

The Social Housing Pension Scheme (SHPS)

Administered by The Pensions Trust

Auto enrolment Practical Lessons Learned

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Story so far

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- Commenced October 2012
- First TPT employers staged from April 2013
- During January and February 2014 staging will hit employers with 250-500 employees
- By the end of February 2014 over 200 TPT employers staged
- Over 50% have used postponement
- Majority have chosen to auto enrol at the minimum 1% rate
- Mixture of solutions, mainly payroll or 'middleware'

Lesson 1 - Data

Data

- Assessment of the individual requires good data
- Data cleanse of existing data
- Do you have all the data you need
 - Email addresses
 - Date of birth
 - Gross qualifying earnings
- Collecting data for new employees

Lesson 2 – Payroll

Payroll

- Auto enrolment is a payroll process....
- May need to run payroll twice
- Incorporate the biggest buffer you can between payroll cut-off and final pay run
- Deductions have to be taken each payroll period following first assessment date
- Process to retain and refund contributions

Lesson 3 – Opt-out

Opt out

- Auto enrolment lays down fairly strict rules for opt outs
- The employer cannot provide an opt out form to the member
- A member cannot opt out before they are enrolled
- The opt out form is returned to the employer to check its validity and the employer must retain records for four years
- The one month opt out period commences on latter of assessment date or communication informing the member they have been auto enrolled

Opt out...contd

- Should a jobholder opt in, the opt out period still applies
- The employer can hold onto contributions deducted during the opt out period
- The employer must refund the member contributions in the next pay run following receipt of a valid opt out form
- TPT experience of opt outs is similar to national average, around 10%

Lesson 4 – Understand AE Regs

Common issues

Understand AE regs/Common issues

- Ultimately it is the Employer's responsibility
- Don't assume your system will do it all, you need an understanding of what sits behind this
- If postponing, you still need to manage opt ins
- If postponing, you still need to communicate with new employees
- Contractual enrolment does not discharge you from the AE regulations

Understand AE regs/Common issues...contd

- If reducing contributions or changing the scheme, you may need to consult with members
- Contracts of employment should be checked
- If using salary sacrifice, will be easier to introduce after the opt out period has ended

Summary

- Have a clear understanding of your obligations
- Understand who is doing what
- Remember it is ongoing and will have an impact on each subsequent pay period
- At staging, keep it simple !!!

Any Questions?

Thank You

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