



# Auto Enrolment & Payroll Buyer's Guide



## Buyer's guide to choosing payroll software for auto enrolment

For years, accountants and bureaus have been offering payroll services, taking a massive burden off the hands of their clients. 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. Payroll bureaus will want to ensure that the payroll and auto enrolment (AE) process is smooth, uncomplicated and that it will have minimum impact on their client's day-to-day running of their business.

The process of choosing the right payroll provider has been made more complicated with the new AE employer duties that need to be completed. Some software providers are avoiding auto enrolment completely, while others are offering AE features with limited functionality or at a high extra cost. If you have payroll clients they may have an expectation that you will handle the AE setup and ongoing duties for them.



### Auto Enrolment Functionality

For bureaus, it will be important to make sure that AE is really automated within the payroll software. 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.

It will be important to check with your software provider to see if it can handle the requirements of Automatic Enrolment. A lot of payroll bureaus want a [pre-assessment overview](#) feature that allows them to create a report that gives their client an overview of what AE will look like at the time of staging. It is all about efficiency and there are several questions that need to be answered first in order to

start making a profit from these jobs. These 10 questions outline key factors to ease the decision making process.

**We will examine a checklist of factors that payroll bureaux need to consider to ensure auto enrolment is automated and 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) 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. Employers will have to download an Excel spreadsheet where all the data will be stored and manually processed by the user.

As AE is a relatively labour intensive process, this format will be far from seamless. There are also many mandatory AE duties that it will not cater for. Bureaus 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

## 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. Bureaus will need to assess their clients' 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. For bureaus there are a number of [payroll tools](#) for less than £200 per year that can provide auto enrolment functionality and 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 your client 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.

Make sure to find out what pension providers are supported by your [payroll software](#). 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. NEST have recently released an [API / web services tool](#) which allows for direct integration between payroll software and the pension provider which will save a considerable amount of time. Check to see if your payroll software supports NEST API / web services. Read: [The Benefits of NEST's API / Integration Tool](#)

## 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 employees' age and qualifying earnings. Assessing employees in payroll software automatically notifies you who must be enrolled and who needs to be given an option to opt-in/join the pension scheme.

It is possible to manually categorise employees, but bureaus will need to take considerable time to evaluate employees and avoid mistakes. As payroll software holds employee information, employees should be assessed easily by the software with no need to run any reports. 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 should make it straightforward by easily enrolling eligible employees and processing opt-in and opt-out requests. If an employee opts out, software should be able to refund deductions already made and show this refund on the payslip. Some [innovative payroll software](#) solutions will 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 but this is quite time consuming.

Some pension providers carry out the communications, such as NOW: Pensions.



However, if not, communication duties will be made easier with payroll software. Payroll systems should automatically produce personalised, tailored auto enrolment letters, based on the employee's AE status, ready for printing, downloading or emailing just before staging. Again batch sending letters should be a mandatory feature for bureaus. 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 assessed again to determine their AE worker category status.

The option to postpone auto enrolment is built into a number of the payroll software systems, including assessment alerts when the postponement period has expired. It will save time if postponement communications are automated within the payroll 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 and notifications for you.

## 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 should be made automatically for employees each pay period.



## 10. Cost of Automatic Enrolment

AE does not have to cost the earth. Forward thinking payroll companies believe [automatic enrolment](#) functionality should be part of your payroll software and therefore included in the price. The way payroll software providers are pricing their auto enrolment functionality completely varies across the industry. Certain payroll solutions are choosing to charge extra for an AE per employee, per month which could quickly add up, especially as the demand for auto enrolment grows.

Others have decided to charge a completely separate fee for an AE feature, add-on or module. While some packages on the market do have auto enrolment included but the functionality can be basic, limited and not automated. There are [payroll and AE solutions](#) available such as [BrightPay](#) where there are no additional charges per employee or per payroll client. Plus AE is automated and included in the bureau price of just £199 + VAT / tax year. When researching solutions on the market make sure to read the small print and be aware of hidden support charges. These additional costs can add up and ultimately deduct revenue from your bottom line.





Payroll bureaus can limit the amount of time and money spent on processing auto enrolment by utilising competitively priced [payroll software 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 for free with no additional costs. Check with your payroll

provider to ensure there are no limitations when it comes to auto enrolment functionality, and confirm that there are no restrictions or additional costs with the number of employers or 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 AE tasks for you. 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. Payroll bureaus 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.

## 10 Reasons to Use BrightPay

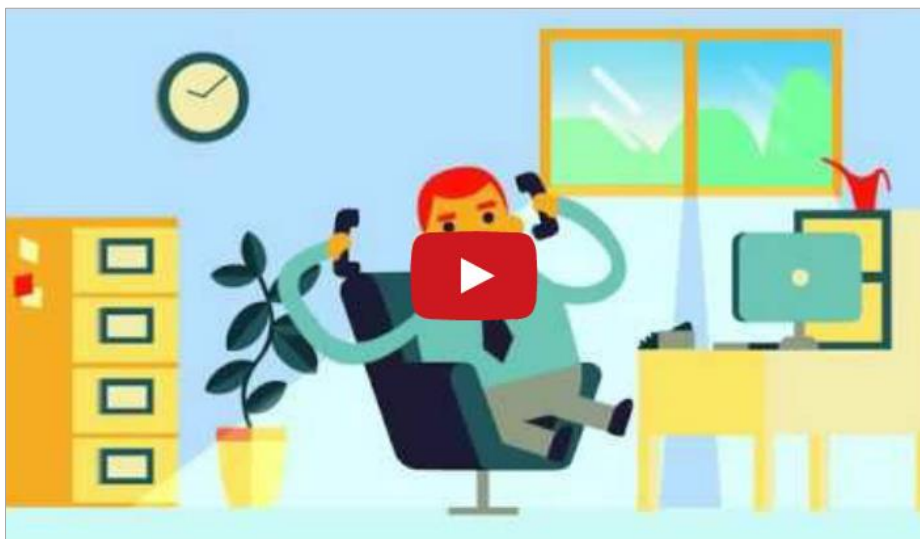
- 1. Auto Enrolment:** BrightPay has full auto enrolment functionality, including employee assessment, communications, postponement, opt-outs & refunds, reporting and pension provider integration. You can see how BrightPay handles auto enrolment [here](#)
- 2. HMRC import:** BrightPay have developed a specific import for HMRC's Basic PAYE tool (BPT) users with employer and employee data being transferred in

less than one minute. Read: [Easy import from HMRC's BPT.](#)

3. **No Hidden Costs:** There are no hidden costs with [BrightPay - £199 per tax year](#) (ex VAT) includes unlimited employers, unlimited employees, free support and full auto enrolment functionality.
4. **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).
5. **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.
6. **Customer Satisfaction:** BrightPay has a 99.3% customer satisfaction rate with 99.5% describing our interface as user friendly. 99.8% of customers rate BrightPay as excellent, very good or good for quality.
7. **Customer testimonials:** With 20,000 customers, read [BrightPay's customer testimonials](#) to find out just how happy our customers are. 98.7% of customers would recommend BrightPay. Testimonials include "BrightPay is brilliant", "So impressed" and "We love it".
8. **NEST API / web services:** BrightPay has recently launched NEST web services which allows for direct integration between payroll and pension provider saving considerable time each pay period. Read: [How useful will the NEST API / web services tool be?](#)
9. **Pension Support:** BrightPay currently supports [14 pension schemes](#). Our development team are currently working closely with [pensionsync](#) who provide API facilities which automate the delivery of data between payroll and pension providers each pay period. Smart Pension, whose automatic enrolment workplace pension scheme is free for advisers and employers to use, have released an API. Both API facilities will be available in BrightPay later this year.
10. **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.

## How can BrightPay help?

BrightPay have embraced auto enrolment and are providing a number of online resources to bureaux across the UK, including free auto enrolment [webinars](#) and [guides](#).



Discover just how easy automatic enrolment is in BrightPay. Read about BrightPay's [automatic enrolment features](#) on our website.

BrightPay's bureau licence includes unlimited employers, unlimited employees, free phone and email support, and full auto enrolment functionality – all for just £199 plus VAT per tax year.



To contact us, call [0845 3004 304](tel:08453004304) or email [sales@brightpay.co.uk](mailto:sales@brightpay.co.uk). For more information about BrightPay visit [www.brightpay.co.uk](http://www.brightpay.co.uk). [Book a demo](#) with our sales team or try out the software with a [60 day free trial](#).

**Book a Demo**

**Download Now**

## 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.**

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