Goldpay AE Module Guide - April 2018

Learn about how the Government's workplace pension reforms will affect your business and what steps you need to take to prepare

Guide to Workplace Pension Reform

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

It will also demonstrate how the software can help you carry out your new responsibilities.

It will cover:

- How to prepare for Workplace Pension Reform and Automatic Enrolment

- How your payroll software can help you with:

  - Auto Enrolment
  - Pension Funds
  - Pension Deductions
  - NEST
  - Other Pension output files

- **Glossary of Quick References and Definitions**

How your payroll software can help you with Workplace Pension Reform

You will be able to:

- Configure Auto Enrolment (including any postponement period) using the Automatic Enrolment Configuration Tool – a separate **Automatic Enrolment Configuration Guide** is available in the **Help** section of www.ibcos.co.uk

- Hold detailed pension information in the Employee form

- Auto enrol employees during payroll calculation

- Manage opt-ins

- Manage opt-outs

- Print detailed pension reports

- Create pension files
  - o to enrol workers
  - o for a contribution schedule

How do I set up Automatic Enrolment in the payroll software?

After completing the **Automatic Enrolment Configuration Tool** there may be some information you need to complete before Auto Enrolment.

Employee Details

Before an employee is automatically enrolled there are some details which you may need to complete.

On the **Employee form | Auto Enrol** tab:

1. Complete the tick box **Works outside of UK** if necessary

   An employer can choose to apply the **In DB Transitional Period** for Defined Benefits and Hybrid Pension schemes to all their workers who meet the criteria to be an eligible jobholder on the employer's first enrolment date and provided certain other conditions are met. For more information click **here** to view The Pensions Regulator detailed guidance on Transitional period for DB and hybrid schemes

2. As only one **Pension Fund** can be used for **Auto Enrolment**, if you have several **Pension Funds**, you will need to apply these to the **Employee form** manually.

> **Please Note:** the **Excluded from AE** tick box allows you to exclude an employee from the automatic enrolment process if they meet certain criteria; for instance if an employee has given notice to leave and you, the employer, choose not to auto enrol the individual.

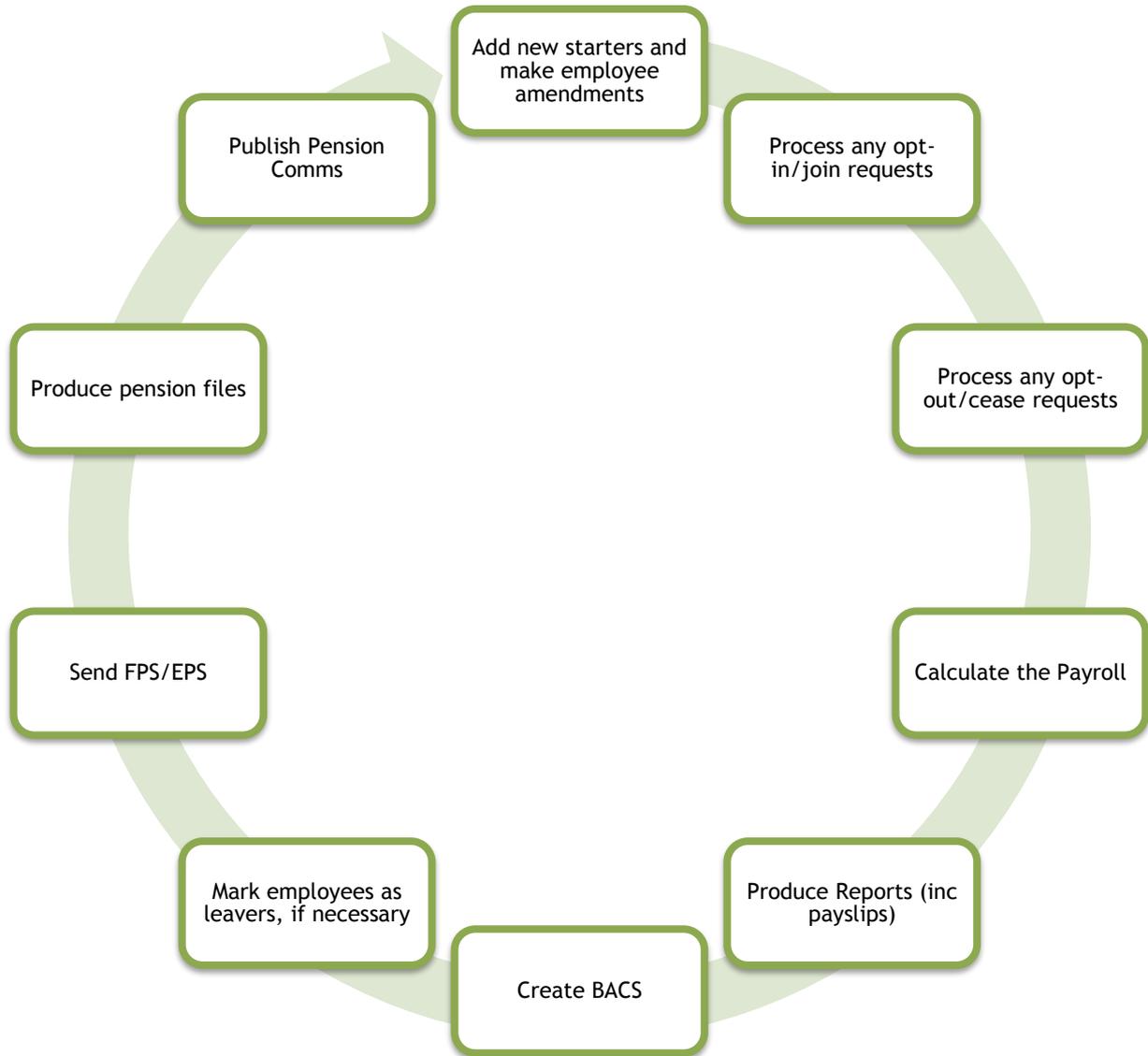## How do I manage Automatic Enrolment on a day to day basis?

Calculate Payroll

The software will run the Automatic Enrolment process for each employee individually when you calculate the payroll. It will check if the payroll date is on or after the company's Staging Date and if so:

- If an **Auto Enrolment Postponement Period** is in operation then **Postponed** until after date is entered, if applicable, in the Employee form. There are two postponement options:

  o Postponement applicable to new starters at Staging Date

  o Postponement applicable to employees on the date they become an Eligible Jobholder

- The employees **Worker Status** will be set

- If there is no **Postponed until after** date and the employee's **Worker Status** is set to **Eligible Jobholder**, the software assigns an **Auto Enrolment** date, marks the employee as a **Member of a Qualifying Scheme** and adds the pension deduction configured to the employee's **Pay** details

- Employees' and employers' pension deductions are calculated and the payroll process continues as normal; once complete it will move on to the next employee

- Re-assesses any workers with a **Postponed until after** date assigned, where that **Postponed until after** date is in the pay reference period being calculated, to see if they need auto enrolling

- Calculate the pension contributions

- When you re-calculate the payroll, employees will be re-assessed. Remember this may result in an employee being auto enrolled or Auto Enrolment dates being removed

Each time you **Calculate**, any employees where the Worker Status is not set to Eligible Jobholder and any employees who have a **Postponed until after date** in the period being calculated will be re-assessed. If an employee becomes eligible, the **Auto Enrolment date** is set and the pension deduction assigned. The **Postponed until after date** will be removed when the payroll is moved into the next period.

The payroll life cycle with Auto Enrolment

Add new starters and make employee amendments

Process any opt-in/join requests

Process any opt-out/cease requests

Calculate the Payroll

Produce Reports (inc payslips)

Create BACS

Mark employees as leavers, if necessary

Send FPS/EPS

Produce pension files

Publish Pension Comms

Create Pension File

Available Output files

Output files are available for the following pension providers in the software as standard:

- Aviva
- Friends Life
- NEST
- Now Pensions
- Peoples Pension
- Scottish Widows
- Standard Life G2G

To create the Pension Output File:

1. From the Payroll screen, select Payment File
2. Select Auto Enrolment Files
3. Choose Enrolments or Contributions
4. Some pension providers require you to send the Enrolments file each time an employee is auto enrolled – your pension provider can confirm if this is needed
5. Depending on your selection, a New Enrolments report or Enrolled Contributions report will be displayed on screen
6. Click Print if you require a hard copy of the report or you can save this report to a specified location
7. The Output File you need to upload to the pension provider will be created into your data folder for the relevant Employer | Pay Frequency

An example of the file name is Nest Contributions 15 Month 2-140709 091915.csv

> **Before creating an Output File, the Report to Provider option in the payment/deduction setup needs to be ticked**

Enrolments

- This file contains the information you need to send about your workers when you enrol them, such as their name, date of birth and address
- If required, you need to send this whenever a new worker is enrolled

Contributions

- This file contains information about the contributions for each worker, that is, contributions that are being paid by you and the worker

- Details of the earnings on which these contributions have been based

When creating a NEST output file a **NEST Payment Details for…** screen will be displayed. The NEST Payment Frequency will default to the frequency of the payroll the file is being created, change this if necessary, enter your NEST payment due date and click **Continue**.

Some contribution output formats require a **Reason for Reduced Employee Contributions**. A screen **Contributions Schedule for……….** may be displayed if employees to be included in the file meet certain criteria and a reason is required, for example an employee has a pay record for the pay period selected and a **Left date** on or before the last day of the pay period selected.

Choose from the drop-down list the relevant **Reason for Reduced Employee Contributions**; the drop-down will change to correspond with the relevant pension provider.

Exclude Employees for………

This screen can be used when you wish to withhold payment of pension contributions, for instance during an employee's Opt-out period. Employees can be excluded from the pension output files for up to 3 months.

This screen is accessed via **Payroll Form | Payment File | Auto Enrolment Files | Enrolments** or **Contributions**, after selecting the period on the **Report Requested** screen and the report is displayed, the **Exclude Employees for ………** will appear if there are any employees who have been excluded previously or automatically enrolled in the period. From this screen you can tick the individual to exclude and enter the **Exclude Until** date. Once the relevant employees have been excluded click **Continue** to open the **Contributions Schedule**.

Please Note: If you are withholding contributions for employees in a NEST pension fund the employees will be included in the Output File but with zero employee and employer's contributions and pensionable earnings. The **Contributions Schedule for…..**screen will be displayed and a **Reason for Reduced Employee Contributions** will be required in this instance.

Include

The **Include** field on the **Payments/Deductions form** allows you to select who to include when creating **Payroll | Payment File | Auto Enrolment Files | Contributions** output files. This will be enabled when **Pension Contribution** is ticked. From the drop-down list you can choose:

- All employees

- This fund only – this is the default setting

- This fund + no fund

Please Note: If you have the **Payments/Deductions | File Output** set to NEST, **Include** will be set to **This fund only**.
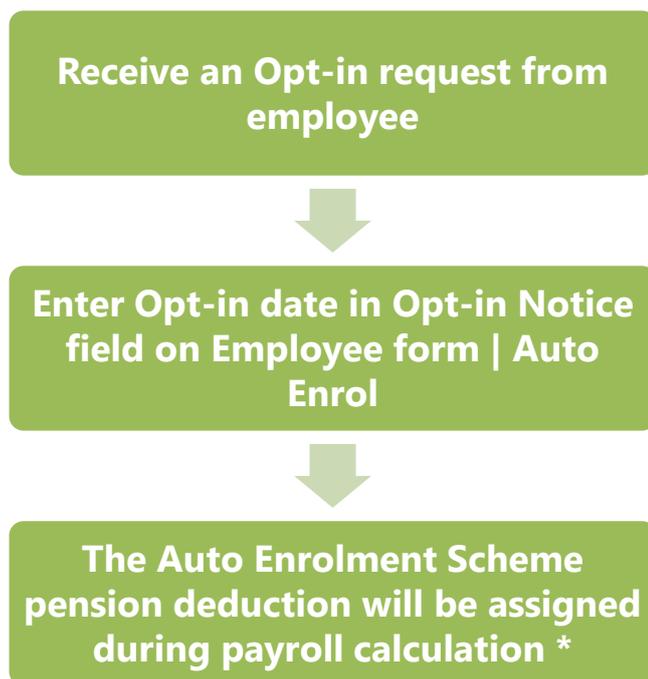
Print pension reports

Pension reports are available to assist you in administering pensions. These reports are available from **Payroll | Reports | Auto Enrolment**. The types of report you can print include:

- **Enrolment Status**: This report contains the auto enrolment information for each employee, grouped by Worker Status

- **Enrolment Summary**: This report details the employee code, name, postponement date, enrolment date and the total enrolled

- **Enrolled Schemes:** This report details the Auto Enrolment status, employee code, name, NI number, totals for eligible jobholders, total employees in Qualifying Scheme and total non-eligible jobholders

How do I opt an employee in?

An Opt-in request can be received from a non-eligible jobholder, or an eligible jobholder within a postponement period. **Note**: Entitled Workers cannot opt-in, they need to **join**.

To enter an **Opt-in Notice** date:

> **Receive an Opt-in request from employee**

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> **Enter Opt-in date in Opt-in Notice field on Employee form | Auto Enrol**

↓

> **The Auto Enrolment Scheme pension deduction will be assigned during payroll calculation ***

* Where the **Opt-in Notice** date is in the current pay reference period or earlier. **Member of a Qualifying Scheme** indicator will also be ticked.

Employee requests to join your Pension Scheme

An employee can request to join your Pension scheme if they meet the following criteria:

- The employee's worker status was Entitled Worker when last assessed for Auto Enrolment

- The following fields in Employee form | Auto Enrol are unticked:
  - Member of a Qualifying Scheme
  - In DB Transitional Period
  - Works outside UK

> **Receive a Join request from employee**

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> **Enter Join date in Join Notice field on Employee form | Auto Enrol**

⬇

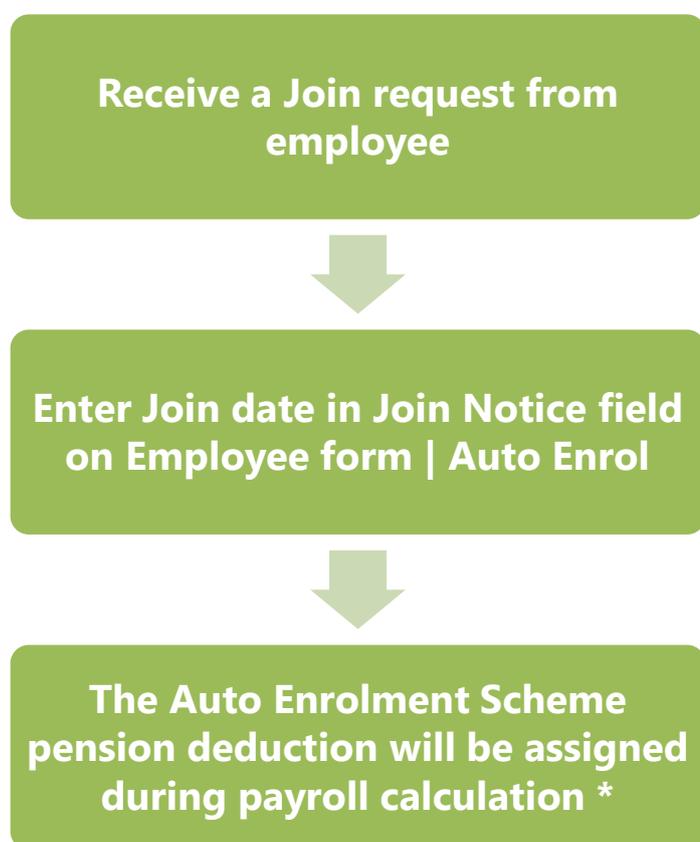> **The Auto Enrolment Scheme pension deduction will be assigned during payroll calculation ***

* Where the **Join Notice** date is in the current pay reference period or earlier. **Member of a Qualifying Scheme** indicator will also be ticked.

How do I opt-out an employee?

> **Receive a valid Opt-out Notice from employee**

> **Enter Opt-out date in Opt-out Notice field on Employee form | Auto Enrol**

> **A refund, if applicable will be applied automatically when you Calculate the payroll**
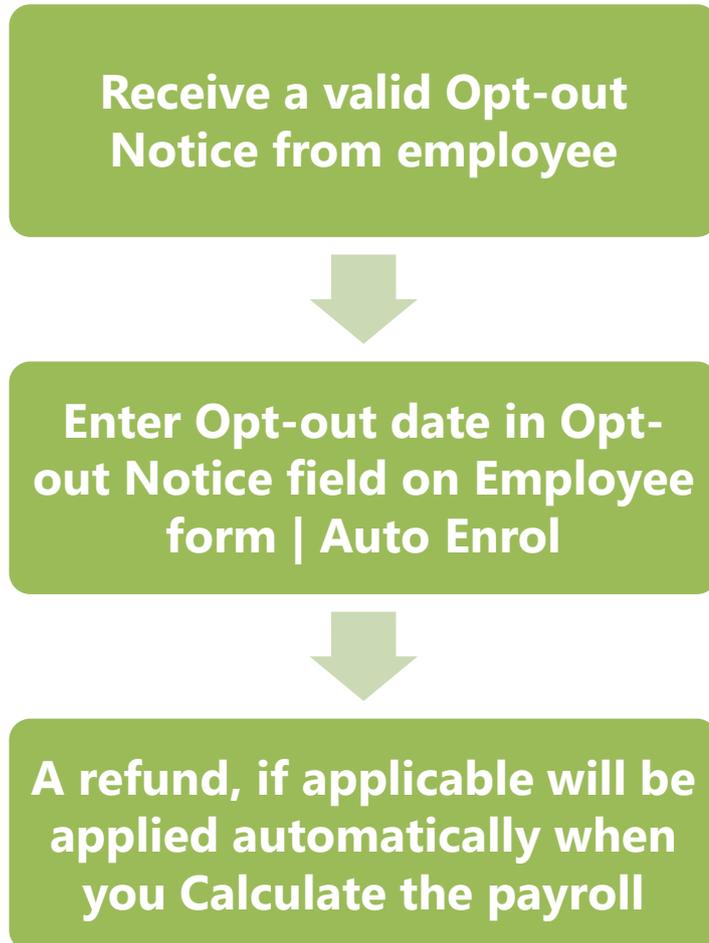
An employee with a **Join Notice** is not entitled to opt out of a Pension Scheme. If the employee wishes to stop contributions, a **Ceased Contributions** date should be entered in **Employee** form **| Auto Enrol**.   If an employee has a **Ceased Contributions** date they will not be assessed during the payroll run until the company's re-enrolment date.

If the **Opt-out Notice** date entered is in the current pay period or earlier, during payroll calculation the qualifying pension scheme deduction standard values will be set to zero and **Member of a Qualifying Scheme** unticked.

> **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**

If you receive a **NEST Opt-out Notice** from an employee, enter the **Opt-out reference number** in the **Employee | Auto Enrol | Opt-out Reference No** field. This will ensure that the opt-out details are included in the **NEST Contributions File** and notify NEST accordingly.

Automatic Enrolment - Examples
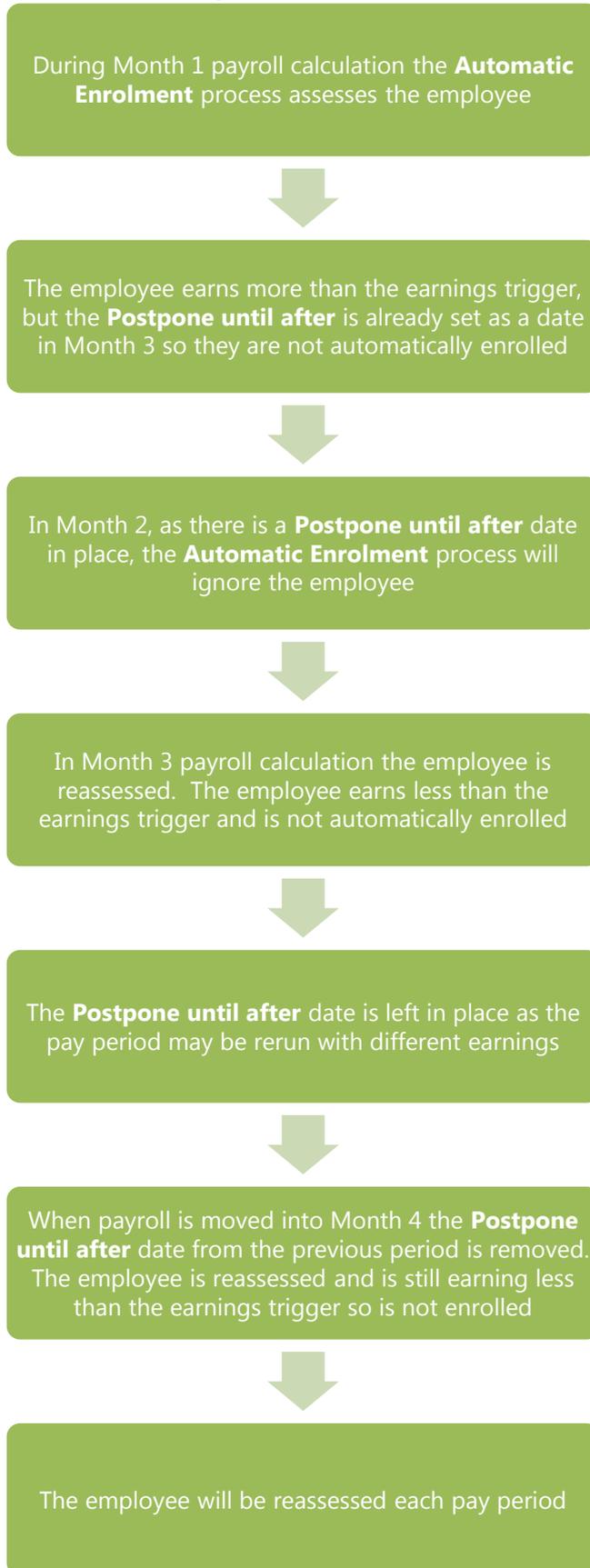
Example 1: Employee aged 35 joins the company on 7 July 2014 and earns £20000 per annum.

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

It assigns a **Postpone until after** date of 1st August 2014 as the **Auto Enrolment Staging Date/New Starter Postponement Period** is set to **Start Of Next Pay Period**

No pension deduction is made

In Month 5 the employee is reassessed. **Postpone until after** 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 pensionable earnings are deducted. Employer contribution of 5% is made on the same earnings

Example 2: Employee aged 42 with variable earnings, receiving more than the earnings trigger in month. **Postponement until after** is already set to a date in month 3

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

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The employee earns more than the earnings trigger, but the **Postpone until after** is already set as a date in Month 3 so they are not automatically enrolled

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In Month 2, as there is a **Postpone until after** date in place, the **Automatic Enrolment** process will ignore the employee

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

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The **Postpone until after** date is left in place as the pay period may be rerun with different earnings

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When payroll is moved into Month 4 the **Postpone until after** date from the previous period is removed. The employee is reassessed and is still earning less than the earnings trigger so is not enrolled

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The employee will be reassessed each pay period

What is Re-enrolment?

The process of automatically putting workers back into pensions is known as 'automatic re-enrolment'. Re-enrolment occurs approximately three years after duty start/staging and then every three years after that. At the Re-enrolment Date, Automatic Enrolment Assessment occurs for all the employees that previously opted out or ceased contributions more than a year before the Re-enrolment Date.

A re-enrolment employee cannot be postponed. If the re-enrolment employee is an eligible jobholder within the pay reference period when re-enrolment occurs, they will be automatically enrolled. If the individual is not an eligible jobholder within the relevant pay reference period, no further action will be taken until the next Re-enrolment Date.

Re-enrolment employees cannot be postponed. When an employee is re-enrolled, if there are entries in the following fields they will be set to blank:

- Opt-out Notice
- Opt-out Reference Number
- Ceased Contributions
- Pension Information Provided
- Opt-in Notice
- Join Notice

Re-enrolment Date and **Previous Re-enrolment Date** fields allow you to enter the required information. These fields are in the following location:

- **Employer | Auto Enrol** tab

If the **Duty Start Date / Staging Date** field is blank, the **Re-enrolment Date** and **Previous Re-enrolment Date** fields will be disabled.

When advancing into the new tax year, if the re-enrolment date is more than 3 months before the 6 April in the new tax year, the software will automatically move the **Re-enrolment Date** to the **Previous Re-enrolment Date** field.

When logging into an existing Employer, if the re-enrolment window end date is approaching, a warning will be given that the **Re-enrolment Date** field is blank.

Declaration of Compliance

Employers are required to submit a new declaration of compliance at the re-enrolment date. If a re-enrolment or previous re-enrolment date is entered, this date will be used instead of the duty start date/staging date to produce the details required.

Quick Reference & 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 of work-based pension schemes (any scheme that an employer makes available for employees, including occupational, stakeholder and personal)

www.tpr.gov.uk

NEST 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 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

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 2015/2016)

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

       or

- Who is aged at least 16 and under 22 or between SPA 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, SPP, ShPP, 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 the period containing the payroll date, regardless of when 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	Postponement is an additional flexibility for an employer that allows them to choose to postpone automatic enrolment for a period of their choice of up to three months
Deferral Date	This is the last day of 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