Guide to Workplace Pension Reform

IRIS Payroll Professional

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Contents

Guide to Workplace Pension Reform & IRIS OpenEnrol

This guide will demonstrate how your payroll software can help you carry out your new responsibilities. The guide also gives detailed information relating to IRIS OpenEnrol, the element of the IRIS AE Suite™, which simplifies pension communications.

It will cover:

- How your payroll software can help you with:

    - Automatic Enrolment
    - Pension Funds
    - Pension Deductions
    - NEST
    - Other Pension output files

- What is the IRIS OpenEnrol element of the IRIS AE Suite™?

- How to use IRIS OpenEnrol

- Quick Reference & Definitions

Please Note: Transitional Period is referenced throughout this guide however; it ends on 30th September 2017. All employees with **Transitional Period** will be assessed for auto enrolment on 01/10/2017 and postponement may then be applied to Eligible Jobholders, Non-eligible Jobholders and Entitled Workers. Once the transitional period has ended, the **Transitional Period** indicator will be ignored and the employee will be included in the normal AE assessment.

How your payroll software can help you with Workplace Pension Reform

The IRIS AE Suite™ has been added to the payroll software to enable you to manage your new or existing **Workplace Pension Scheme** more effectively.

You will be able to:

■ Configure Auto Enrolment (including any postponement period) using the **Auto Enrolment Configuration Tool**

■ Hold detailed pension information in **Employee Details**

■ Auto enrol employees during payroll run

■ Manage opt-outs

■ Manage opt-ins/joins

■ Print detailed pension reports (from the **Reports** menu)

■ Create pension files

- to enrol workers
- for a contribution schedule

How do I set up Auto Enrolment in the payroll software?

The payroll software contains an **Automatic Enrolment Configuration Tool**, to help you cover all the steps you need to take to configure your system. A guide to using the tool can be reached via the **Pension** menu.

Information to complete after using the tool and before Auto Enrolment

Employee Details

Before an employee is automatically enrolled there are some details which you may need to complete.

> For employees with an existing pension meeting the criteria to be an automatic enrolment scheme, go to **Employee details | Auto Enrol** and tick **the Member of a Qualifying Scheme** box. Do this before the first payroll run after Staging.

On **Employee details | Auto Enrol**:

1. Tick **Works outside of UK** if necessary

2. An employer can choose to apply the **Transitional Period** for Defined Benefits and Hybrid Pension schemes, to workers who meet the criteria to be an eligible jobholder on the employer's first enrolment date and provided certain other conditions are met. (For more information click **here** to view The Pensions Regulator detailed guidance on Transitional period for DB and hybrid schemes). When using the IRIS OpenEnrol element of IRIS AE Suite™, if applicable, to trigger Letter 1T the **Transitional Period** box must be ticked before running the employee's first payroll under automatic enrolment

3. Only one **Pension Fund** can be used for **Auto Enrolment**; if you have several **Pension Funds**, you will need to apply these to **Employee details** manually

Payroll Calendar

Using the **Payroll Calendar** ensures the pay reference periods used during Automatic Enrolment assessment are correct. The **Payroll Calendar** allows you to define the start and end date for each work period in the year. You have options for monthly, weekly, two weekly, four weekly and quarterly. You only need to complete the pay frequencies you use.

1. Go to **Company** | **Payroll Calendar**
2. Select the Pay Frequency you require
3. Click into the grid and enter a period's start date
4. The subsequent **Start** and **End** dates will automatically be populated from the first entry to the end of the year
5. If you start using the payroll software part way through the year you can configure the calendar from that point

# How do I manage Automatic Enrolment on a day to day basis?

Payroll Run

The software will run the Automatic Enrolment process for each employee individually when you run the payroll. It will check if the payroll date is on or after the company's Staging Date and if so:

1. If a **Postponement Period** is in operation a **Deferral Date** is entered in **Employee details**

2. If the employee is identified as an eligible or non-eligible jobholder or an entitled worker the employee's the employee's **Worker Status** is set accordingly

3. If there is no **Postponement Period** in place, and the employee's **Worker Status** is set to Eligible Jobholder, then the software assigns an **Automatic Enrolment Date**, marks the employee as a **Member of a Qualifying Scheme** and adds the pension fund and pension deductions to the **Employee details**

4. Employee and employer pension deductions are calculated and the payroll process continues as normal; once complete it will move on to the next employee

5. The software will re-assess any employees that were not previously eligible, any employees whose **Worker Status** is not set to Eligible Jobholder, and any workers with a **Deferral Date** assigned where that **Deferral Date** is in the pay reference period being assessed. When earnings are above the Automatic Enrolment trigger the employee will be auto enrolled

6. If an employee becomes eligible, the **Deferral Date** is removed, the **Automatic Enrolment Date** is set and the **Pension Fund** and pension deductions are assigned

7. Once all employees have been processed, if any employees have been automatically enrolled, the software displays a message asking if you want to print a report outlining the changes made. Click **Yes** to print or preview the report.

8. When you **Redo/Undo** the payroll, employees will be re-assessed. Remember this may result in an employee being auto enrolled or Auto Enrolment dates being removed

> You can click **Preview** on the **Input/Edit Payroll Details** screen to see the effect of auto enrolment, but the process isn't finalised until you have clicked **Process** on that employee's pay screen and moved on to the next

The payroll life cycle with Auto Enrolment

The payroll life cycle with Auto Enrolment is a circular process with the following steps:

- Add new starters and make employee amendments
- Process any opt-in/join requests
- Process any opt-out/cease requests
- Run the Payroll
- Produce Reports (inc payslips)
- Create BACS
- Mark employees as leavers, if necessary
- Send FPS/EPS
- Produce pension files
- Publish Pension Comms

AE Assessment Details

During the payroll run, click on the **Preview** button and then the **AE Detail** button. This screen displays the employee's AE Assessment status, together with the information that the assessment is based on.
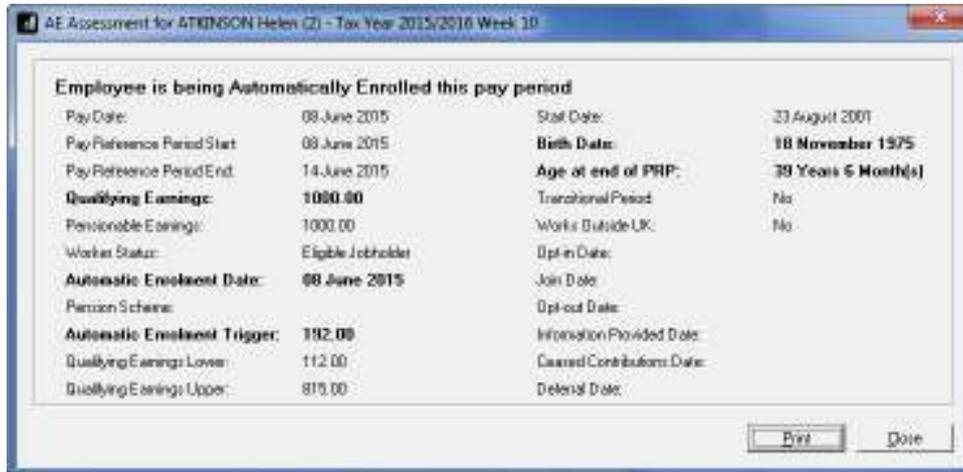
The bold text highlights the factors that have triggered the assessment outcome.

Company Pension Dashboard

Go to **Pension | Company Pension Dashboard**:
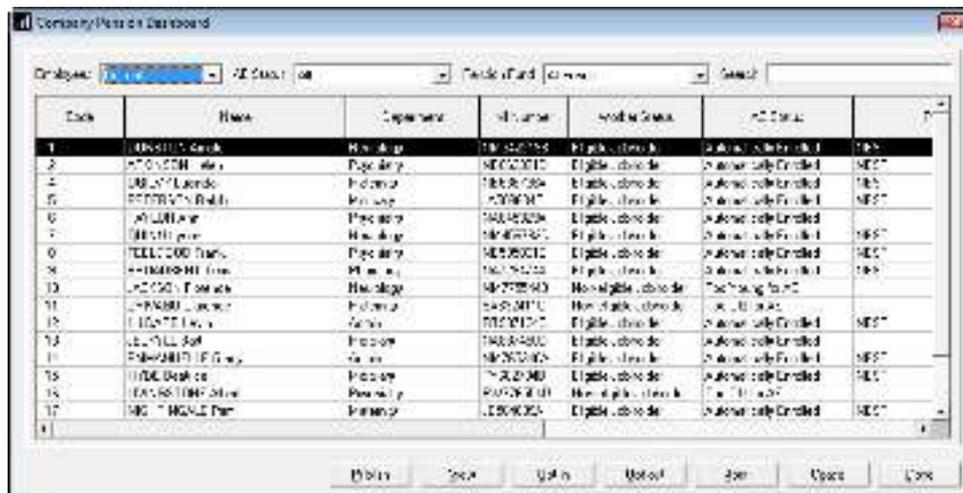
The dashboard displays a list of the employees in the company according to the various filters you select at the top of the screen.

1. Double-click or highlight an employee and click on **View** to open their **Employee AE History** screen

2. Click **Publish** if you have communications waiting to be published to IRIS OpenEnrol

3. Highlight an employee and click on **Opt-in**, **Opt-out**, **Join** or **Cease** to open new screens enabling you to quickly carry out those tasks

4. Changes here will automatically be made within **Employee details** for you

Period Pension Dashboard

Go to **Pension** | **Period Pension Dashboard**:

This dashboard displays the pension status of any employees assessed in a particular pay period.

1. Double-click or highlight an employee and click on **View** to open their **AE Assessment screen for...** that period

2. Click **Publish** if you have communications waiting to be published to IRIS OpenEnrol

3. Highlight an employee and click on **Opt-out** to open a new screen enabling you to quickly opt an employee out of the Pension scheme

4. Changes here will automatically be made within **Employee details** for you

5. You are able to access historic periods and tax years where history is available

Employee AE History

This screen displays historic periods and tax years for the selected individual where the history is available. You can view the **Worker Status**, **AE Assessment**, **AE Date**, **Deferral Date** and whether the employee is **In Pension** for the relevant pay period.

1. Go to **Pension | Employee AE History**

2. Select an **Employee** from the list

3. To view the **AE Assessment for...** screen for a specific **Pay Period**, highlight the relevant pay period and click **View**

Create Pension output file

Output files are available as standard in the software for the following pension providers:

- Aviva
- Friends Life
- NEST
- Now Pensions
- Peoples Pension
- Royal London
- Scottish Widows
- Standard Life G2G

For guidance on how to create your pension output file, click **here** then select the pension provider you want to create your pension output for.

Select/Print Pension reports

The payroll software has several pension reports to assist you in administering your pensions. Select these from the library to be able to print them from the **Reports** menu.

Report	Library Section
Automatic Enrolment Summary for Period	Summaries
Pension Summary by Employee	Summaries
Pension Summary by Fund	Summaries
Pension Key Ages	Miscellaneous
Pension Status	Miscellaneous
Pension Fund Employees	Miscellaneous
Automatic Enrolment Assessed Employees	Miscellaneous
Pension Fund Remittance	Multi Period Reports

Reselect any other reports you use from the library (unless they are bespoke) as most have been rewritten to accommodate Workplace Pension Reform.

If you use the **Company Costs Summary** and you would like the automatic enrolment pensions to appear in the Employer Pension Costs figure, add the pension deductions to one of the 'Ers' pension report groups

Automatic Enrolment Summary for Period

This report shows any employees auto enrolled in the selected period as well as any not auto enrolled in the period and the reason why.

Pension Summary by Employee

This report prints details of the pension contributions for individual employees within a selected pay period. It does not show employees where employee and employer contributions are zero. It groups employees by **Pension Fund**.

Pension Summary by Fund

This report prints the pension contributions by all or selected **Pension Funds**. Only employees with pension contributions associated with the selected fund are included. It does not show employees where employee and employer contributions are zero.

Pension Key Ages

This report prints current employees that will reach a key age for Workplace Pensions in the selected pay period. Currently the key ages are 16, 22, State Pension Age and 75. It can be printed per **Pension Fund** or for all **Pension Funds**.

Pension Status

This report contains the automatic enrolment information for each employee.

It can be printed per **Pension Fund** or for all **Pension Funds**.

Pension Fund Employees

This report prints the total number of employees that have an **Automatic Enrolment Date**, **Opt-out Date**, **Opt-in Date or Join Date** within a specified date range.

It can be printed per **Pension Fund** or for all **Pension Funds**.

Automatic Enrolment Assessed Employees

This report will print the number of employees assessed for auto enrolment in each company.

Pension Fund Remittance

This report allows you to select a **Pension Fund**, a **From** and **To** date to print it for and also allows you to exclude employees. You may exclude employees that have been auto enrolled but wish to opt out; you are allowed to withhold their contributions from the Pension provider for up to 3 months after **Auto Enrolment**.

The report includes employees that have an employee or employer pension contribution value which is associated with the selected Pension Fund and the contributions were deducted within the date range selected. It also includes employees that have had any pension payments withheld in previous months and who now need to be included.

How do I opt an employee in?

An Opt-in request can be received from a non-eligible jobholder, or an eligible jobholder within a postponement period. **Note:** Entitled Workers cannot opt-in, they need to **Join**.

To enter an **Opt-in Date**:

Receive an Opt-in request from employee

⬇

Go to **Pension | Company Pension Dashboard**

⬇

Select the employee then click the **Opt-in** button

⬇

Enter the **Opt-in Date**

⬇

Choose the **Pension Fund**

⬇

The **Employee Contribution** and **Employer Contribution** will default to the rates set up for the **Pension Fund.** Amend if necessary

⬇

Click Opt-in to complete the process
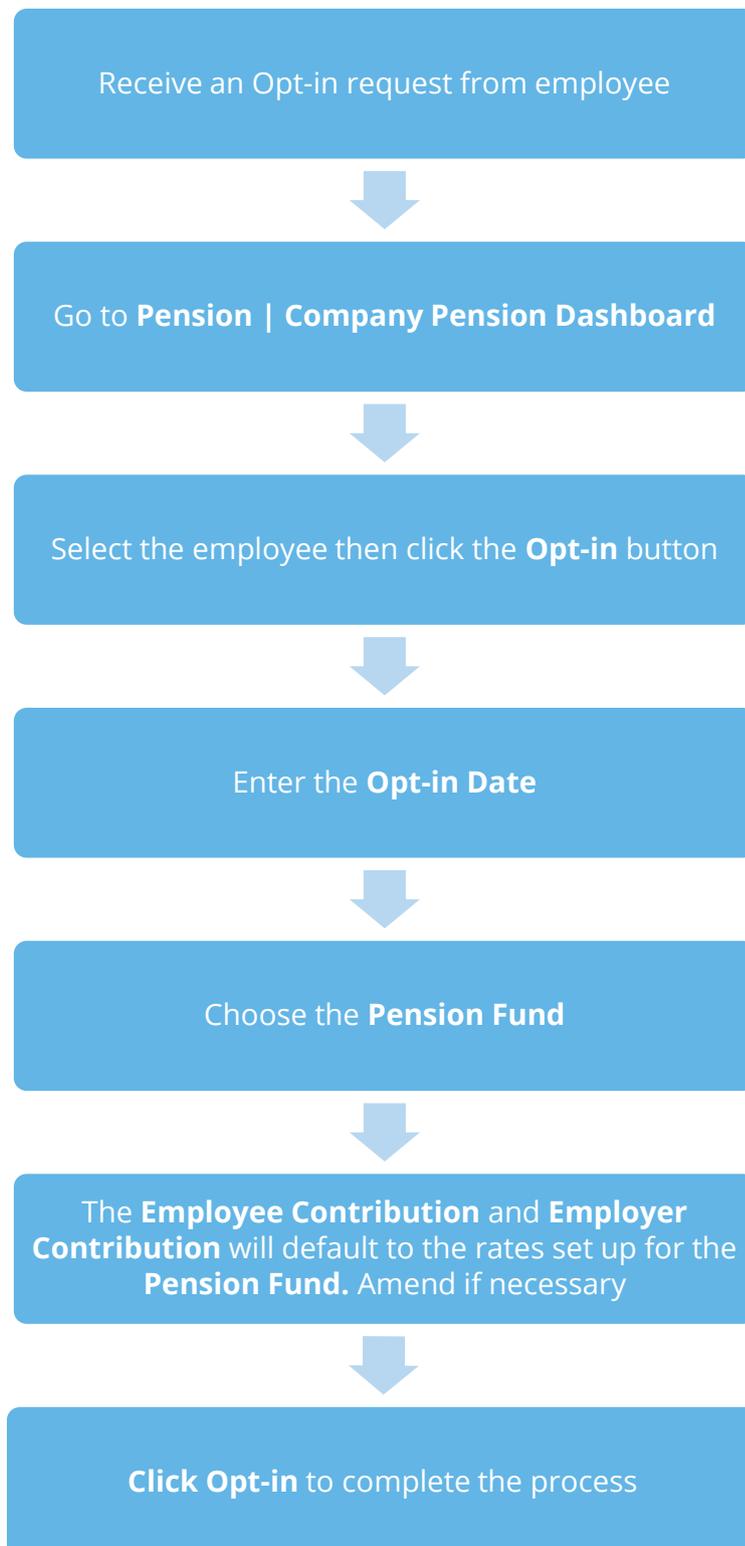
Employee requests to join your Pension Scheme

An employee can join your Pension scheme if they meet the following criteria:

- The employee's worker status was **Entitled Worker** when last assessed for Auto Enrolment

- The following fields in **Employee details | Auto Enrol** are not ticked:

  - **Member of a Qualifying Scheme**
  - **Transitional Period**
  - **Works outside the UK**

Receive a **Join** request from employee

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Go to **Pension | Company Pension Dashboard**

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Select the employee then click **Join**

↓

Enter the **Join Date**

↓

Choose the **Pension Fund**

↓

The **Employee Contribution** and **Employer Contribution** will default to the rates set up for the **Pension Fund**. Amend if necessary

↓

Click **Join** to complete the process

How do I opt an employee out?

Receive valid Opt-out Notice from employee

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Go to **Pension | Company Pension Dashboard**

↓

Select the employee then click the **Opt-out** button

↓

Enter the **Opt-out Date** and click **Calculate Refund**

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Employee and Employer contribution refunds are calculated. To view a breakdown of the refund calculation click **Pay Details**

↓

The refund will be processed automatically in the next payroll run

POINTS TO REMEMBER

- An **Opt-out** button can also be found in **Employee details | Auto Enrol**. When clicked this will display the **Pension Opt-Out** screen

- You are able to configure the opt-out period at **Pension Fund** level. To do this, go to **Pension | Configure Pension Fund**, select the fund and click on the **General** tab

- An employee with a **Join Date** is not entitled to opt out of a Pension Scheme. If the employee wishes to stop contributions, a **Ceased Contribution Date** should be entered in **Pension | Company Pension Dashboard | Cease**. This can also be accessed via **Employee details | Auto Enrol**

> When a jobholder gives you an opt-out notice, you must check that it is a valid notice. It must contain certain statutory information which can be found **here**

How do I refund contributions if an employee has opted-out?

You can automatically refund pension contributions to employees who choose to opt out of a pension scheme.

1. In **Employee Details**, **Company Dashboard** or **Period Dashboard** click the **Opt-out** button

2. The **Pension Opt-out** screen will open

3. Enter an **Opt-out Date** and click the **Calculate Refund** button

4. The calculated **Employee Pension Refund** and **Employer Pension Refund** amounts are displayed. Edit these amounts if you need to

5. Click the **Opt-out** button

Using the pension contribution associated with the relevant pension fund, the refund will appear in the payroll run in the next available pay period. It will always be a value regardless of whether the pension was originally a percentage or value. The YTD value for the pension will be reduced by the negative value, usually resulting in the YTD value being 0.00. **Pension Fund** in **Employee | Auto Enrol | Pensions** will be set to <None> and **Standard** amounts for the pension will be set to zero.

If you do not wish to automatically refund the amount in payroll, tick the **Do not refund in payroll** box <u>before</u> clicking the **Opt-out** button.

> **Opt-out Date** and **Reference Number** cannot be entered directly into **the Employee Details | Auto Enrol** form. You should now click on the **Opt-Out** button on the form and enter the details there, or use the **Pension Dashboard**

What if the refund period spans two tax years?

If an employee opts out of the pension scheme following auto enrolment, they are entitled to a full refund of contributions, which is then reported via RTI to HMRC.

For contributions taken in the current tax year, this is reported via the Full Payment Submission (FPS).

For contributions spanning tax years, you must report the refunds taken in the current tax year via the FPS and send an Earlier Year Update (EYU) for any refunded contributions taken in the prior tax year.

(For details on how to send an EYU, see the **RTI Guide** on the **Help** menu.)

Example 1

Pay Period	Auto Enrolled/Opt Out	Refund Due	Reported via
Week 1	Employee Auto enrolled - Contribution taken	✓	Refund due and reported via FPS as all contributions deducted in current tax year
Week 2	Contribution taken	✓	
Week 3	Employee Opts Out		

Example 2

Pay Period	Auto Enrolled/Opt Out	Refund Due	Reported via
Week 51	Employee Auto enrolled – Contributions taken	✓	Refund due but as spanning tax year, refund for weeks 51 & 52 reported via EYU
Week 52	Contributions taken	✓	
Week 1	Contribution taken	✓	Refund due and reported for week 1 via FPS
Week 2	Employee Opts Out		

Automatic Enrolment - Examples

Example 1: Employee aged 35 joins the company on 7 July 2014 and earns £20000 per annum.

During Month 4 payroll run the **Automatic Enrolment** process assesses employee

It assigns a **Deferral Date** of 1st August 2014, as the **Staging Date/New Starter Postponement Period** is set **Start Of Next Pay Period**

No pension deduction is made

In **Month 5** employee is reassessed. **Postponement Period** has passed and they earn more than the trigger amount

Employee's **Worker Status** is set to **Eligible Jobholder**. They are assigned an **Automatic Enrolment Date**

Default Pension Fund is a qualifying scheme with 3% employee and 5% employer contributions. **Pension Fund** and **Pension Deductions** are added to **Employee Details**

3% of the employee's earnings between lower limit and upper limit are deducted. Employer contribution of 5% is made on the same earnings

Example 2: Employee aged 42 with variable earnings, receiving more than the earnings trigger in month 1. Deferral Date is set to a date in Month 3

During Month 1 payroll run the **Automatic Enrolment** process assesses the employee

⬇

The employee earns more than the earnings trigger, but the **Deferral Date** is set to a date in Month 3 so they are not automatically enrolled

⬇

In Month 2, as there is a **Deferral Date** in place, the Automatic Enrolment process will ignore the employee

⬇

In Month 3 payroll run the employee is reassessed. They now earn less than the earnings trigger and are not automatically enrolled

⬇

Again the **Deferral Date** is left in place as the pay period may be rerun with different earnings

⬇

In Month 4 the **Deferral Date** from the previous period is removed. The employee is reassessed and is still earning less than the earnings trigger so is not enrolled

⬇

The employee will be reassessed each pay period

What is Re-enrolment?

The process of automatically putting workers back into pensions is known as 'automatic re-enrolment'. Re-enrolment occurs approximately three years after staging and then every three years after that.

- At the **Re-enrolment Date** AE Assessment occurs for all the employees that previously opted out or ceased contributions more than a year before the **Re-enrolment Date**.

- You can set your **Re-enrolment Date** to be any time within the re-enrolment window, which is three months before and three months after the third anniversary of your staging date.

There are two fields on the **Configure Automatic Enrolment** screen to cater for **Re-enrolment, Re-enrolment Date** and **Previous Re-enrolment Date**.

If the re-enrolment employee is an eligible jobholder, they will be automatically enrolled into the default pension scheme or the one specified in **Employee Details | Auto Enrol**. The only difference is that the re-enrolment employee cannot be postponed.
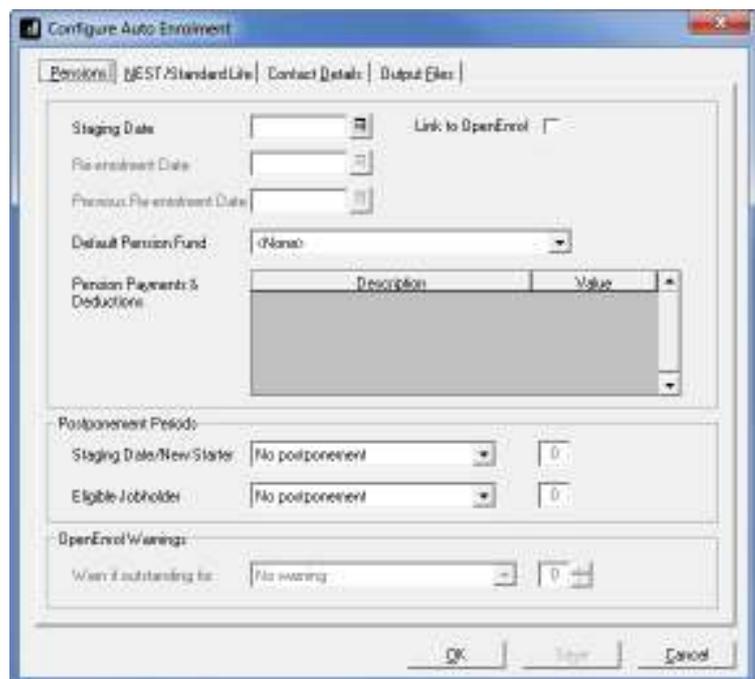
For Re-enrolment a new letter type L1R will be published to IRIS OpenEnrol.

Also:

- If the re-enrolment employee is an eligible jobholder within the pay reference period when re-enrolment occurs, they will be automatically enrolled

- If the individual is not an eligible jobholder within the relevant pay reference period, no further action will be taken until the next re-enrolment date

Re-enrolment Date & Previous Enrolment Date

- If the **Staging Date** field is blank, the **Re-enrolment Date** and **Previous Re-enrolment Date** fields will be disabled

- If you run the year-end restart process, more than 3 months after re-enrolment date, the software will automatically move the **Re-enrolment Date** to the **Previous Re-enrolment Date** field

- When logging into a company, if the re-enrolment window end date is approaching, a warning will be given that the **Re-enrolment Date** field is blank

- If the last day of the Pay Reference Period is on or after the last possible day of the Re-enrolment window and a **Re-enrolment Date** is not entered, the payroll will stop running

Declaration of Compliance

Employers are required to submit a new declaration of compliance at the re-enrolment date. The Declaration of Compliance report has been amended and if a re-enrolment or previous re-enrolment date is entered, this date will be used instead of the staging date to produce the details required.

What is IRIS OpenEnrol?

IRIS OpenEnrol is an element of the IRIS AE Suite™; a new way to distribute workplace pension communications to employees. Letters that need to be sent to employees, in order to comply with legislation, will be created automatically when you run the payroll. They will then be published to a secure online portal. The letters are emailed directly to each employee, and once they have registered with the portal they will be able to quickly view all of their past automatic enrolment letters in an easy to access, secure area.

What will IRIS OpenEnrol do for me?

- Employees receive pension communications directly via email
- Letters can be accessed anywhere an internet connection is available
- Quick and easy to setup with no software to install
- Increases Automatic Enrolment administration efficiency
- Reduces carbon footprint demonstrating an environmentally friendly solution
- Reduces communication distribution costs including printing, postage and processing
- Fully secure
- Allows employees immediate 24/7 access to their own pension communication information
- Free IOS, Android and Windows Phone apps available for employees to securely view their own pension communications on tablets or smartphones
- An employer can log into the IRIS OpenEnrol portal and print communications if an employee does not have an email address
- All published communications are date stamped for audit purposes and a copy stored against the employee record

How does IRIS OpenEnrol work?

Certain Automatic Enrolment triggers during the payroll run will cause a communication to be created, which you then publish to the IRIS OpenEnrol secure website. IRIS OpenEnrol takes that data and creates letters in the form of Adobe PDF files to be sent to your employees.

- If the employee has an IRIS OpenEnrol account the Adobe PDF will be emailed to the employee and stored online

- If the employee does not have an account but has an email address the letter will be emailed and the employee prompted to configure their account

- If the employee does not have an email address you can log onto IRIS OpenEnrol to print the required letter

> When you **Publish** for a company for the first time, the company and employee details are created for you in IRIS OpenEnrol

How to set up IRIS OpenEnrol in the payroll software

When using IRIS OpenEnrol it is vital for your Pension configuration to be set up fully. The letters require certain information to be present in order to be produced correctly.

Essential steps to setting up IRIS OpenEnrol

In Admin enter your IRIS OpenEnrol login details

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Go to **Pensions|Auto Enrolment Configuration Tool** & enter all relevant details...

↓

...it is essential to enter the **Staging Date**, tick the **Link to OpenEnrol** box and enter **Contact Details** for pension administration

↓

Ensure Pension Fund details are completed and marked as Qualifying Scheme

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Tick **Transitional Period** for relevant employees

↓

Set up your IRIS OpenEnrol Portal

In order to use IRIS OpenEnrol, follow these steps:

1. Log into **Admin**

2. Go **File | Online Login Details**

3. Enter the **Email Address** and **Password** that you used to register on the IRIS OpenEnrol website (the login details are the same as IRIS OpenPayslips)

4. Click **OK**. These will be the default settings for each company on your payroll

5. Log back into the payroll software. If you need to you can set different login details for each company on **Company | Alter Company Details |Open IDs**

6. Go to **Pension | Auto Enrolment Configuration Tool** and complete all the required information

7. On **Step 3 - Company Pension Scheme Administrator Details**, ensure the **Link to OpenEnrol** box is ticked

> If you are creating an existing company for the first time in the payroll software (i.e. auto enrolment has already occurred on another system), you must tick the **Link to OpenEnrol** box as the last step **AFTER** setting up the company and all your employees, including entering the **Staging Date** and all other Auto Enrolment and Pension information

8. Ensure your company's pension administration contact details have been entered in the **Contact Details** section; these are required for IRIS OpenEnrol communications

9. If required, click the **AE is coming** button to generate a letter for your workforce, informing them that Automatic Enrolment is coming, (your Staging Date must have been entered in Step 1 of the Auto Enrolment Configuration Tool before you can generate this letter)

10. Click **Close**

11. If you have any employees in Defined Benefits or Hybrid Schemes and you are applying a Transitional Period, make sure the **Transitional Period** box is ticked in **Employee Details** on the **Pension** tab

How do I set up IRIS OpenEnrol online?

To see how to set up the IRIS OpenEnrol portal, click **here** to view the guide.

How are the auto enrolment letters created?

| Complete payrolls | → | Open the **Pensions** menu and click **Publish Pension Communications** | → | Click the **Publish** button to send unpublished communications to IRIS OpenEnrol and employees with email addresses | → | Visit IRIS OpenEnrol on the web and send letters for employees without email addresses |
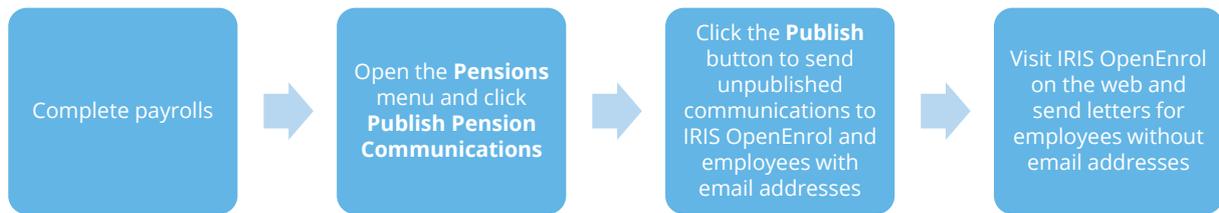
After you have completed your payroll, go to **Pension | Publish Pension Communications** to open the publishing window. This can also be accessed via **Pension | Company Dashboard |**

Publish.

This screen displays the pension communications that are to be sent or have already been sent to IRIS OpenEnrol, depending on the options selected in the **View** box at the top of the screen.

By default the screen shows all the currently available unpublished data. You can also view previously published data if you need to. The data is sorted alphabetically, by surname and forename.

You can reorder the grid by clicking on a column heading. Clicking again will toggle the order ascending to descending etc.

If there is no unpublished data the screen will display the first page of the most recent published data in alphabetical surname/forename, order.

Reset

Click this button to reset the screen to its initial state. Both dates will become blank. The **View** field will be reset to **Unpublished** or **Published** depending on what was set when the screen was first opened. The grid display will be refreshed and the **Refresh** button will be disabled.

Refresh

The **Refresh** button is disabled until you change the **View** selection or enter a date range. The text, **Click Refresh to update view**, will appear when the **Refresh** button is enabled. After clicking **Refresh** the button will be disabled and the text, **Click Refresh to update view**, will not be visible.

> You need to click the **Refresh** button if you make changes to the **View** selection or the **From** and **To** dates

Print

Click **Print** for a printed listing of pension communications. You can choose to print **All**, **Unpublished** or **Published**, a **Date Range** and selected employees using the **Selection** button.

> This prints a summary of the communications, not the actual letters

Delete

Each single row in the grid can be highlighted. Multiple rows can be highlighted using standard windows functions e.g. CTRL & click or SHIFT & click. Highlight the rows you want to delete then click the **Delete** button.

Publish

When you are ready to send the unpublished pension communications to IRIS OpenEnrol you need to click the **Publish** button. **Publish** will always send all unpublished data for the current company. This will send the communications to the IRIS OpenEnrol portal and directly to employees with email addresses in their **Employee Details**.

Republish

To republish Pension Communications:

1. In the **View** drop down, select **Published**, then click **Refresh**

2. Tick the **Republish selected pension communications** box

3. Hold down the CTRL key and click on each employee you wish to republish

4. Click the **Republish** button

> Rerunning the payroll will re-assess any actions relating to Automatic Enrolment or IRIS OpenEnrol. If a payroll is rerun, employees will be reassessed. If payroll is rerun and communications have not been sent, they can be amended or deleted before the pay period is complete.

What letters are sent and when?

L0	IRIS Staging Letter – This letter is optional and lets employees know Auto Enrolment is coming and is sent once to all employees, except employees who are: ▪ **75 and over** ▪ **Worker Status 'Exclude from auto enrolment'** ▪ **Works outside of UK box ticked** ▪ **Leavers**
L1	Issued when Auto Enrolment Date is assigned
L1R	Issued when Auto Enrolment Date is assigned at re-enrolment
L1T	Issued at Staging to employees with the Transitional Indicator set
L1P	Issued after Staging Date, each time a Deferral Date is assigned and the employee is an Eligible Jobholder
L1Opt	Issued when an Opt-in Date is entered for an employee, regardless of their Worker Status
L2 & L3	Sent to Non Eligible Jobholder or to Entitled Worker when assessed and a Postponement Period is not used. This letter is only sent once
L4	Sent to employees where they are a Member of a Qualifying Scheme at staging when no Postponement Period is used
L6	Issued to all employees at staging if Postponement Period is in use (apart from employees receiving Letter 1T). Also sent to new starters after staging if Postponement Period is in use and their Worker Status is Non-Eligible Jobholder or Entitled Worker
Excluded Employees	The following employees will not receive Auto Enrolment Communications:- ▪ **75 and over** ▪ **Worker Status 'Exclude from auto enrolment'** ▪ **Works outside of UK box ticked**

Examples of when Letters are created

At Staging without Postponement

```
                    ┌──────────────────────┐
                    │  Does the            │
                    │  employee have a     │
                    │  Transitional        │
                    │  Period selected?    │
                    └──────────────────────┘
                        │              │
              ┌─────────┘              └─────────┐
         ┌─────────┐                      ┌─────────┐
         │   No    │                      │   Yes   │
         └─────────┘                      └─────────┘
              │                                │
      ┌───────────────┐              ┌──────────────────┐
      │ Is the        │              │ Create Letter 1T │
      │ employee a    │              └──────────────────┘
      │ Member of a   │
      │ Qualifying    │
      │ Scheme        │
      └───────────────┘
          │        │
    ┌─────┘        └──────────┐
┌─────────┐            ┌─────────┐
│   Yes   │            │   No    │
└─────────┘            └─────────┘
     │                      │
┌──────────────┐   ┌──────────────────┐
│ Create       │   │ Is the Auto      │
│ Letter 4     │   │ Enrolment Date   │
└──────────────┘   │ set?             │
                   └──────────────────┘
                       │         │
                 ┌─────┘         └──────┐
            ┌─────────┐          ┌─────────┐
            │   Yes   │          │   No    │
            └─────────┘          └─────────┘
                 │                    │
         ┌──────────────┐   ┌──────────────────┐
         │ Create       │   │ Is the employee a│
         │ Letter 1     │   │ Non-eligible     │
         └──────────────┘   │ Jobholder or an  │
                            │ Entitled Worker? │
                            └──────────────────┘
                                     │
                            ┌──────────────────┐
                            │ Create Letter 2 &│
                            │ 3                │
                            └──────────────────┘
```

At Staging with Postponement

Does the employee have a **Transitional Period** selected?

No

Yes

Deferral Date will be set

Create Letter 1T

Create Letter 6

Is the employee an **Eligible Jobholder**?

No

Yes

New employee & Member of Qualifying Scheme ticked?

Create Letter 1

No

Yes

Status changed from None to Non-Eligible Jobholder or Entitled Worker

Create Letter 4

No

Yes

End Process

Create Letter 2 & 3

After Staging with Postponement

```
                          ┌──────────────────┐
                          │    Automatic     │
                          │ Enrolment Date set?│
                          └──────────────────┘
                    ┌───────────┴───────────┐
              ┌─────────┐             ┌─────────┐
              │   No    │             │   Yes   │
              └─────────┘             └─────────┘
                   │                       │
          ┌──────────────┐         ┌──────────────┐
          │ Deferral Date │         │Create Letter 1│
          │     set?      │         └──────────────┘
          └──────────────┘
         ┌────────┴────────┐
    ┌─────────┐       ┌─────────┐
    │   No    │       │   Yes   │
    └─────────┘       └─────────┘
         │                 │
```

Automatic Enrolment Date set?

- **No** → **Deferral Date set?**
  - **No** → Status changed from **None** to **Non-Eligible Jobholder** or **Entitled Worker**
    - **No** → End Process
    - **Yes** → Create Letter 2 & 3
  - **Yes** → Is the employee an **Eligible Jobholder**?
    - **No** → This will be a new employee who is an NEJ or EW. Create Letter 6
    - **Yes** → Create Letter 1P
- **Yes** → Create Letter 1

Quick Reference & Definitions

Pensions FAQ	An IRIS webpage designed to help you with Auto Enrolment/Pensions frequently asked questions **www.iris.co.uk/WPRFAQ**
Department of Work & Pensions (DWP)	Policy owner and responsible for enabling and coordinating activity for the programme – and for communications to workers **www.dwp.gov.uk/policy/pensions-reform**
The Pensions Regulator (TPR)	The UK regulator of work-based pension schemes (any scheme that an employer makes available to employees, including occupational, stakeholder and personal) **www.tpr.gov.uk**
NEST	a pension provider available to all employers who want to use it. **NEST** is a workplace pension scheme designed for automatic enrolment that is available to any UK employer regardless of the organisations' size **www.nestpensions.org.uk**
The Pensions Advisory Service	an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of company, personal and stakeholder schemes **www.pensionsadvisoryservice.org.uk**

Eligible jobholder

a worker:

- who is aged at least 22 and not yet reached SPA
- earnings are above the earnings trigger for automatic enrolment (£10000 in tax year 2015/2016)

Non – eligible jobholder

a worker:

- who is aged between 16 and 74 <u>and</u>
- earns above the lower earnings level for qualifying earnings but below the earnings trigger for automatic enrolment

  or

- who is aged at least 16 and under 22 or between SPA and under 75
  and
- earns above the earnings trigger for automatic enrolment

Entitled worker

a worker:

- who is aged at least 16 and under 75 <u>and</u>
- earns **below** the lower earnings level for qualifying earnings

Qualifying Earnings

Includes all of the following pay elements (gross):

- Salary
- Wages
- Commission
- Bonuses
- Overtime
- SSP, SMP, SPP, ShPP, SAP

These earnings are used to identify whether an employee is an eligible jobholder or a non-eligible jobholder and their level of contributions

- When a worker is paid in arrears, the employer considers what is due to be *paid* in this period regardless of what period it is earned

Automatic Enrolment	**Eligible jobholders** who are not already a member of a **qualifying scheme** on the employer's **Staging Date** must be automatically enrolled into an automatic enrolment scheme. The employer will choose the scheme for automatic enrolment
Staging Date	The date when the new law is 'switched on' for a business
Qualifying Scheme	To be a **qualifying scheme**, minimum contributions must be made or it must provide a minimum rate at which benefits will build up. A scheme suitable for automatic enrolment must also **not**: • impose barriers to joining the scheme, such as probationary periods or age limits for members • require staff to make an active choice to join or take any other action prior to joining • require the provision of extra information in order to stay in the scheme
Postponement Period	Postponement is an additional flexibility for an employer that allows them to choose to postpone automatic enrolment for a period of their choice of up to three months
Deferral Date	This is the last day of the **Postponement Period** and the date employees will be re-assessed for auto enrolment
Opt-out	**Eligible jobholders** may choose to opt out after they have been automatically enrolled. **Non-eligible jobholders** who have opted in may choose to opt out after they have been enrolled. Workers who have been enrolled under contractual enrolment (e.g. under their contract of employment) and **entitled workers** who have asked to join a scheme do not have the right to choose to opt out. If they want to leave the scheme, they must cease membership in accordance with the scheme rules.

www.iris.co.uk/customer

Opt-in

A jobholder has the right to opt in to an automatic enrolment scheme, unless they are:

- an active member of a qualifying scheme with that employer
- an eligible jobholder for whom the employer has an automatic enrolment duty or
- an eligible jobholder for whom the employer has a re-enrolment duty

Pay Reference Period

This is the period an employee's auto enrolment assessment is based on. For further information, please see our **Pension FAQs**

Additional Software and Services Available

IRIS AE Suite™

The IRIS AE Suite™ works seamlessly with all IRIS payrolls to easily manage auto enrolment. It will assess employees as part of your payroll run, deduct the necessary contributions, produce files in the right format for your pension provider* and generate the necessary employee communications.

IRIS OpenPayslips

Instantly publish electronic payslips to a secure portal which employees can access from their mobile phone, tablet or PC. IRIS OpenPayslips cuts payslip distribution time to zero and is included as standard with the IRIS AE Suite™.

IRIS Auto Enrolment Training Seminars

Choose from a range of IRIS training seminars to ensure you understand both auto enrolment legislation and how to implement it within your IRIS software.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: 0300 200 3600 Fax: 0844 366 7828 Email: helpdesk@ir-efile.gov.uk	Tel: 0300 200 3200 Tel: 0300 200 3211 (new business)

Contact Sales (including stationery sales)

For IRIS Payrolls	For Earnie Payrolls
Tel: 0344 815 5700 Email: sales@iris.co.uk	Tel: 0344 815 5677 Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0344 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0344 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0344 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0344 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0344 815 5681	support@gppayroll.co.uk
IRIS GP Accounts	0344 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0344 815 5671	support@earnie.co.uk