



Employer Checklist
to ensure that Auto
Enrolment is covered



For years, small and medium sized employers have managed their payroll process in different ways. Some have used spreadsheets, others have outsourced payroll to an accountant, bookkeeper or payroll professional, while others are reliant on HMRC Basic PAYE Tools. Employers will want to ensure that the payroll and auto enrolment (AE) process is smooth, uncomplicated and have minimum impact on the day-to-day running of their business.



Although software is not necessarily needed to process auto enrolment, the Pensions Regulator does advise that integrated [payroll and automatic enrolment software](#) will make life easier. Many employers who do not have access to any kind of payroll tool to automate the AE process, risk fines for non-compliance. There is an additional barrier, that is, employers are afraid of change. With auto enrolment in place, change is inevitable.

A significant 1.2 million small and micro businesses will reach their staging date between June 2015 and the beginning of 2018. The task of choosing the right payroll process or tool is even more complex when considering the range of auto enrolment duties. Some payroll tools do not cater for auto enrolment at all, while others offer auto enrolment features with limited functionality or increased prices.

We will examine a checklist of factors that employers need to consider to ensure auto enrolment is covered.

- 1. Limitations of HMRC Basic PAYE Tools**
- 2. Processing AE**
- 3. AE pension schemes**
- 4. Employee assessment**
- 5. Enrolling employees**
- 6. Employee communications**

- 7. AE postponement**
- 8. Ongoing AE duties**
- 9. Contributions & deductions**
- 10. Cost of Automatic Enrolment**

1. Limitations of HMRC Basic PAYE Tools

For HMRC Basic PAYE Tools users, the Pensions Regulator (TPR) has released a very basic and manual toolkit to help process auto enrolment at the end of 2015. This auto enrolment tool will assist with employee assessment and contributions. However, there are many mandatory AE duties that it will not cater for. Employers will have to download an Excel spreadsheet where all the



data will be stored and manually processed by the user. As it is a relatively labour intensive process, this format will be far from seamless. Employers may ask themselves if it will just add to their worries and concerns or if it will actually help. For these users, manually processing the auto enrolment duties will be a complicated and cumbersome task.

The TPR auto enrolment toolkit:

- will not handle auto enrolment communications
- will not produce payslips with pension contributions
- will not handle employees on different pay frequencies
- will not process variable contribution levels
- will not process postponement
- will not automate re-enrolment
- will not produce contribution files for the pension providers

It has been reported that HMRC Basic PAYE Tools users are afraid and concerned that if they were to avail of payroll software, they might be up-sold additional products or services. However, this is not always the case. There are many payroll software packages, such as [BrightPay](#), that have auto enrolment functionality included free of charge with no hidden costs.

2. Processing Auto Enrolment



Payroll software will play a vital role in ensuring the success of auto enrolment. It is important to know if your current payroll process caters for auto enrolment. Many of the required AE duties are process-driven and can be handled by payroll technology. Employers will need to assess their employees to determine who must be automatically enrolled and who will have the right to join the scheme.

The Pensions Regulator recommends payroll software that can automate the process, including assessing and monitoring employees, producing employee communications, processing opt-in and opt-out requests, handling postponement and integration with various pension providers. There are a number of [free or low-cost tools](#) for less than £100 per year that can provide auto enrolment functionality, many of which have free trials.

3. Auto Enrolment Pension Schemes

A lot of employers will be setting up pension schemes for the first time and it may be difficult to identify a qualifying scheme that is right for the business. Therefore, it is important to allow plenty of time to ensure the right choice is made. If there is a pension scheme already in place, check to ensure that it is a qualifying scheme for auto enrolment purposes.

If [payroll software](#) is being used, make sure to find out what pension providers are supported. Some software packages only cater for one or two pension providers, limiting the range of pension providers to choose from. Each pension provider requires information in a unique format, making it more time consuming each pay period if it is processed manually or if the scheme is unsupported by the payroll software.

4. Employee Assessment

At the staging date, all employees must be assessed to find out if they are an eligible jobholder, a non-eligible jobholder or an entitled worker. This is determined based on an employee's age and qualifying earnings. Assessing employees in payroll software automatically notifies employers who they must enrol and who needs to be given an option to opt-in/join the pension scheme.



It is possible to manually categorise employees, but employers will need to take considerable time to evaluate employees and avoid mistakes. As payroll software holds employee information, employees can be assessed automatically by the software. The software should be able to highlight the employee's AE status, with reminders of auto enrolment duties to be carried out.

5. Enrolling Employees

Once the pension scheme is in place, it will be necessary to provide individual employee information to the chosen pension provider, such as the staff member's name, postal address, date of birth and National Insurance number. Be aware, eligible employees will have the option to opt-out of a pension scheme within a month of being enrolled. Equally, employees who are non-eligible, will have the option to opt-in to the workplace pension scheme.

Payroll software will make it easier by easily enrolling eligible employees and processing opt-in and opt-out requests. If an employee opts out, software can refund deductions already made and show this refund on the payslip. Some [innovative payroll software](#) solutions also allow batch enrolment of multiple employees, thus reducing the workload.

6. Employee Communications

Communicating with employees is a critical and mandatory part of auto enrolment. Within six weeks of the staging date, employers must write to all employees telling them how auto enrolment affects them. Each letter should outline how auto enrolment applies to the employee and provide information about their rights. In addition, it is important to make sure that each employee receives the correct communication based on the individual's status.



There are different variations of these letters, depending on which worker category the employee falls into. There are letter templates available on The Pensions Regulator's website which can be manually edited for each employee. Some pension providers carry out the communications, such as NOW: Pensions. However, if not, communication duties can be made easier with payroll software. Some payroll systems

will automatically produce tailored auto enrolment letters, based on the employee's AE status, ready for printing, downloading or emailing. Examples of AE letters: [Eligible Letter](#) | [Non-eligible Letter](#) | [Entitled Letter](#).

7. AE Postponement

Employers have the option to postpone auto enrolment for up to three months for some or all employees. If an employer uses postponement, a letter must be provided informing employees that AE has been postponed, the deferral date and that they have the option to opt-in to the pension scheme before this date. The Pensions

Regulator also has templates of postponement letters available that can be manually edited for each employee. On the last day of the postponement period, each of the postponed employees must be reassessed to determine their AE status.

The option to postpone auto enrolment is built into a number of the payroll software systems, including re-assessment alerts when the postponement period has expired. Again, it will save time if postponement communications are automated within the software compared to manually producing this documentation.

8. Ongoing Auto Enrolment Duties

Once the staging date has been reached and employees enrolled, auto enrolment responsibilities do not stop there. Auto enrolment means an employee's AE status must be monitored each pay period. For example, if an employee's income exceeds the threshold or if an employee reaches 22, their AE status will change. [Payroll software](#) should recognise any changes to an employee's AE status and automatically trigger auto enrolment obligations.



9. Contributions and Deductions

It is important to make the correct deductions and contributions each pay period for employees and to include this information on employee payslips. Managing deductions and contributions manually can be difficult, especially when employees are on different pay rates or different pay amounts each pay period. With the help of payroll software, relevant deductions and contributions can be made automatically for employees each pay period.

10. Cost of Automatic Enrolment

Auto enrolment is going to be costly, whether it is by investing time to process it manually, investing in payroll software or outsourcing it to a payroll professional. The



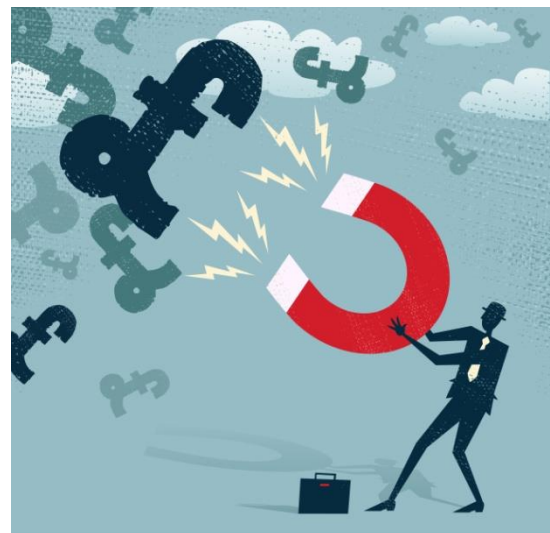
general consensus is that employers can limit the amount of time and money spent on processing auto enrolment by utilising [free or low cost payroll solutions](#). Auto enrolment is an integral part of payroll and should be free of charge when using payroll software.

[BrightPay](#) is payroll software that has auto enrolment functionality included free of charge with no additional costs. A single

employer licence with unlimited employees is just £89 + VAT per tax year. There is also a [free licence](#) for employers who have up to three employees. Some software providers charge based on the number of employees and for extra functionality. Check with your payroll provider that there are no limitations when it comes to auto enrolment functionality, and ensure that there are no restrictions with the number of employees that can be set up.

Conclusion

Auto enrolment need not be as costly or as time consuming as one would imagine. Payroll software can take the burden out of auto enrolment by carrying out these tasks. Automation will be the key to success. The advantages of intuitive payroll software are numerous, but mainly it will significantly increase the efficiency and effectiveness of AE, reducing the risk of non-compliance penalties.



BrightPay is a user-friendly solution that does exactly that. Choosing BrightPay simplifies the AE process efficiently and economically. Employers that have adopted BrightPay have found that they have saved considerable time and effort. The seamless automation functionality allows employers to focus on their business without worrying about non-compliance.

Five Reasons to Use BrightPay

1. **Auto Enrolment:** BrightPay has full auto enrolment functionality, including employee assessment, communications, postponement, opt-outs & refunds, reporting and is integrated with various pension providers. You can see how BrightPay handles auto enrolment [here](#).
2. **No Hidden Costs:** There are no hidden costs with [BrightPay - £89 per tax year](#) (ex VAT) includes unlimited employees, free support and full auto enrolment functionality.
3. **Customer Support:** Our customer support team is exceptional with a 99% customer satisfaction rate. You can access phone and email support 9 am (Tuesday 9.30 am) - 5 pm Monday to Friday (excluding 1 pm to 2 pm). We also have a number of online support guides to assist you 24/7.
4. **Import Facility:** BrightPay facilitates the import of data from other payroll software providers via CSV file and a seamless import from HMRC Basic PAYE Tools with online help guides and our support team to assist you.
5. **Free Trial:** You can try out BrightPay for yourself with a 60 day [free trial](#) or [book a demo](#) today. The licence-free trial offers full functionality and no sign-up obligations.



Switch to BrightPay Today and Get a Free Licence worth £89 plus 10% off next year *

With BrightPay, new customers can now get a free 2015/16 standard licence (worth £89) plus 10% off a BrightPay 2016/17 standard licence when you switch from HMRC Basic PAYE Tools or a different payroll software provider.

BrightPay automates the auto enrolment tasks for employers including employee assessment, auto enrolment communications, opt-in requests, opt-outs & refunds, postponement, ongoing monitoring, reporting and is integrated with 14 pension providers.

The standard licence includes:

- Unlimited employees
- Auto Enrolment functionality
- Free telephone & email support
- Unlimited pay items

To avail of this offer, call us on [0845 3004 304](tel:08453004304) or email sales@brightpay.co.uk and quote 'Switch-over Savings'.

For more information about BrightPay visit www.brightpay.co.uk.

Alternatively, you can [book a demo](#) with our sales team. A quick 20 minute demo will show you how BrightPay streamlines the auto enrolment process from start to finish.

[Book a Demo](#)

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*Offer applies to new customers who switch to BrightPay from HMRC Basic PAYE Tools or another payroll software provider. 2015/16 - free standard licence. 2016/17 - 10% off a standard licence. This offer does not work in conjunction with any other offer. Offer expires 31st March 2016.

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.](#)

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satisfied with
customer
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