

3 unique Auto Enrolment profitable pricing strategies revealed

Discover 3 simple but effective pricing plans that allow bureaus to offer auto enrolment as a chargeable and profitable service.

Practical Auto Enrolment Pricing Strategies

The price that a bureau will set for processing auto enrolment (AE) is an important business decision. Unlike the introduction of RTI, bureaus now find themselves in a situation where they can financially benefit from auto enrolment by offering it as a chargeable service to their clients. With the added workload required to process AE, it is inevitable that clients should expect to pay more for the extra work provided.

However, finding the right pricing strategy will be a key factor to increasing profits. If the price is set too high, clients may go elsewhere. If the price is set too low, the opportunity to increase revenue may be missed. Fundamentally, the price a bureau charges will need to cover any additional investment in software and additional hours involved in processing AE.



The dilemma of how much to charge your payroll clients for the additional AE work is fast becoming a hot topic! There seems to be a certain degree of secrecy surrounding the pricing as nobody is quite sure how to charge. One critical issue is to make sure that the pricing strategy allows the bureau to be profitable. While there is no magical formula to achieve this, we will examine three unique pricing strategies that are both practical and realistic.

1. Tiered Pricing Strategy

Definition: A tiered strategy is where a bureau can provide AE services at different price points for different levels of service.



A very simple example of a tiered structure would be shipping costs where a customer has the option to pay for items to be delivered in 1-2 days, 5-7 days or 7-14 days at different price points. The tiered strategy method clearly outlines the value and price differences between different levels of service, so it can make sense to both the bureau and their clients.

A good tiered strategy needs a structure that ensures no tier is too heavy or too light on the service offerings. If the

option to upgrade is simple and straightforward, clients will be more inclined to upgrade. This strategy also means that clients can find a price point that will suit their budget.

Below we will look at an example of a tiered pricing strategy for a client that has 10 employees. These prices are in addition to normal payroll charges. It will also be possible to create various tiered packages with different price points depending on the number of employees your client has and whether there are different pay frequencies. This example is not definitive and is open to amendment.

Bronze	Silver	Gold	Platinum
Assessment Enrolment Communications Process opt-in, opt-out requests. Issue opt-out refunds On-going monitoring Pension file submission / pay period	Assessment Enrolment Communications Process opt-in, opt-out requests. Issue opt-out refunds On-going monitoring Pension file submission / pay period Postponement	Assessment Enrolment Communications Process opt-in, opt-out requests. Issue opt-out refunds On-going monitoring Pension file submission / pay period Postponement Declaration of compliance	Pre-assessment report Assessment Enrolment Communications Process opt-in, opt-out requests. Issue opt-out refunds On-going monitoring Pension file submission / pay period Postponement Declaration of compliance Payroll & pension reporting
£500	**£550**	**£600**	**£700**

Another option could be to remove the postponement and declaration of compliance options to charge as a one-off service / task in addition to the chosen tiered structure.

2. Monthly Retainer Fee

Definition: A monthly retainer fee is an agreed amount to be paid on a monthly basis for completion of an agreed set of tasks. Typically, it is a contract for which the client will pay for the required AE services.

Some bureaus have decided to simply increase the monthly charge for processing their payroll plus auto enrolment. Rather than charging a high price for auto enrolment setup initially, a monthly payment will spread the cost of auto enrolment over a period of time.

By charging per month, a bureau can also include the continuing AE tasks, such as the ongoing employee assessment each pay period and submission of files to the pension provider. A retainer approach is an opportunity to calculate how much revenue will be made from a particular client each month, allowing for a consistent revenue stream. This pricing strategy will allow for an incremental increase in income as each client reaches their staging date.



This pricing structure will appeal to clients as it guarantees that the bureau will carry out specific AE tasks on their behalf each month in a manageable way. The client will understand from the outset what the payroll and AE costs will be, permitting them to budget accordingly. The time associated with ongoing AE tasks should be minimal each month due to software automation of AE duties. The processing time will be further reduced with the introduction of integrated or API services between payroll and pension providers.

3. Price List Strategy

Definition: A price list or menu is a simple way to present a list of services. It is another way to break down each AE process into bite-sized pieces for your clients.

Some bureaus may decide that they only want to handle the AE tasks that are seamlessly handled by their payroll software. A price list approach will demonstrate exactly what the bureau is offering as a chargeable service.



Cost itemisation is useful in justifying the price charged for AE. If clients see that an activity-based costing structure is being used, they can begin to understand each component of the process. It will be important to complete some price comparisons and establish the reasons for the variation in prices for different services.

With this strategy, there is also an option to offer bundle deals, for example if the client buys more than five tasks or services. A lot of phone and broadband companies use this quite effectively to promote their TV, broadband and phone services.

For the client, the advantage of a price list structure allows them to measure progress of the project. Clients will have a better understanding of the cost and resources required to comply with AE.

This method works by breaking down each element of AE in a way that helps organise and define the total work scope of the project. Listing each of the automatic enrolment tasks on a price list will simplify the client's understanding of the AE services offered and make it easier for them to make their selections.

Conclusion

A clear pricing structure will allow any bureau to accurately cost and schedule the work involved for each client. The advantages of each of these different pricing strategies will ultimately put the control into the hands of the clients. By identifying clear deliverables, the bureau can establish clarity for the client while effectively increasing profits for the firm.

The client can then decide which of the tasks they want to outsource and which of the tasks that they would like to process themselves. By explaining AE costs as a quantifiable structure, clients can then begin to understand the complexities of the duties involved in AE. All of the work can be clearly planned and identified at a set price as agreed by both parties.

The objective for payroll bureaus is undoubtedly to increase revenue from auto enrolment. Bureaus need to avoid increasing their own business costs or overheads to prevent operational losses. Whatever pricing strategy is chosen, all AE processes will need to be streamlined. Should additional software charges be incurred for AE functionality, any increase in price will reduce any profit.

Auto enrolment is a function that should be included in the cost of payroll software. AE is only representing an opportunity for bureaus when there are no additional operational costs for AE automation. The bottom line is that payroll software should seamlessly handle all AE tasks, regardless of how many employees the client has.

Key Take Aways

- **Communication -** Let your clients know that you are open for business. Make sure they have an understanding of AE and what it means for their business. No matter how dismissive your client may be with regard to auto enrolment, it is up to you to inform them that you are offering AE services.

- **AE Consultation -** Set up consultation meetings with your clients to discuss the auto enrolment challenge. Bureaus can charge a nominal fee for these consultations. These meetings allow you to discuss what AE services you are offering and provide an explanation of the pricing structure.

- **Pre-Assessment Report -** Create an overview report of what AE will look like for your client at the time of staging. Send your client the report prior to staging, which should include each employee's worker category, details of the pensionable pay, qualifying earnings and pension scheme contribution amounts for each employee. This tool should be available free of charge in good payroll software systems. PDF Example: Pre-assessment Report**.** This will also identify cases where pension scheme registration prior to staging is NOT required.

- **Payroll Software -** Make sure there are no additional charges for using the auto enrolment features in your payroll software. If you use software that includes unlimited employees, unlimited employers and free AE functionality you will maximise your profits. Read: 10 Pitfalls When Choosing Software for Auto Enrolment.

- **Automation -** If you can increase the rate at which auto enrolment is processed, you will automatically increase your profitability. Use payroll software, such as BrightPay that can automate and streamline these auto enrolment tasks. Batch processing enrolment and communication letters will offer massive advantages.

- **Realistic Prices -** Keep your prices as realistic as possible. Take into account your direct costs, expenses and resources. Ensure you account for your own time when carrying out the additional AE work.

How can BrightPay help?

Auto enrolment does not have to be as costly, or as time consuming as you think. BrightPay is a payroll software that includes auto enrolment functionality for free. Bureaus, accountants and bookkeepers benefit from unlimited employees AND unlimited employers AND free support. BrightPay's auto enrolment features allow you to easily comply with the new legislation. Once you enter the staging date into BrightPay, the software works to automate and streamline AE tasks.

- **Pre-Assessment Tool -** This tool produces an overview of what AE will look like at your client's staging date, where each employee's worker category will be defined. It will include pensionable pay, qualifying earnings and pension scheme contribution amounts, which are estimates based on those in the current pay period for each employee. PDF Example:Pre-assessment Report
- **Assessment -** BrightPay will automatically assess your client's employees once the staging date is reached and will inform you of each employee's worker category.
- **Enrolment -** Eligible employees are seamlessly enrolled into the chosen scheme with minimum contribution rates. Employees can also be batch enrolled.
- **Communication -** BrightPay automatically creates personalised letters for each employee based on the worker category. Letters can be batch processed and can be printed, emailed or exported to PDF. Example: AE Letter
- **Postponement -** BrightPay allows you to process postponement and produce postponement letters. Once the postponement period has ended, employee assessment will automatically take place.
- **Opt-in & Opt-out Requests -** These requests are easily handled in BrightPay. If an employee chooses to opt out, any refunds that are due will be automatically processed and visible on the payslip.
- **Ongoing Duties -** BrightPay automatically monitors an employee's age and the qualifying earnings for each pay period.
- **Pension Schemes -** BrightPay is currently compatible with 14 AE pension providers. If you are using NEST, users can submit data files through the API or web services portal directly from the BrightPay interface.

Auto Enrolment Pricing Webinar

24th March: 3 unique Auto Enrolment pricing strategies



With the added workload required to process AE, it is inevitable that clients should expect to pay more for the extra work provided. However, finding the right pricing strategy will be a key factor to increasing profits. If the price is set too high, clients may go elsewhere. If the price is set too low, the opportunity to increase revenue may be missed. Fundamentally, the price a bureau charges will need to cover any additional investment in software and additional hours involved in processing AE.

Discover three simple but effective pricing plans that allow bureaus to offer auto enrolment as a chargeable and profitable service.

Register Now | **Full Agenda** | **AE Webinars**

How can BrightPay help?

BrightPay have embraced auto enrolment and are providing a number of online resources to bureaus across the UK, including free auto enrolment webinars and guides.

Book a demo with our sales team today to find out how BrightPay handles auto enrolment and how it can increase the efficiency of your bureau. You can also try out the software with a 60 day free trial.

Book a Demo **Download Now**

Brought to you by BrightPay

All in one Payroll and Automatic Enrolment solution for accountants.

Unlimited Employers and Employees | Free Support, Bureau Package £199.

60 day free Trial | BrightPay Testimonials

About BrightPay

BrightPay is created by a company with over twenty years of industry experience in the UK and Ireland. We have grown to a team of twenty two talented individuals.

As a team, our collective goal is to intelligently create, successfully deliver and professionally support the best payroll and HR software and services for SMEs in the UK and Ireland.

Our products are currently used by over 80,000 employers across the UK and Ireland. As a customer-focused company, we strive to look after each and every one of them.

BrightPay are highly commended for their level of customer support, their simple pricing structures and their user-friendly software.

Read customer testimonials here.

99.4% customer satisfaction rate

98.8% recommend BrightPay

98.5% satisfied with customer support

Get in touch today to see how BrightPay can help you prepare for auto enrolment.

Call: 0845 3004 304

Email: sales@brightpay.co.uk

Visit: www.brightpay.co.uk

Follow: