



Expert help removes the hassle of auto-enrolment

Many businesses grappling with auto-enrolment are discovering that the process is much more complex and time-consuming than they imagined. It is also easy to get it wrong. That is why many accountants are advising their clients to use specialist consultants such as us.

Choosing a suitable scheme

A key task is choosing a suitable pension provider. This is not as easy as it seems, as pension providers can be choosy about the business they take on. Unless an employer has a specific reason for wanting to use a traditional pension provider, for instance, if they already have a scheme with a provider that they can use for auto-enrolment or if their employees are relatively high earners, they could start by looking at the new breed of low-cost, flexible pension master trusts, such as Lighthouse Pensions Trust, set up specifically to meet auto-enrolment needs. These take advantage of up-to-date technology and are adaptable enough to meet future legislative requirements.

Their choice will be influenced by a number of factors, for instance the choice of investment options, whether the scheme offers different contribution levels for different categories of employees and whether it imposes an upper contributions limit. This is particularly important for those earning more than £45,000 a year. The client will also want to know that it meets the latest standards in terms of governance and independence, and want it to be as cost-effective as possible.

They may prefer a scheme that can be set up and run with minimum involvement from them. At the very minimum they should choose one that integrates with their payroll system. Some schemes

come with a complete set-up service and personal support, while others operate online, requiring your client (or their payroll function) to do all the legwork. Clients shouldn't assume that they are able to use their existing company pension scheme (if they have one), as it may not meet the new requirements. However, if they do have one they need to work out how it fits in with auto-enrolment. Could they continue using it for certain workers?

Get the on-going processes right

Auto-enrolment is essentially process-driven. Clients need to tell the Pensions Regulator who their main contact is for auto-enrolment. They must assign their workers to the various categories, work out how much they and the employees will contribute, set up a scheme and make sure that the auto-enrolment information is compatible with the information their scheme provider needs and with their payroll system; tell their staff about the scheme and their entitlements; register the scheme with the Pensions Regulator; start deducting contributions from staff's pay, with the deductions reflected in payslips and paying their and their employees' contributions to the scheme provider. They must also reassess staff regularly. None of these items are complicated in themselves, but doing each accurately does rely on having the correct information available in the appropriate format, and in a timely fashion.

Lighthouse Pensions Trust is TPR-approved

The Pensions Regulator (TPR) has approved Corporate Pensions Trust, which incorporates Lighthouse Pensions Trust, under its Master Trust assurance framework for auto-enrolment. Obtaining master trust assurance shows that the pension scheme has been subject to an independent review of the description, design and effective operation of its governance and administration practices against a defined set of control objectives. This means that you can recommend Lighthouse Pensions Trust to employers and be confident that it meets the rigorous standards set by the ICAEW-designed framework.

In addition, Lighthouse Pensions Trust is the only scheme for smaller businesses that is approved by TPR, offers a 'we do it all for you' auto-enrolment service and has local advisers available to help clients and their accountants through every step.

Standards required for TPR approval

Schemes have to undergo an independent audit to satisfy the stringent requirements of the Master Trust Assurance Framework designed by the ICAEW in conjunction with TPR. The framework assesses whether a scheme meets equivalent standards of governance and administration to those set out in its code of practice for defined contribution schemes. TPR lists approved master trusts and schemes suitable for small employers on its website.

A farmer with two businesses

An accountant introduced us to a farming client in East Anglia who wanted to get ahead of the game in setting up their workplace pension – they had read that some pension providers were refusing smaller schemes. It turned out that, like many farming families, they also run a second, complementary business – in this case a machinery hire company. Each company employs half-a-dozen or so people.

As they had two companies, they had two staging dates. So the first thing we did was to ask The Pensions Regulator to bring the second date forward so that both schemes could start at the same time. The farmer handles the payroll for both companies in-house – they therefore wanted a scheme that was easy to set up and run and that would not require installing new software. Like many smaller employers, they were setting up a workplace pension because they had to, rather than by choice, and wanted a scheme that is low cost

and does not add to their already considerable admin work. They decided to phase in contributions, starting with 1% paid by the employer and 1% by the employee and then moving to 2% by the employer and 3% by the employee.

Again, Lighthouse Pensions Trust meets these criteria. The client was relieved to know about the hands-on set-up service we offer. Our admin team helped them sort their employees into the various categories – eligible jobholders (those who must be auto-enrolled), non-eligible jobholders (those who can opt to join) and entitled workers (those who can ask to join, which is not the same as opting in). They then advised them on the best way of exporting payroll information from their in-house system and this was then tried and validated. The scheme was lined up and ready to go live on the employer's staging date.

The more of the process clients automate the better. Many smaller employers are going a step further and choosing a workplace pension provider who does the work for them. They simply give them the information about their employees, decide how much they want to contribute, and the provider does the rest for them. Once set up, the client gets access to an online portal through which they can view information about their employees and their various contribution levels. Members can also view their individual accounts online.

Complete set-up and on-boarding service

LighthouseCarrwood is helping thousands of SMEs across the UK set up auto-enrolment, removing the stress by managing the whole procedure for them. The benefit of an on-boarding and scheme management service such as the one we offer is that for little additional cost an employer can continue to focus on running their business, knowing that they can rely on us to ensure that they meet their auto-enrolment duties. It is certainly cheaper than the fines they could incur for getting it wrong. Daily fines range from £50 to £500 a day for business with up to 49 employees.

We are experienced in helping businesses of all sizes, including SMEs and micro-employers, find and set up suitable workplace pensions and comply with their auto-enrolment duties. We understand the challenges that businesses face and our aim is to ensure that a business adopts a suitable scheme that combines flexibility with value for money.

Email Phil Mason, Business Development Director, LighthouseCarrwood Ltd, to discuss how we could work with you or your clients.

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Auto-enrolment advice is regulated by The Pensions Regulator, not the Financial Conduct Authority.



A scheme to complement existing arrangements

One of our accountancy partners asked us to visit a small property developer in the east Midlands. The two directors and their administrative assistant already had personal pensions, including SIPPs and therefore had not seen the need to set up a company pension scheme.

They didn't really know where to find a suitable workplace pension and hadn't had time to do any research, but they knew that they wanted something that offered more flexibility than off-the-shelf schemes, and were unsure whether the large insurance companies would be interested in such a small scheme. As they wanted their scheme to complement their existing personal pension arrangements, they were particularly interested in having an interesting range of investment options.

Given the size and requirements of the property developer, we recommended they use Lighthouse Pensions Trust. They welcomed the personal, practical set-up services that we provide. The company runs its payroll itself, which made the set-up service all the more attractive to them. They receive a service tailored to their individual requirements and are in direct contact, by phone and email, with the individuals in our administrative team responsible for running their scheme. This is a huge bonus for a busy, small business such as this. They have decided to contribute 3% of basic earnings for their admin assistant and 8% for each of the directors – there are no salary variables.