What are the next steps once you have a pension provider?

Once you've established which pension provider you're using for your automatic enrolment scheme and you've designed the scheme, the next step is to put in place the processes which will help you meet your automatic enrolment duties. These processes are summarised below:

1. Assessing your workforce in every pay reference period
2. Auto enrolling eligible jobholders
3. Issuing appropriate communications to eligible jobholders, non-eligible jobholders and entitled workers
4. Deducting contributions from employees pay each pay reference period
5. Paying the pension contribution to the pension provider within the set time limits
6. Managing opt-outs
7. Managing the three yearly reassessments
8. Keeping records

Contact your chosen scheme provider and understand the joining process

You'll need to send data to the pension scheme and also find out certain information about how the scheme is set up. Find out what's needed to create active membership and how long this process will take. You'll only have six weeks after the eligible jobholder's automatic enrolment date to complete their enrolment and achieve active membership. Therefore you'll need to provide the pension scheme with certain information about the eligible jobholder who is being automatically enrolled within a specific timescale.

Pension provider data requirements

The data requirements for automatic enrolment will be specific to your selected pension provider and you'll therefore need to check their requirements as early as possible in the planning process. This will help you to start the data cleansing task, which may take several months to complete.

Many of the data requirements are common across the pension providers and will typically include:

Full name	Total earnings
Employment start date	Pensionable earnings
Date of birth	Nationality
National insurance number	Frequency of pay e.g. monthly, 4 weekly or weekly
Email address	Home address
Employer contribution rates	Employee contribution rates

Informing your employees

One of the employer duties is to provide information to workers. Irrespective of the category into which those individuals fall, every employer will have an obligation to provide certain, specified information to groups of their workers within prescribed time limits. You may also wish to commence a general communication exercise to your workforce in the period up to your first assessment date.

Check your payroll processes

Your payroll system may be able to support some aspects of the enrolment process and ongoing scheme membership. It's important that you get the systems and processes ready well ahead of your Staging Date.

When you must pay your contributions

You need to pay your contributions to your staff pension scheme on time. This includes calculating and deducting contributions from your staff's salaries. You must agree the due dates for paying contributions to the scheme with your trustee or provider.

However the law requires that when you deduct contributions from your staff's pay you must pay these to your staff pension scheme no later than the 22nd day (19th if you pay by cheque) of the next month. There are special rules for the first deduction of contributions on automatic enrolment under the Pensions Act 2008. You risk being fined by the regulator if you don't pay on time.

You may agree an earlier date to pay your employer contributions with your trustees or administrators. However, it's easier if you pay your contributions on the same day as your staff contributions.

If the contributions were deducted in the period between the eligible jobholder's automatic enrolment date and the end of their opt out period, they must be paid across to the scheme by the end of the second month after the month in which the automatic enrolment date fell. Active membership must start from the automatic enrolment date. This means that contributions may be due on part of the earnings from the automatic enrolment date to the end of the pay reference period. This may be because the worker is a new joiner or turns 22 part way through a pay reference period. This will mean that for the first payment, contributions will need to be calculated on part period earnings. We therefore always recommend that you use postponement to avoid any part period payments. This will mean that the automatic enrolment date will always start on the first day of the pay reference period for new joiners or reassessments of workers.

You should establish from the scheme whether tax relief is to be given at source (contributions deducted from net pay) or under net pay arrangements (contributions deducted from gross pay) and ensure your payroll is set up accordingly. Finally, you should build into payroll processes the ability to refund any contributions deducted from a jobholder who opts out during the opt-out period.

Assess the impact on business processes

It's likely that the administration of the employer duties will fall across different areas of your business. You may need to involve HR, pension's administration and payroll functionality as a minimum, as well as third party to administer the pension scheme. You may have systems and software supporting these functions, which may include outsourced administration. You'll need to ensure that the relevant systems and processes can interact and communicate with each other. This may involve changes to business software, which can take time to implement. You will need to work with your pension provider and payroll software provider (if applicable) to ensure that any necessary changes are made in time.

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