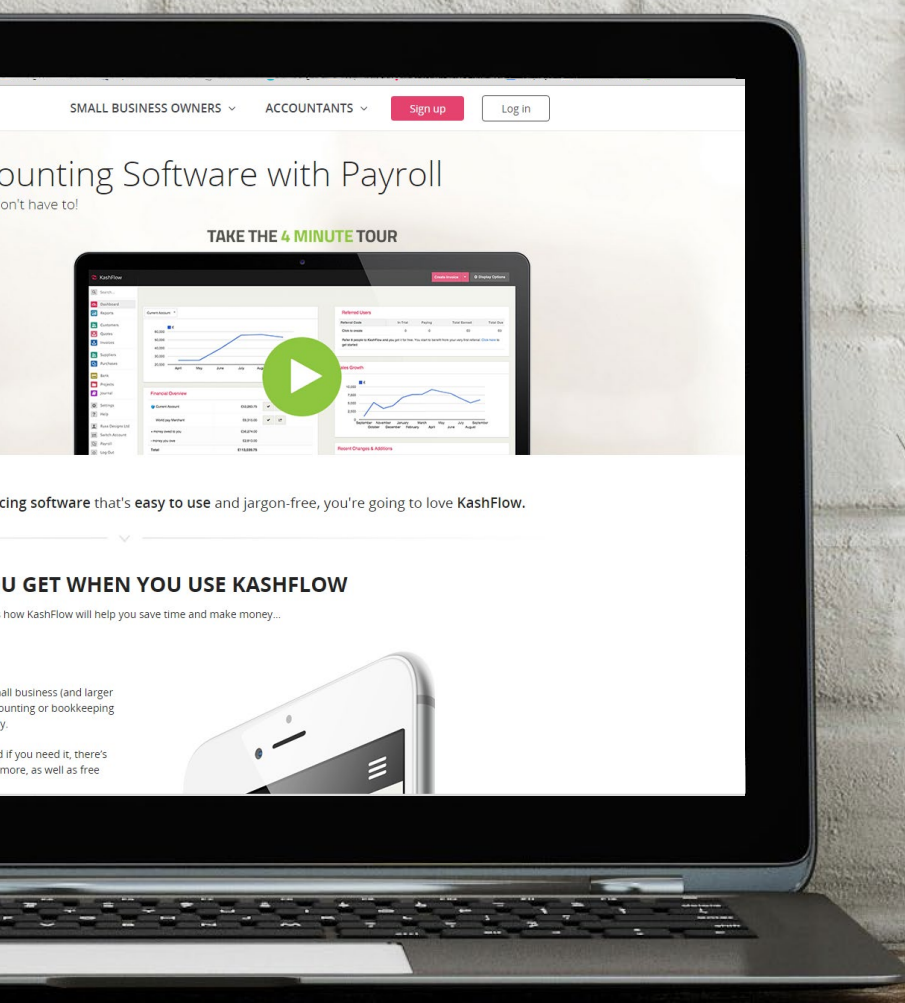




The Go2 Adviser: A new kind of business advice

In association with **accountingWEB**

Part 1:
Auto
enrolment



Auto enrolment: 3 key points for the Go2 Adviser

- ◆ **It's a payroll thing** – This is a long-term opportunity to deliver payroll services. Auto enrolment requires businesses to provide a pension scheme for their employees. But to do this, clients first need to review their employees and HR systems, and update their payroll systems. If you have the payroll expertise, it's a great way to upsell your services.
- ◆ **Meeting staging dates** – Help your clients meet their auto enrolment deadline. All UK businesses have been issued with a 'staging date' for meeting their auto enrolment requirements. Missing this deadline results in a hefty fine, so businesses are looking for help to complete the administration and update their systems on time.
- ◆ **Pensions and investment advice** – It's a great chance to partner with a pensions specialist. You may not have the required investment or pensions expertise in-house, but why not partner with an expert to deliver pensions and investment advice to your clients as part of your auto enrolment package?

Why is auto enrolment an issue for your clients?

Between now and 2018, pensions auto enrolment is going to affect all UK businesses – and that really does mean all businesses, even those with just one employee. If your small business clients have one or more employee then they're now legally required to sign these workers up to a suitable pension scheme.



The knowledge gap

For small companies, this causes some serious business issues. Dealing with the new pensions requirements means having some fairly in-depth knowledge of payroll, pensions and investment choices – and this is expertise that most business owners just don't possess. So there's a knowledge gap for business owners that are new to pensions.



The admin requirement

There's a secondary issue too: the amount of time and effort required to actually administer an auto enrolled pension scheme. There's the additional review and set-up to consider, but the bigger issue is the ongoing monthly administration of a far more complex payroll system. And that means having the people and the time to deliver this.



The need for an effective solution

So, auto enrolment is likely to be high on any business owners list of areas where professional help is needed. To meet their auto enrolment requirements they are going to need expert, third-party business advice. And this is where the opportunity lies for your practice.

If you can deliver a practical, cost-effective auto enrolment solution, clients will be overjoyed to hand over their pensions and payroll workload to your practice. As their trusted accountant and business adviser, you're in a prime position to deliver the advice and guidance they want.

How will your clients be affected?

If you understand the main impact of auto enrolment for your small business clients, you're better placed to deliver a solution that meets their needs – and gets the job done in a way which is cost-effective and profitable for the practice.

People and payroll

Employees are eligible to be enrolled into their employer's pensions scheme if they're:

- ◇ 22 years old or older.
- ◇ Are earning over £10k per annum.

So the first step is to review the workforce to see who's eligible. This means a certain amount of time-consuming admin to pull together a list of the employees that meet the requirements.

Then payroll details must be updated so the right contributions are made into the chosen pension scheme every month. This requires constant monitoring as new employees join, employees meet the age or income requirement, or members of staff choose to opt out.

Systems and software

Managing the HR and payroll side of auto enrolment is a complex task. Part of the initial review process is to assess whether the business's systems are up to the task. Can the existing software cope with the additional requirements of managing pensions contributions? And are the HR systems linked well enough to supply the employee data that's needed?

PART 1: AUTO ENROLMENT

By law, employers have to provide records on:

- ◇ **Jobholders and workers:** for example, their name, National Insurance number, opt-in notice and joining notice.
- ◇ **Their pension scheme:** for example, the employer pension scheme reference and scheme name and address.

For many businesses, this level of complexity won't be in place. So there's a need to review, assess and update both the finance, payroll and HR systems so they can:

- ◇ Deliver the right employee information and records.
- ◇ Run the more complex monthly payroll and pay contributions.
- ◇ All talk to each other so there's full integration of the data.

Pensions and investments

One central issue is choosing a suitable pension scheme. There is a central National Employment Savings Trust (NEST) which companies can use, but there are other options for schemes which meet the auto enrolment criteria.

Very few business owners will have the knowledge required to make an informed choice on which scheme to use – so professional advice is a must. And the company also has a requirement to provide individual investment advice to all employees, so they can decide where and how to invest their contributions as a member of the chosen scheme.

How you can help

Bearing in mind the impact of auto enrolment on small businesses, there are some core areas where your auto enrolment solution can add real value for your clients.



Assess which employees need to be enrolled. This will mean reviewing your client's workforce to work out which employees will need to be brought into the chosen scheme.



Choose suitable payroll and HR software. You can assist with choosing the right software, pull out the relevant data and check your client's records.



Guidance on choosing a pension scheme. Choosing the right scheme is a complicated and highly important decision. You'll need the right level of expertise in pensions investments, or you may want to work with a benefits provider that can provide a scheme for you.



Source an independent financial adviser. If you don't have access to an independent financial adviser (IFA) within the practice, you may need to consult an IFA on scheme choice. The Financial Conduct Authority (FCA) has stated that scheme choice isn't a regulated activity, but some professional bodies are cautious about members giving specific advice on scheme choice.



Enrol the relevant employees into the scheme. Once you've identified the eligible employees, and a scheme has been chosen, you can start enrolling your client's employees into their scheme.

PART 1: AUTO ENROLMENT



Produce communications on the auto enrolment changes. Communications are needed to make sure your client's employees understand the details of their pensions contributions and why there will be changes to their pay. You can work with the client to produce these.



Make sure clients meet their 'staging date'. This staging date is the point from which automatic enrolment activities must become 'business as usual'. You need to make sure the client has completed enrolment, signed their declaration of compliance and meets the deadline (and avoids any late fines).



Maintain all the relevant records. Having the right software and the right administrative resource will be important, as you need to maintain all the relevant records for your client.



Ongoing reviews of eligible employees. This is also an ongoing responsibility. You need to check your client's payroll every month to check for newly eligible employees, or changes to workers' circumstances.

Must-do actions for the Go2 Adviser

To really get the most from this auto enrolment opportunity, you need a solution that delivers everything your small business clients are looking for – and that does so in a way that's cost-effective, efficient and profitable for the practice as a whole.

Here are three important actions to take if you want to get your auto enrolment service off the ground.

1. **Talk to your existing clients about their auto enrolment plans.** The vast majority of your existing clients will feel the impact of auto enrolment. And there are likely to be large numbers who haven't put any plans in place and are still looking for professional advice. This is your chance to raise the question with these clients and see if you can offer the pensions guidance and payroll/HR support they need.
2. **Partner with a pensions or investment specialist.** Forming an alliance with a pensions specialist, or an IFA, is a great way to broaden the service you offer. A specialist can help clients choose a scheme and give guidance to employees on their investment choices.
3. **Create a 'one-stop-shop' auto enrolment package and promote it.** Small businesses want a solution that resolves all their auto enrolment issues in one hit. Build a package that provides the payroll and admin support, with the addition of specialist pensions advice from the expert you partner with. Market the advantages of a 'one-stop-shop' and help clients and targets to overcome their auto enrolment problems.

Find out more

IRIS Kashflow is the perfect financial centre of your auto enrolment payroll needs.

You can find out more about Kashflow at
www.kashflow.com

