

The 5 Myths of Auto Enrolment

As Auto Enrolment becomes relevant to an increasing number of businesses, we thought it would be useful to share the top 5 myths we've seen emerge whilst helping our clients to successfully meet their Auto Enrolment requirements.



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1. You can defer your Staging Date

No, you cannot defer your staging date. You can postpone the first assessment by up to 3 months BUT employees still have the right to opt in from the staging date.

FACT: *We've had experiences where employees have opted in right from the staging date even though our client had deferred the first assessment date. It is essential therefore, that all your systems are properly in place at your staging date.*

2. There's still plenty of time

You've probably heard this a dozen times, but it really is important to start planning early - as much as 6 months ahead. It takes time to prepare your systems, cleanse employee data, collect all their email addresses, set up a system to communicate with those without one, etc.

There's often a misconception that Auto Enrolment is 'just a pension scheme', but in reality it's much more involved and the onus is on you as the employer to record certain data and report this to the Pension Regulator. If you are unable to do this, you could incur heavy penalties.

FACT: *We are aware of certain pension providers who are already saying that unless they have 6 months' notice they will not provide a scheme for Auto Enrolment purposes.*

3. Our existing pension scheme will do

Don't just assume that your existing pension scheme will be appropriate for Auto Enrolment. It will be running in accordance with certain terms and conditions that may not be suitable for Auto Enrolment and it's possible that a different scheme will need to be considered.

FACT: *We've had experiences where certain schemes will not accept a large Auto Enrolment population 'diluting' the scheme with minimum contributions. In such cases a new scheme is needed.*

4. We'll just use our existing contribution structure – there's no need to change it

If your existing scheme contributions are calculated on 'basic salary' then the total percentage must be least 9% by 2018 – with a minimum 4% coming from you as employer. If you would prefer to operate the lower 3% employer contribution, you must use another definition of earnings, eg total pay.

FACT: *Check that your payroll system will be able to cater for two different levels of contributions as not all systems will be able to do so. (This includes your external payroll provider if you use one).*

5. A high percentage of staff will opt out

Our experience has shown that employees are very engaged with the process and asking lots of questions – we know because our **Auto Enrolment Dedicated Helpline** has been red hot! Our helpline is taking some of the pressure off our clients who simply don't have the time or resource to deal with all the questions and queries. But very few of these queries are 'how do I opt out'.

FACT: *The current average opt out rates are less than 10%.*

If you have any concerns about implementing the Auto Enrolment requirements or how to meet your obligations as an employer please call us on 01789 263257 or email autoenrol@jjsfsltd.com