch/SchemeList.aspx

Communicate the changes to all workers

Written information must be provided to workers, relevant to their category, (including those already in qualifying pension schemes) about the changes to your Workplace Pension. You need to inform:

- Entitled workers that they can request to join
- Non-eligible jobholders that they can opt in
- Eligible jobholders that they will be auto-enrolled

> **Eligible Jobholders should also be informed that they have the right to opt out of auto enrolment**

Employers must NOT:

- Discriminate against employees seeking a pension
- Influence jobholders to opt out
- Give any pensions advice to workers

Automatically enrol eligible jobholders

You must enrol into the scheme all workers who fit all of the following criteria:

- Are aged between 22 and the State Pension Age
- Earn at least £10,000 a year (the earnings trigger for automatic enrolment in 2014-2015)
- Work in the UK

You must make an employer's contribution to the pension scheme for those workers.

Register with The Pensions Regulator and maintain records

Each employer must register with **The Pensions Regulator** and give them details of their workplace pension scheme and the number of people automatically enrolled.

For more information on this, visit **The Pensions Regulator** website at

www.thepensionsregulator.gov.uk

Administrative duties you will need to carry out include:

- Responding to opt out requests and arranging full refunds
- Keeping and maintaining records relating to each pension scheme and each jobholder
- Keeping track of age and earnings
- Periodically re-enrolling any eligible jobholders who are not members of a qualifying pension scheme
- Ensuring eligible jobholder contributions are paid by the 22nd (electronic payments) or 19th (cheque/cash) of the following month

Contribute to your workers' pensions

You only need to contribute to the pensions of eligible jobholders and non-eligible jobholders who choose to opt in.

Phasing

Minimum contributions are being phased in gradually over the next few years to help employers comply with their new duties. The combined minimum contribution rate for qualifying earnings rises to 8% from October onwards, of which you must pay 3%.

Date	Minimum contributions As a percentage of a worker's qualifying earnings
October 2012 to September 2017	Minimum contribution: **2%** Of this, you must pay at least: **1%** For every £100 of qualifying earnings a worker earns, the minimum contribution is £2. Of this you must pay at least £1
From October 2017 to September 2018	Minimum contribution: **5%** Of this, you must pay at least: **2%** For every £100 of qualifying earnings a worker earns, the minimum contribution is £5. Of this you must pay at least £2
From October 2018 onwards	Minimum contribution: **8%** Of this, you must pay at least: **3%** For every £100 of qualifying earnings a worker earns, the minimum contribution is £8. Of this you must pay at least £3.

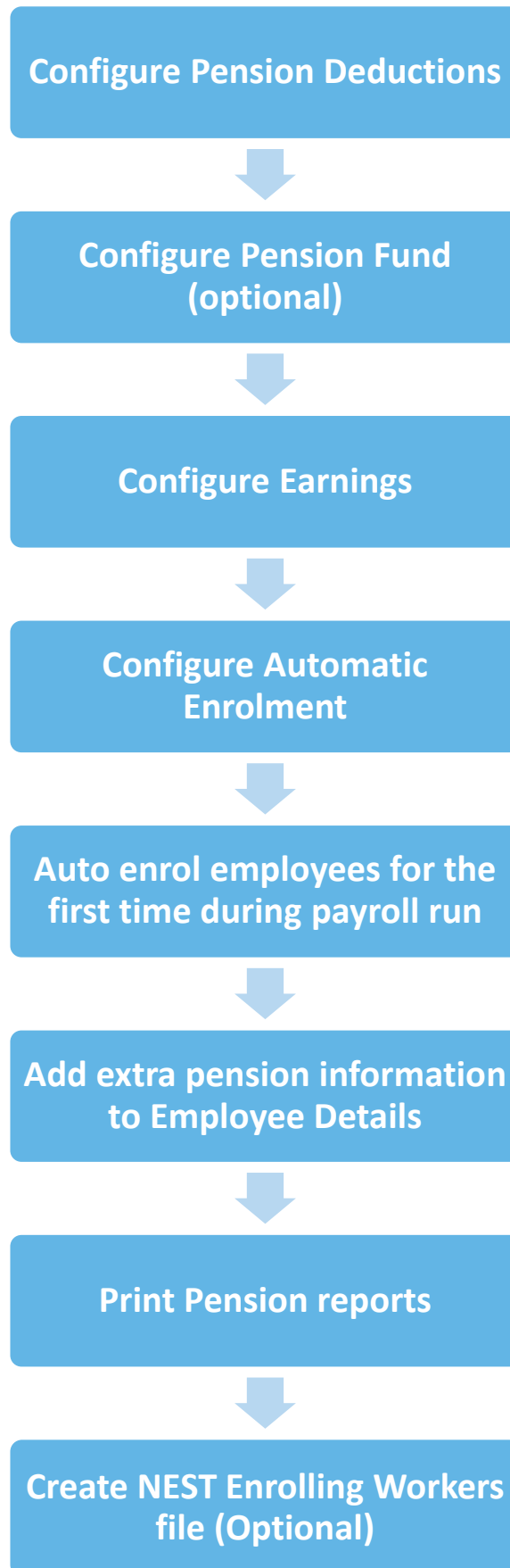# How IRIS Bureau Payroll can help you with Workplace Pension Reform

A number of features have been added to IRIS Bureau Payroll to enable you to manage your new or existing **Workplace Pension Scheme** more effectively. These will mostly be contained within the new **Pension** menu.
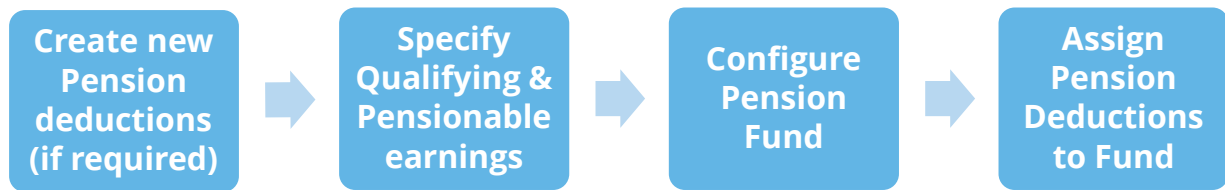
You will be able to:

- Create and manage a **Pension Fund**
- Create Employer and Employee Pension Deductions (via the **Company** menu)
- Configure **Qualifying** and **Pensionable Earnings**
- **Configure Auto Enrolment** (including any postponement period)
- Hold detailed pension information in **Employee Details**
- Auto enrol employees during payroll run
- Manage opt-outs (and opt-ins)
- Print detailed pension reports
- Create pension files (for NEST schemes)
  - To enrol workers
  - For a contribution schedule
- Create pension files for other standard outputs

Only auto enrolment is actually compulsory; other features have been provided to help you with your pension administration, particularly if you are using a NEST scheme.

Steps to setting up and working with Workplace Pensions in IRIS Bureau Payroll

Configure Pension Deductions

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Configure Pension Fund (optional)

↓

Configure Earnings

↓

Configure Automatic Enrolment

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Auto enrol employees for the first time during payroll run

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Add extra pension information to Employee Details

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Print Pension reports

↓

Create NEST Enrolling Workers file (Optional)

Configure Pensions

Create new Pension deductions (if required)	→	Specify Qualifying & Pensionable earnings	→	Configure Pension Fund	→	Assign Pension Deductions to Fund

Create new Pension deductions (if required)

If you already run a pension scheme which matches or exceeds the minimum requirements for Auto Enrolment, you won't need to create any new pension deductions.

If you do need to create new pension deductions IRIS Bureau Payroll has new deduction types which calculate the pension as required by the Auto Enrolment rules:

- **Auto Enrolment (With Tax Relief)**
- **Auto Enrolment (Salary Sacrifice)**
- **Auto Enrolment (Stakeholder)**

The regulations state that the pension deduction should be calculated as a percentage of Qualifying Earnings between the Qualifying Earnings Lower Threshold and the Qualifying Earnings Upper Threshold. If you select one of these pension types, you just need to enter the correct percentage amounts and IRIS Bureau Payroll will calculate the deduction for you.

To add a new pension deduction:

- Go to the **Pension** menu and select '**Configure Pensions**'
- Click on '**Add New**'
- Select the '**Type**' from
  - Auto Enrolment (With Tax Relief)
  - Auto Enrolment (Salary Sacrifice)
  - Auto Enrolment (Stakeholder)
- Select from '**Contribution**' whether **Employee** or **Employer**
- Enter further details where necessary
- Click '**OK**'

Calculation Examples using the Type Auto Enrolment...

A weekly paid employee with 3% Employer and 5% Employee pension contributions:

Qualifying Earnings	Employee Contribution	Employer Contribution
£100.00	£0.00	£0.00
£111.00	£0.00	£0.00
£111.10	£0.01	£0.00
£111.17	£0.01	£0.01
£111.30	£0.02	£0.01
£819.00	£34.70	£20.82
£900.00	£34.70	£20.82

A monthly paid employee with 3% Employee and 2% Employer pension contributions:

Qualifying Earnings	Employee Contribution	Employer Contribution
£400	0.00	0.00
£481	0.00	0.00
£481.17	0.01	0.00
£481.25	0.01	0.01
£481.50	0.02	0.01
£3540.00	90.24	60.16
£3900.00	90.24	60.16

Specify Qualifying and Pensionable Earnings

You need to specify which of your Payments comprise **Qualifying Earnings** and/or **Pensionable Earnings**.

> **It is VITAL to get this right as the Automatic Enrolment process relies on Qualifying Earnings in order to function correctly**

Qualifying Earnings include:

- Salary
- Wages
- Commission
- Bonuses
- Overtime
- Statutory Sick Pay
- Statutory Maternity Pay
- Ordinary or Additional Statutory Paternity Pay
- Statutory Adoption Pay

> **Pensionable Earnings depend entirely on your own pension scheme – they may or may not differ from Qualifying Earnings. It is NOT necessary to configure Pensionable Earnings**

> **For example, your pension may simply be a percentage of salary therefore only salary is pensionable. In that case bonus and overtime would not be included in the pension calculation but they are always part of Qualifying Earnings when assessing employees for Automatic Enrolment**

> **Please Note: The new Auto Enrolment Pension Types are calculated on Qualifying Earnings, NOT Pensionable Earnings**

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To ensure other existing pay elements are included in **Qualifying Earnings** and/or **Pensionable Earnings**:
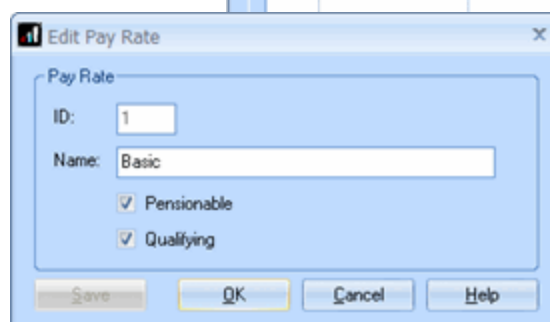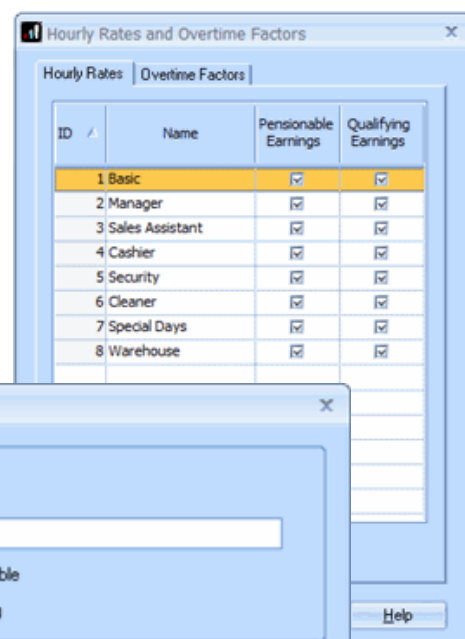
Payments & Deductions

- Click on the '**Company**' menu and select '**Payments & Deductions**' then '**Configure Payments & Deductions**'
- Highlight the relevant Payment or Deduction and click '**Edit**'
- Select whether '**Pensionable Earnings**' and/or '**Qualifying Earnings**'
- Click '**Save**' then '**OK**'
- Alternatively from **Company | Payments & Deductions | Configure Payments & Deductions** tick the relevant box under the headings **Pensionable Earnings** or **Qualifying Earnings**
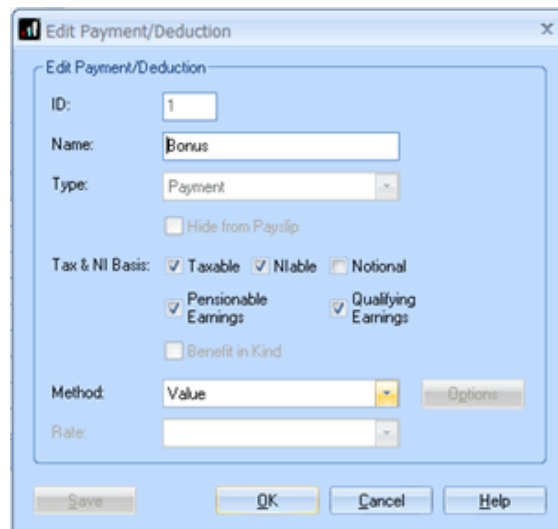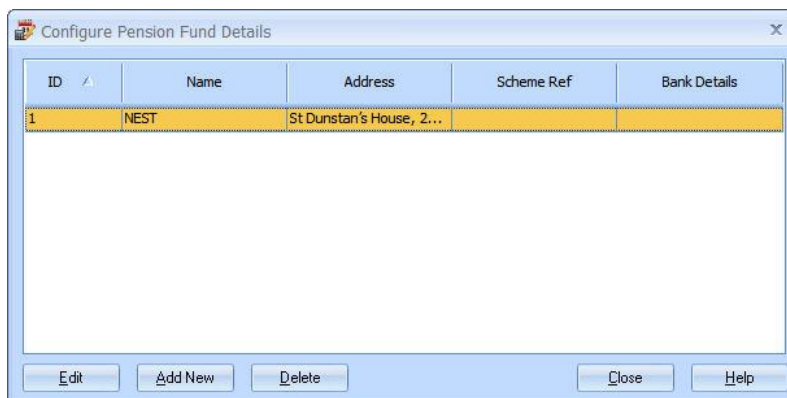
ID	Name	Type	Taxable	NIable	Notional	Pensionable Earnings	Qualifying Earnings	Benefit in Kind	Method
1	Bonus	Payment	☑	☑	☐	☑	☑	☐	Value
2	Expenses	Payment	☐	☐	☐	☐	☐	☐	Value
3	Net to Gross	Net To Gross	☑	☑	☐	☑	☑	☐	Value
4	Salary Advance	Deduction	☐	☐	☐	☐	☐	☐	Value
5	Private Mileage	Payment	☐	☐	☐	☐	☐	☐	Value
6	Private Medical	Deduction	☐	☐	☐	☐	☐	☐	Value
7	SSP/SMP Contra	SSP Contra	☑	☑	☐	☐	☐	☐	Value
8	Salary Correction	Payment	☑	☑	☐	☑	☑	☐	Value
9	Savings	Deduction	☐	☐	☐	☐	☐	☐	Value
15	Season Ticket Loan	Loan	☐	☐	☐	☐	☐	☐	Value

Rates of Pay

- Click on the '**Company**' menu and select '**Hourly Rates**'
- Highlight the relevant Hourly Rate and click '**Edit**'
- Select whether '**Pensionable Earnings**' and/or '**Qualifying Earnings**'
- Click '**Save**' then '**OK**'
- Alternatively go to **Company | Hourly Rates** and tick the boxes required for **Pensionable Earnings** and/or **Qualifying Earnings**

ID	Name	Pensionable Earnings	Qualifying Earnings
1	Basic	☑	☑
2	Manager	☑	☑
3	Sales Assistant	☑	☑
4	Cashier	☑	☑
5	Security	☑	☑
6	Cleaner	☑	☑
7	Special Days	☑	☑
8	Warehouse	☑	☑
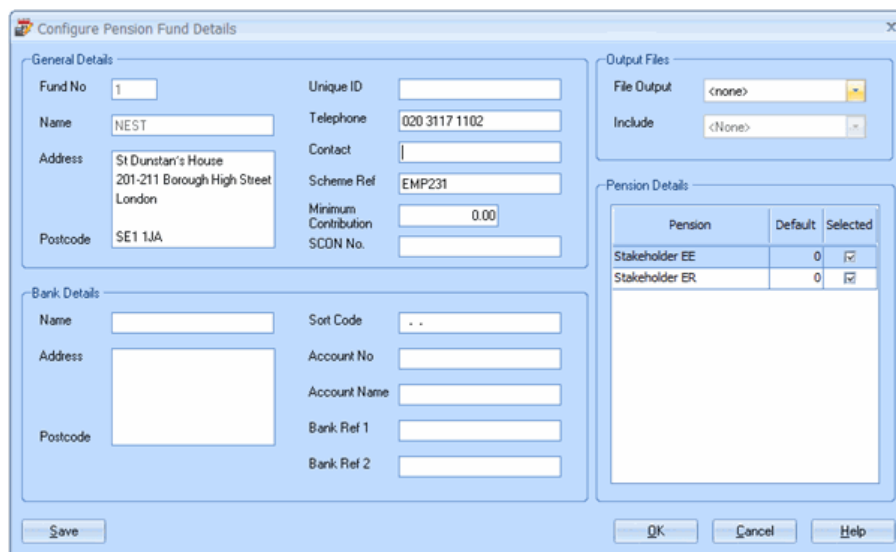
Configure and Assign Pension Deductions to a Pension Fund

This feature assists you with your Pension reporting. Pension deductions can be linked to a **Pension Fund**, and a **Pension Fund** can also be used as a default during auto enrolment, allowing you to set default values for all employees.

To add a new **Pension Fund**:

- Go to **Pension | 'Configure Pension Fund'**
- Click on the **'Add New'** button
- Enter the required **General Details** on the left of the screen. (Currently, **Bank Details** entered here are for your information only so you can leave these blank) The **Unique ID**, if required will be provided by the Pension provider
- From the **Output Files** section, select the required **File Output** and choose from the **Include** dropdown who to include (this is determined by your Pension provider)
- Pension deductions that have not been assigned to a fund are listed on the right under **Pension Details**

- Tick those pension deductions that should be assigned to this **Pension Fund**
- Click '**OK**'
- Repeat for any other pension funds you have

> **If this Pension Fund is used for auto-enrolment, the deduction amounts will be automatically applied to the Pay Elements | Pensions tab in the Employee Details and deducted from employees' pay when they are auto-enrolled during Calculation.**
>
> **Only one Pension Fund can be used as a default for the automatic enrolment process**

Configure auto enrolment

The next stage in your preparation is to configure auto enrolment for each of your companies.

- Click on the **Pension** menu and select '**Configure Auto Enrolment**'

- This is where you MUST enter your **Staging Date** and also the **Postponement Period**, if required. The **Staging Date** must be entered to enable the auto enrolment process Select the **Pension Fund** (if you wish to use one for auto enrolment)

> **Only ONE Pension Fund in each company can be used as a default for Automatic Enrolment**

- If you are using a NEST pension, click on the '**NEST**' tab

> **NEST is a new government run workplace pension scheme open to employers of any size. NEST meets the criteria of a qualifying scheme under new employer duties set out in the Pensions Act 2008. Visit their website www.nestpensions.org.uk for more details**

- First, configure your information on the NEST website

- Transfer the **Employer Reference Number**, **Groups** and **Payment Sources** to this screen exactly as they are configured on the NEST website

Auto Enrol employees

The **Automatic Enrolment** process in IRIS Bureau Payroll operates as part of the payroll calculation.

Calculating payroll for the first time after entering the **Staging Date** will:

- Set any employees that are already part of a pension scheme as a **Member of Qualifying Scheme**
- Assign a **Worker Status**
- Assess any employees not already in a pension scheme to see if they should be assigned an **Automatic Enrolment Date** or **Deferral Date**
- Reset any **Deferral Dates** where the **Deferral Date** is earlier than the start of the current pay period
- Perform the new pension calculation where the deduction type is:
  - **Auto Enrolment (With Tax Relief)**
  - **Auto Enrolment (Salary Sacrifice)**
  - **Auto Enrolment (Stakeholder)**

> **Once all employees have been processed, if any employees have been automatically enrolled, IRIS Bureau Payroll displays a message asking if you want to print a report outlining the changes made. Click 'Yes' to print or preview the report – you must do so at this point as you will be unable to access this report later**

Add any additional pension information to Employee Details

The majority of fields on the **Pay Elements** | **Pensions tab** will be completed via the **Auto Enrolment** feature. As only one **Pension Fund** can be used for **Auto Enrolment**, if you have several **Pension Funds**, you will need to apply these to individuals' details manually.

- Enter the employee's **Opt-out Date** and **Opt-out Reference** if necessary

- Complete the tick box **Works outside of UK** if necessary

> 💡 **When a jobholder gives an opt-out notice, you must check that it is a valid notice. It must contain certain statutory information which can be found here:**
>
> **http://www.thepensionsregulator.gov.uk/docs/pensions-reform-opting-out-v4.pdf**

Print Pension Reports

IRIS Bureau Payroll has several pension reports to assist you in administering your pensions. You can print these from **Pension | Print Pension Reports**

This report prints details of the pension contributions for individual employees within a selected pay period. It will not show employees where employee and employers contributions are zero. It will group employees by **Pension Fund**.

Pension Summary by Fund

This report prints the pension contributions by all or selected **Pension Funds**. Only employees with pension contributions associated with the selected fund will be included. It will not show employees where employee and employers contributions are zero.

Pension Fund Remittance

This report allows you to select a **Pension Fund**, a **From** and **To** date to print it for and also allows you to exclude employees. You can exclude employees that have been auto enrolled but may wish to opt out; you are allowed to withhold their contributions from the Pension provider for up to 2 months after **Auto Enrolment.**

The report includes employees that have an employee or employer pension contribution value which is associated with the selected Pension fund and the contributions were deducted within the date range selected. It will also include employees that have had any pension payments withheld in previous months that now need to be included.

Included in this report are the following: **Code, Name, NI Number, NI Rate, Worker Status, Automatic Enrolment Date, Opt-in/Join Date, Opt-out Date, Member of Qualifying Scheme, Employee Contribution, Employer Contribution, Fund Name** and **Scheme Reference**

Pension Fund Employees

This report will print the total number of employees that have an **Automatic Enrolment Date**, **Opt-out Date** or an **Opt-in Date** in the specified period range.

Employee Pension Details

This report gives details of employees' pension details including: **Employee, Pension Fund, NI No, NI Rate, Employees Contribution, Employees Reference, Employers Contribution,** and **Employers Reference.**

Pension Status Report

This report contains the automatic enrolment information for each employee. It can be printed per **Pension Fund** or for all **Pension Funds**.

Pension Age Report

This report will print current employees that will reach a key age for Workplace Pensions in the selected pay period. Currently the key ages are 16, 22, State Pension Age and 75. This report includes **Code, Name, NI Number, Gender, Date of Birth, Age on next Birthday** and **Pension Fund.**

It can be printed per **Pension Fund** or for all **Pension Funds.**

NEST

NEST is a new government run workplace pension scheme open to employers of any size. NEST meets the criteria of a qualifying scheme under new employer duties set out in the Pensions Act 2008. Visit their website **www.nestpensions.org.uk** for more details.

If you are planning on using NEST, there are several features within IRIS Bureau Payroll to help you.

Create Pension File

NEST requires two types of file and you are able to create both of these in IRIS Bureau Payroll.

> ⚠️ **If you have joined NEST, you will need to send the 'NEST – Enrolling Workers' file after your first Auto Enrolment**
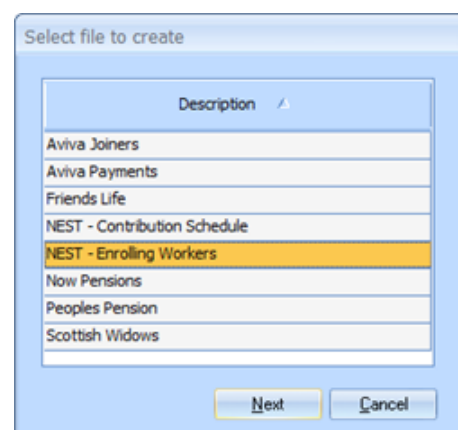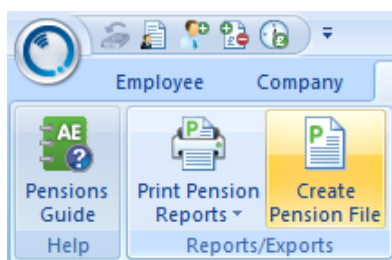
NEST – Enrolling Workers

- This file contains the information you need to send NEST about your workers when you enrol them, such as their name, date of birth and address
- You need to send this when you first start using NEST and afterwards whenever a new worker is enrolled
- Once you have created the file you need to upload it to either NEST's website or their FTP site

> **There is a 2mb file size limit if uploading to NEST's website, however there is no limit uploading to their secure FTP site**

NEST – Contribution Schedule

This file contains:

- Information about the contributions for each worker, that is, contributions that are being paid by the employer and the employee
- Details of the earnings on which these contributions have been based

Once you have created the file you need to upload it to either NEST's website or their FTP site.

Other Available Output files

In addition to the NEST output files, the following standard output files are available from **Pension | Create Pension File**:

- Aviva Joiners
- Aviva Payments
- Friends Life
- Now Pensions
- Peoples Pension
- Scottish Widows

Output Files are set up in **Configure Pension Fund Details**.

Output File Fields

In **Employee Details | Pay Elements | Pension Refs**, under the **Output File Fields** section, you can complete the following fields:

- **Friends Life/Now Pensions – Category**
- **Peoples Pension – Worker Group ID**
- **Scottish Widows – Pay Group**

These fields can be completed from the information you configured with your pension provider. To add a **Category** / **Worker Group ID** / **Pay Group**,

- Type into the relevant field
- click **Save**
- Choose the **Category** / **Worker Group ID** / **Pay Group** from the dropdown list
- Click **Save** then **Close**

Auto Enrolment process – day to day

IRIS Bureau Payroll will run the Auto Enrolment process for each employee individually when you use the **Enter Variations / Calculate** process. IRIS Bureau Payroll checks if the payroll date is on or after the company **Staging Date** and if so:

- Checks if a **Postponement Period** is in operation. If so, a **Deferral Date** is entered in **Employee Details | Pay Elements | Pensions**
- Identifies whether the employee is an eligible or non-eligible jobholder or an entitled worker and sets the employee's **Worker Status** accordingly
- If the employee's **Worker Status** is set to **Eligible Jobholder** then IRIS Bureau Payroll assigns an **Automatic Enrolment Date** and adds the pension fund and pension deductions (if configured) to **Employee Details | Pay Elements | Pensions**
- Reassesses workers with a **Deferral Date** assigned where that **Deferral Date** is in the pay period being calculated. When earnings are above the Automatic Enrolment trigger the employee will be auto enrolled
- Employees' and employers' pension deductions are calculated and the payroll process continues as normal; once complete it will move on to the next employee

> **During the 'Enter Variations' process, if you click 'Preview' and earnings are above the Qualifying Earnings Limit, the employee will be enrolled even if you subsequently reduce the earnings below the Qualifying Earnings Limit. However, if the earnings were too low to qualify when clicking 'Preview', and are then adjusted above the Qualifying Earnings Limit, when 'Save' is clicked the employee will be enrolled.**

Once all employees have been processed, if any employees have been automatically enrolled, IRIS Bureau Payroll displays a message asking if you want to print a report outlining the changes made. Click '**Yes**' to print or preview the report – you must do so at this point as you will be unable to access this report later.

Demonstration Company	Date: 05/06/2013
Automatic Enrolment Summary for Week No 10	Time: 11:07:17
	Page: 1

Employees to be Automatically Enrolled this period

Code	Employee Name	Pay Period	AE Date
7	Cross S	Weekly	09/06/2013

Each time the payroll is calculated this procedure is followed. IRIS Bureau Payroll will also re-assess any employees that were not previously eligible, any employees whose **Worker Status** is not set to **Eligible Jobholder** and any employees who have a **Deferral Date** entered. If an employee becomes eligible, the **Deferral Date** is removed, the **Automatic Enrolment Date** is set and the **Pension Fund** and pension deductions are assigned.

Automatic Enrolment - Examples

Example 1: Employee joins the company on 7 July 2014 and earns £20000 per annum.

During Month 4 payroll calculation the **Automatic Enrolment** process assesses the employee

It assigns a **Deferral Date** of 1st August 2014, as the **Postponement Period** is set to beginning of the next pay period

No pension deduction is made

In Month 5 employee is reassessed. **Postponement Period** has passed and they earn more than the trigger amount

Employee's **Worker Status** is set **to Eligible Jobholder**. They are assigned an **Automatic Enrolment Date**

Default Pension Fund is a qualifying scheme with 3% employee and 5% employer contributions. **Pension Fund** and **Pension Deductions** are added to **Employee Details**

3% of the employee's earnings between lower limit and upper limit are deducted. Employer contribution of 5% is made on the same earnings

Example 2: Employee with variable earnings, receiving more than the earnings trigger in month 1. Deferral Date is set to Month 3

During Month 1 payroll calculation the **Automatic Enrolment** process assesses the employee

⬇

The employee earns more than the earnings trigger, but the **Deferral Date** is set in Month 3 so they are not automatically enrolled

⬇

In Month 2, as there is a **Deferral Date** in place, the **Automatic Enrolment** process will ignore the employee

⬇

In Month 3 payroll calculation the employee is reassessed. The employee earns less than the earnings trigger and is not automatically enrolled

⬇

Again the **Deferral Date** is left in place as the pay period may be rerun with different earnings

⬇

In Month 4 the **Deferral Date** from the previous period is removed. The employee is reassessed and is still earning less than the earnings trigger so is not enrolled

⬇

The employee will be reassessed each pay period

Quick Reference and Definitions

- **Department of Work & Pensions (DWP)** – Policy owner and responsible for enabling and coordinating activity for the programme

  www.dwp.gov.uk/policy/pensions-reform

- **The Pensions Regulator (TPR)** – The UK regulator or work-based pension schemes (any scheme that an employer makes available to employees, including occupational, stakeholder and personal)

  www.tpr.gov.uk

- **NEST (National Employment Savings Trust) Corporation** – a pension provider available to all employers who want to use it. **NEST** is a workplace pension scheme designed for automatic enrolment that is available to any UK employer regardless of the organisations' size

  www.nestpensions.org.uk

- **The Pensions Advisory Service** – an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of company, personal and stakeholder schemes

  www.pensionsadvisoryservice.org.uk

- **ORIGO** – An ecommerce standards and services body for the UK financial services industry. Represents several pension providers (but not all of them)

RTI	Real Time Information – a new way of reporting to HMRC
Eligible jobholder	a worker:

- Who is aged at least 22 and not yet reached SPA

- Earnings are above the earnings trigger for automatic enrolment (£10,000 in tax year 2014/15)

Non-eligible jobholder	a worker:

- Who is aged between 16 and 74 <u>and</u>
- Earns above the lower earnings level for qualifying earnings but below the earnings trigger for automatic enrolment

  <u>Or</u>
- Who is aged at least 16 and under 22 or between SPA and under 75 <u>and</u>
- Earns above the earnings trigger for automatic enrolment

Entitled worker	a worker

- Who is aged at least 16 and under 75 <u>and</u>
- Earns **below** the lower earnings level for qualifying earnings

Qualifying Earnings	Includes all of the following pay elements (gross):

- Salary
- Wages
- Commission
- Bonuses
- Overtime
- SSP, SMP, OSPP, ASPP & SAP

These earnings are used to identify whether an employee is an eligible jobholder or a non-eligible jobholder and their level of contributions

- When a worker is paid in arrears, the employer considers what is due to be paid in this period regardless of what period it is earned

Automatic Enrolment	**Eligible jobholders** who are not already a member of a **qualifying scheme** on the employer's **Staging Date** must be automatically enrolled into an automatic enrolment scheme. The employer will choose the scheme for automatic enrolment.

Staging Date	The date when the new law is 'switched on' for a business

Qualifying Scheme	To be a **qualifying scheme**, minimum contributions must be made or it must provide a minimum rate at which benefits will build up. A scheme suitable for automatic enrolment must also **not**:

- Impose barriers to joining the scheme, such as probationary periods or age limits for members
- Require staff to make an active choice to join or take any other action prior to joining
- Require the provision of extra information in order to stay in the scheme

Postponement Period	A **Postponement Period** allows a company to postpone running auto-enrolment assessments for up to 3 months.
Deferral Date	This is the day after the **Postponement Period** and the date employees will be re-assessed for auto enrolment
Opt-out	**Eligible jobholders** may choose to opt out after they have been automatically enrolled. **Non-eligible jobholders** who have opted in may choose to opt out after they have been enrolled. Workers who have been enrolled under contractual enrolment (e.g. under their contract of employment) and **entitled workers** who have asked to join a scheme do not have the right to choose to opt out. If they want to leave the scheme, they must cease membership in accordance with the scheme rules.
Opt-in	A jobholder has the right to opt in to an automatic enrolment scheme, unless they are:

- An active member of a qualifying scheme with that employer
- An eligible jobholder for whom the employer has an automatic enrolment duty or
- an eligible jobholder for whom the employer has a re-enrolment duty

Software available from IRIS

IRIS Payroll Basics
Free, RTI compliant payroll software for companies with fewer than 10 employees

IRIS Payroll Business
Intelligent, easy to use payroll software for smaller businesses

IRIS Payroll Professional
Flexible payroll software for medium sized businesses

IRIS Bureau Payroll
Intelligent management for multiple payrolls

IRIS OpenPayroll
Cloud-based UK payroll software – accessible from anywhere on PC, Mac or tablet

IRIS P11D
The easy way to complete employee expenses and benefits returns

IRIS HR Manager
The easy way to keep employee data up-to-date

IRIS OpenPayslips
A secure web based solution that allows your employees to access, and download their e-payslips via an online portal

Stationery order line

0844 815 5656

HMRC online service helpdesk

Tel: 0300 200 3600
Fax: 0844 366 7828
Email: helpdesk@ir-efile.gov.uk

HMRC employer helpline

Tel: 0300 200 3200

HMRC employer helpline** (for new business)

Tel: 0300 200 3211

Support

Tel: 0844 815 5661 (option 5)
Fax: 0844 815 5665
Email: ipsupport@iris.co.uk

Call **0844 815 5656**, or visit **iris.co.uk** to find out more