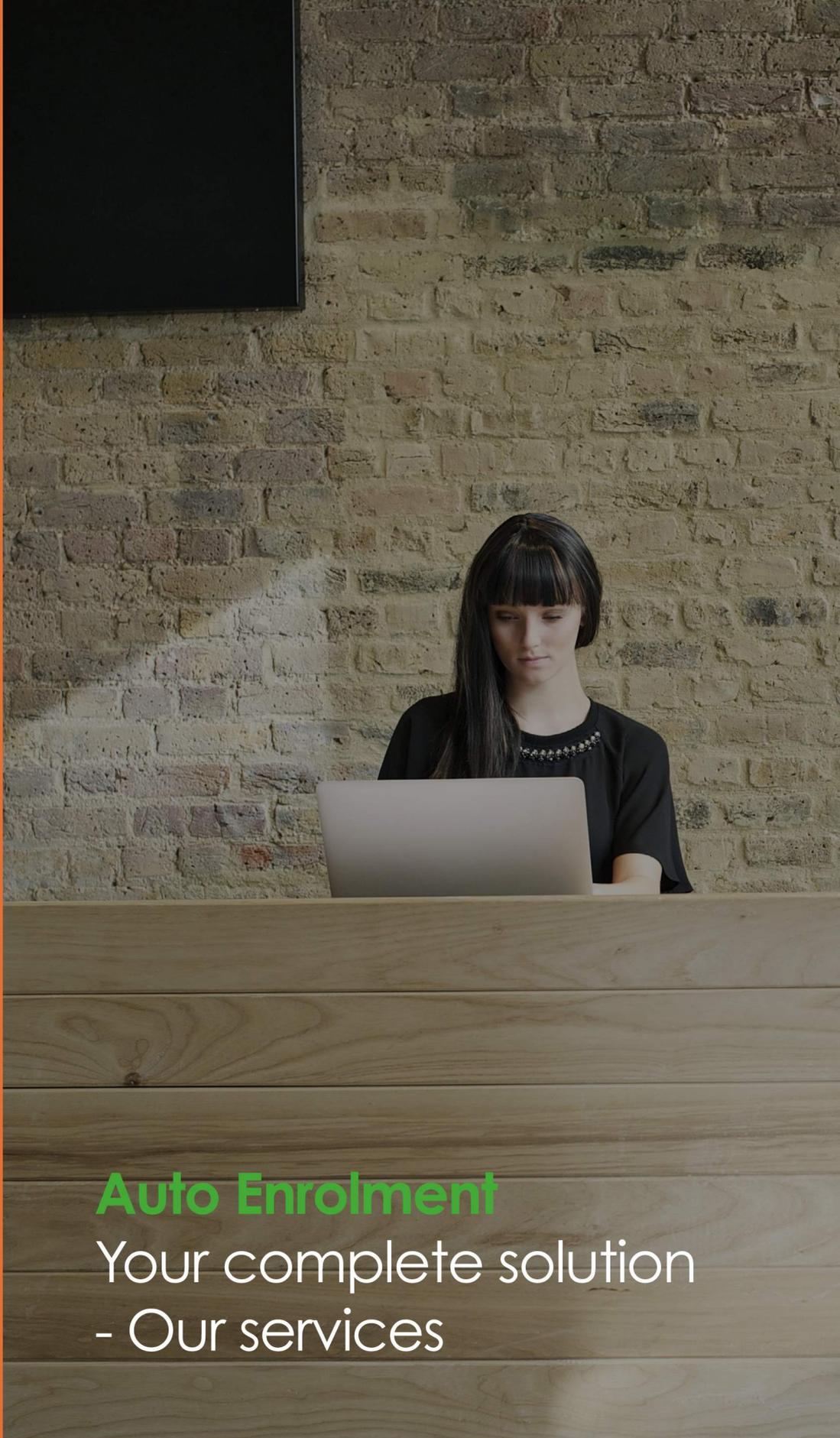


# Employers



## Auto Enrolment

Your complete solution  
- Our services



# Introduction

The government has decided that every employer has to offer a workplace pension and make contributions to it on behalf of their employees. This legislation came into force for the largest employers from October 2012 and by 2018 every employer will have reached their 'staging date', the date from which they have to comply.

## New auto enrolment duties include:

- Selecting the most appropriate compliance strategy
- Assessing and categorising employees every pay period
- Choosing a pension provider
- Designing a default investment strategy that is suitable for most employees
- Communicating with all employees
- Ensuring no-one at the employer encourages anyone to opt out
- Making employer contributions to the pension scheme
- Deducting contributions from employees' wages and paying them into the pension scheme
- Maintaining a complete audit trail that can be inspected by the Pensions Regulator at any time
- Ensuring companies have a solution that meets all government standards
- Officially declaring compliance to the Pensions Regulator within five months of the employer's staging date and then every three years
- Ongoing governance and oversight of the chosen pension scheme

This is complicated, especially for employers that do not have an in-house pensions or HR specialist. Research shows that many employers struggle with even the most fundamental tasks, such as establishing the date auto enrolment applies to them.

The good news is, Creative Auto Enrolment does everything - except the things only the employer can do. You can sign at any time before your staging date and we will ensure you are compliant when the time comes.

Our solution was developed with the needs of employers staging in 2015 and beyond in mind, so there are no complicated decisions that you need to make.

There is no need for you to become a pensions expert or buy or upgrade any additional payroll software. All that is needed is to maintain the payroll and pay the pension contributions as they fall due.

# How it works

Our solution is specifically designed to be as simple as possible for you and your employees.

Every payroll period, the person who runs your payroll will need to provide us with some payroll data online. This gives us all the information we need to make sure you comply with your new duties. We can accept the standard payroll reports your payroll system produces, or you can key in any updates or any missing information manually.

The system then produces a report to confirm whether there are any changes that need to be made to your payroll records before the next payroll is run. Most of the time, there are no changes to make unless you have a high turnover of workers. The person who runs your payroll will need to take action if:

- Someone joins or leaves the scheme
- The employer or employee contributions change
- Any information about the employer or employee changes
- We need to contact the employee and don't hold an email address for them

The data that you provide each time you run your payroll tells us the contributions that have to be paid, which are then collected from you by direct debit.

# The decisions that don't have to be made

Auto enrolment legislation provides lots of options for employers. Assessing the options is very complex and requires a specialist understanding of the implications of each. In practice, certain options are more suitable for most employers. We have used our auto enrolment expertise and experience so far to automatically build these options in to our systems and processes. These decisions are set out below. If you would like to discuss the alternatives that are available, our consultants will be happy to help through our consultancy support service.

## Pension scheme

The pension scheme that is used to ensure you comply with your new duties is the Creative Pension Trust. All of the contributions paid into the pension scheme are invested with Scottish Widows\*, one of the UK's most trusted life, pensions and investments brands. Using the Creative Pension Trust allows us to offer Scottish Widows pension funds at a competitive rate to any scheme member on a pre-approved basis. It also means employers and scheme members get the assurance of independent governance and oversight without the costs of providing it. It also means we can ensure the scheme remains competitive and continues to meet all of your legal obligations.

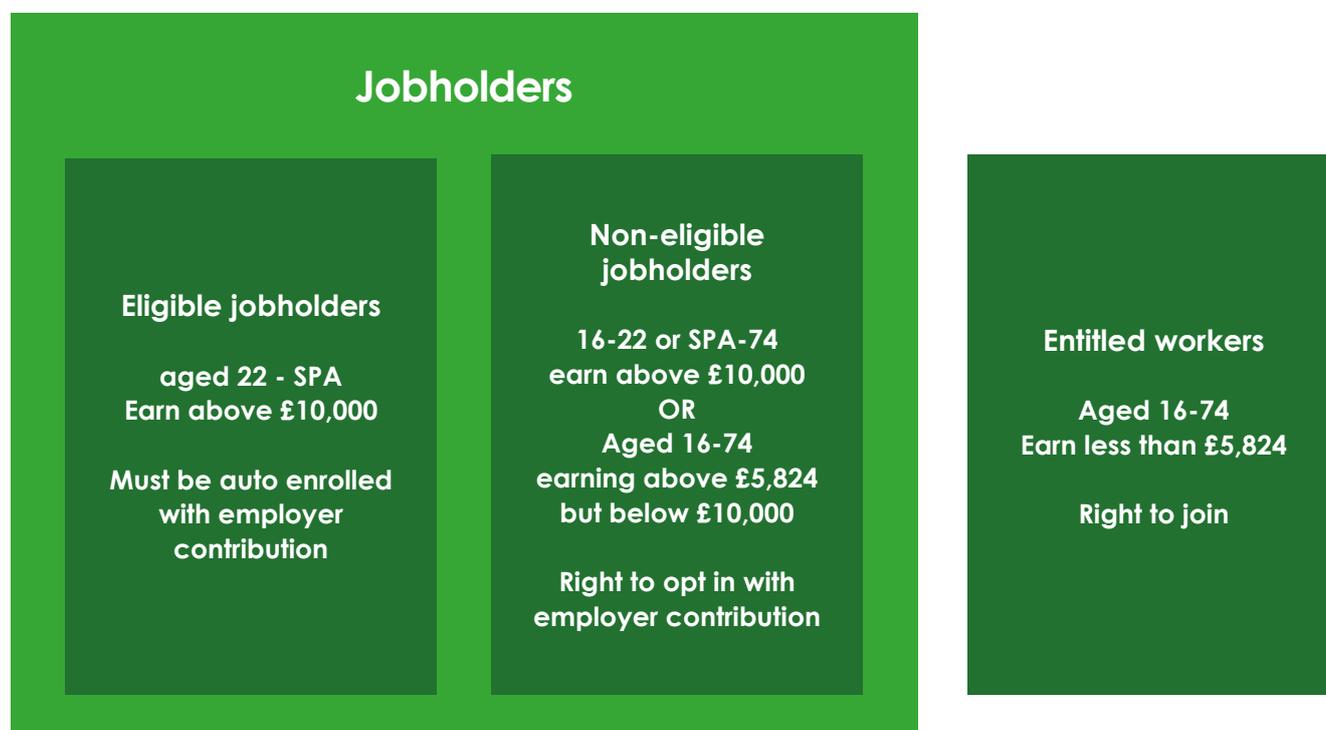
\*More consumers see Scottish Widows as a brand that 'can be completely trusted with your money' than any other major LP&I brand in the UK. Source: IPSOS brand tracking 2012 data is based on 3,287 ABC1 consumers responsible for household financial decisions.'

If you would like to discuss the alternatives that are available, our consultants will be happy to help.

# Eligibility

Each time an employee is paid they have to be assessed. When the employee is assessed they are assigned to one of the three categories in the diagram below to establish their eligibility for the pension scheme. We provide personalised statutory communications. Where we hold a valid email address these will be sent directly to the employee. Where we do not, we will provide personalised communications for you to pass on.

Employees that must be enrolled into the Creative Pension Trust will have contributions collected from their salaries which are then invested for them. The contributions are made up of two elements – those payable directly by the employer and those collected from payroll in respect of the employee's own contributions. Both elements are then payable together as one combined monthly payment that is collected by direct debit from the employer's bank account.



Earnings figures shown are correct for the 2015/16 tax year.

# Contributions

By default, the pension contributions will be set at the minimum amount as outlined in the workplace pensions legislation, which is detailed in the Creative Pension Trust scheme details table overleaf. Both employer and employee contributions can be increased. Pension contributions are calculated on what is known as 'qualifying earnings'. This includes: basic salary; overtime, bonus and commission payments; sick pay and parental pay between £5,824 and £42,385 per year (for the 2015/16 tax year), or the equivalent for the relevant pay period. It sounds complicated, but once the right options are selected in your payroll it is very simple. In our experience this is the most popular basis with employers and employees.

## Postponement

The auto enrolment legislation allows employers to postpone the date on which the first contribution has to be collected. We use this postponement period to align your staging date with the tax or calendar month, which makes your scheme simpler for you to run. **Our system automatically calculates the optimum postponement period for you.** Employees can choose to join the scheme during the postponement period and if they wish to do this, we will make the arrangements and let you know.

## Investment strategy

Every workplace pension scheme has to have a default investment fund that is suitable for most employees. Our default fund invests in passive funds that track market indices. Passive funds have lower charges than actively managed funds, tend to have lower levels of risk and, after charges are taken into account, usually perform comparatively well over the long term.\* This makes them more appropriate for use as a default fund.

Contributions are invested using a 'lifestyling' approach, which means the funds used take more risk in the early years because over the long term more risk usually means higher returns. In the final fifteen years, as the scheme member gets closer to retirement, the risk is gradually reduced to give the member more certainty over how much money they will have to fund their retirement. There are other options available for members who want to make their own investment decisions.

\* <http://www.which.co.uk/money/savings-and-investments/guides/different-types-of-investment/active-vs-passive-investment/>

## Creative Pension Trust scheme details

### National retirement age

Normal scheme retirement age	65
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### Rate of contributions as a percentage of Qualifying Earnings

Period	Member pays	Employer pays
To 30 September 2017	1%	1%
1 October 2017 to 30 September 2018	3%	2%
From 1 October 2018	5%	3%

All Member Contributions are deducted from gross pay before income Tax is calculated

### Qualifying earnings

#### Definition of qualifying earnings

Qualifying Earnings are defined as any earnings between an annual equivalent of £5,824 and £42,385 (for 2015/16 tax year) and include:

- Salary or wages
- Overtime
- Commissions and bonuses
- Statutory Sick / Maternity / Paternity / Adoption pay
- Any other elements of pay as defined in Section 13 of the Pensions Act 2008

### Investment manager

Scottish Widows	5 investment funds available including the Default fund
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Default lifestyling period	15 years
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The default investment strategy is subject to change at the discretion of the Trustee.

### Scheme fees

There are no system or licence fees for the employer.

All of the scheme fees, are within the government's price cap as defined by legislation.

# Additional services

Other services are available for a fee if they are needed.

Auto Enrolment Consultancy is available for employers who:

- are close to or past their staging date;
- have existing pension schemes in place for some or all of their employees;
- want to change their staging date;
- want to use Salary Exchange;
- want extra support to set up their pension; or
- have complex needs for some other reason
- want to design their own pension scheme
- Do not want to join a scheme with the pre-set features built into our automated online solution

Employee Benefits Consultancy is available for employers who:

- would like to consider offering a wider range of employee benefits;
- want extra support with employee communications; or
- need to review HR risk management, such as key man risk

Wealth Management Consultancy is available for employers who:

- would like to offer tailored pensions consultancy or wider financial reviews to higher earners;  
or
- would like to offer retirement planning services to employees

Other services are available by request. If you are interested in finding out more, please call our helpdesk on 0845 606 0424.

## About us

Creative Auto Enrolment is a specialist auto enrolment consultancy and part of the Creative Benefits Group of companies.

Creative Benefits Group is an award winning firm of Chartered Financial Planners and employee benefits consultants. It has won the Financial Times IFA of the Year and Group Pensions IFA of the Year awards twice each in the last five years.

Creative Auto Enrolment Limited (company no. 8554978) is a subsidiary of Creative Benefit Solutions Limited (company no. 6293305), which is authorised and regulated by the Financial Conduct Authority, reference number 473893. Both companies are registered in England and Wales. Their registered office is 125 London Wall, London EC2Y 5AL.

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