

PREPARING FOR AUTOMATIC ENROLMENT

ILLUSTRATIVE EMPLOYERS BRIEFING SLIDES



**OUR
EXPERTISE.
YOUR
AMBITION.**



TABLE OF CONTENTS

INTRODUCTION TO TAIT WALKER WEALTH MANAGEMENT	4
ABOUT TAIT WALKER WEALTH MANAGEMENT	5
MEET THE TEAM	6
WHAT IS AUTOMATIC ENROLMENT?	7
WHY HAS AUTOMATIC ENROLMENT BECOME NECESSARY?	8
THE STEPS OF AUTOMATIC ENROLMENT	9
STAGING DATE PROFILE	10
DEFINITIONS OF PENSIONABLE PAY (1)	11
DEFINITIONS OF PENSIONABLE PAY (2)	12
PHASING IN CONTRIBUTIONS	13
PENSION PROVIDER MARKET	14
THE AUTOMATIC ENROLMENT JOURNEY AT A GLANCE	15
WHAT OUR CLIENTS SAY	16
CASE STUDY (1)	17
CASE STUDY (2)	18
OUR CREDENTIALS	19
WHY HAVE WE BEEN SO SUCCESSFUL HELPING OUR CLIENTS	20



INTRODUCTION TO TAIT WALKER WEALTH MANAGEMENT

We are whole of market Financial Planners and fully independent. This means that we choose from the entire financial market place and are not restricted to one provider when we deliver innovative solutions for both individuals and businesses.



ABOUT TAIT WALKER WEALTH MANAGEMENT

Our Wealth Management specialists have over seventy years' experience – discover how we can help you to plan for the future

Whether you're an individual, a business owner or a trustee you need a wealth management expert to work with you in order to fully understand your financial goals and help you to take the right steps to achieve them.

Our expert Financial Planners create a tailored strategy which works for you and assesses your needs at every stage of life and in business.

Our specialist financial planning team provide clients with advice on a wide range of matters including investments, retirement, pensions and mortgages.

Tait Walker Wealth Management work hand in hand with our accountancy colleagues and together we have 145 team members located across three office in Newcastle, Teesside and Northumberland.



MEET THE TEAM



Mark Parkinson

Partner

Mark joined Tait Walker in 2012 having previously worked within the banking sector. He is passionate about delivering a high quality, tailored wealth management service and developing long term business relationships which are built on trust and professionalism.



Leonard Birnie

Employee Benefits Administrator

Leonard joined Tait Walker in October 2013 after graduating from Northumbria University with a Masters Degree. His role focuses on employee benefits and automatic enrolment. He is currently studying towards a Diploma in Financial Planning with the CII.

Ian Marsh

Employee Benefits Consultant

Ian joined Tait Walker in 2005, having worked in pensions since 1989. Ian provides advice and support for employers and individuals regarding all aspects of Employee Benefits, with a particular emphasis on Automatic Enrolment and Qualifying Workplace Pension Schemes



WHAT IS AUTOMATIC ENROLMENT?

The law on workplace pensions has changed. Every employer with at least one member of staff now has new duties, including putting those who meet certain criteria into a workplace pension scheme and contributing towards it.

This is called automatic enrolment. It's called this because it's automatic for employees – as an employee you don't have to do anything to be enrolled.

Quick Automatic Enrolment Facts

- The government has introduced Automatic Enrolment to help people save more for their retirement
- It requires all employers to enrol their employees into a qualifying workplace pension scheme, if they are not already in one
- Your employer must make employer pension contributions (subject to certain criteria)
- Between July 2012 – December 2014 over 5,135,000 employees have been automatically enrolled¹

¹ Automatic Enrolment – Declaration of compliance report, July 2012 – end December 2014.



WHY HAS AUTOMATIC ENROLMENT BECOME NECESSARY?

- Lack of pension saving has become a major problem
- Increases in life expectancy mean that people will spend longer in retirement and so need to start making further provision for retirement
- Both of the above mean employees will have to save a greater proportion of their income to fund their retirement and maintain an acceptable standard of life in old age.

Current Life expectancy

for men **78.5**
years

Current Life expectancy

for women **82.4**
years

Current potential time spent in
retirement

15–20 years

Income at retirement relying just on State
Pension

£113.10 per week¹

¹ OECD (2013), *Pensions at a Glance 2013: OECD and G20 Indicators*, OECD Publishing.



THE STEPS OF AUTOMATIC ENROLMENT

Automatic enrolment: the main steps



Quick Administrative and Financial Facts

- The Pensions Regulator (TPR) advise that you should begin planning 12 – 9 months prior to your staging date.²
- The total cost of auto enrolment related pension contributions in 2018 is estimated to be £11.6 billion in that year to these UK businesses.³
- Research has found that the total potential time burden could amount to the following:
 - One-off time burden – 103 man days
 - Monthly recurring time burden – 3.5 man days⁴

² <http://www.thepensionsregulator.gov.uk/employers/your-plan-for-automatic-enrolment.aspx#review-pension-arrangements>

³ Central for Economics and Business Research (2013), Finding your way out of the auto enrolment maze, page 4

⁴ Central for Economics and Business Research (2013), Finding your way out of the auto enrolment maze, page 7

STAGING DATE PROFILE

Staff on payroll	Past Staging Dates
120,000 or more	1 October 2012
50,000 - 119,999	1 November 2012
30,000 - 49,999	1 January 2013
20,000 - 29,999	1 February 2013
10,000 - 19,999	1 March 2013
6,000 - 9,999	1 April 2013
4,100 - 5,999	1 May 2013
4,000 - 4,099	1 June 2013
120,000 or more	1 October 2012
50,000 - 119,999	1 November 2012
350 - 499	1 January 2014
250 - 349	1 February 2014
160 - 249	1 April 2014
90 - 159	1 May 2014
62 - 89	1 July 2014
61	1 August 2014
60	1 October 2014
59	1 November 2014
58	1 January 2015
54 - 57	1 March 2015
50 - 53	1 April 2015
40 - 49	1 August 2015
30 - 39	1 October 2015

Staff on payroll	Future Staging Dates
<30 with the last with the last two characters in their PAYE reference, numbers 92, A1-A9, B1-B9, AA-AZ, BA-BW, M1-M9, MA-MZ, Z1-Z9, ZA-ZZ, 0A-0Z, 1A-1Z or 2A-2Z	1 June 2015
<30 with the last 2 characters in their PAYE reference - BX	1 July 2015
<30 with the last 2 characters in their PAYE reference - BY	1 September 2015
<30 with the last 2 characters in their PAYE reference - BZ	1 November 2015
<30 with the last 2 characters in their PAYE reference – 02-04, C1-C9, D1-D9, CA-CZ or DA-DZ	1 January 2016
<30 with the last 2 characters in their PAYE reference – 00, 05-07, E1-E9 or EA-EZ	1 February 2016
<30 with the last 2 characters in their PAYE reference – 12-16, 3A-3Z, H1-H9 or HA-HZ	1 April 2016
<30 with the last 2 characters in their PAYE reference – I1-I9 or IA-IZ	1 May 2016
<30 with the last 2 characters in their PAYE reference – 17-22, 4A-4Z, J1-J9 or JA-JZ	1 June 2016
<30 with the last 2 characters in their PAYE reference – 23-29, 5A-5Z, K1-K9 or KA-KZ	1 July 2016
<30 with the last 2 characters in their PAYE reference – 30-37, 6A-6Z, L1-L9 or LA-LZ	1 August 2016
<30 with the last 2 characters in their PAYE reference – N1-N9 or NA-NZ	1 September 2016
<30 with the last 2 characters in their PAYE reference – 38-46, 7A-7Z, 01-09 or 0A-0Z	1 October 2016
<30 with the last 2 characters in their PAYE reference – 47-57, 8A-8Z, Q1-Q9, R1-R9, S1-S9, T1-T9, QA-QA, RA-RZ, SA-SZ or TA-TZ	1 November 2016
<30 with the last 2 characters in their PAYE reference – 58-59, 9A-9Z, U1-U9, V1-V9, W1-W9, UA-UZ, VA-VZ or WA-WZ	1 January 2017
<30 with the last 2 characters in their PAYE reference – 70-83, X1-X9, Y1-Y9 XA-XZ or YA-YZ	1 February 2017
<30 with the last 2 characters in their PAYE reference – P1-P9 or PA-PZ	1 March 2017
<30 with the last 2 characters in their PAYE reference – 84-91 or 93-99	1 April 2017
<30 unless otherwise described	1 April 2017
Employer who does not have a PAYE scheme	1 April 2017

The Pensions
Regulator



DEFINITIONS OF PENSIONABLE PAY (1)

Qualifying Earnings				
Period	Minimum employer contribution	Minimum employee contribution	Tax relief	Minimum total contribution
Staging Date – 31 st March 2018	1%	0.8%	0.2%	2%
1 st April 2018 – 31 st March 2019	2%	2.4%	0.6%	5%
1 st April 2019	3%	4%	1%	8%

Qualifying earnings are band of earnings of more than £5,824 and £42,385 or less [Tax Year 2015/16].

Qualifying earnings include:

- Salary
- Overtime
- Bonuses
- Commission
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Adoption Pay
- Statutory Sick Pay



DEFINITIONS OF PENSIONABLE PAY (2)

Tier 1 – 9% of Pensionable Pay				
Period	Minimum employer contribution	Minimum employee contribution	Tax relief	Minimum total contribution
Staging Date – 31 st March 2018	2%	0.8%	0.2%	3%
1 st April 2018 – 31 st March 2019	3%	2.4%	0.6%	6%
1 st April 2019	4%	4%	1%	9%

Tier 2 – 8% of Pensionable Pay (provided that at least 85% of total payroll is pensionable)				
Period	Minimum employer contribution	Minimum employee contribution	Tax relief	Minimum total contribution
Staging Date – 31 st March 2018	1%	0.8%	0.2%	2%
1 st April 2018 – 31 st March 2019	2%	2.4%	0.6%	5%
1 st April 2019	3%	4%	1%	8%

Tier 3 – 7% of All Earnings (*)				
Period	Minimum employer contribution	Minimum employee contribution	Tax relief	Minimum total contribution
Staging Date – 31 st March 2018	1%	0.8%	0.2%	2%
1 st April 2018 – 31 st March 2019	2%	2.4%	0.6%	5%
1 st April 2019	3%	3.2%	0.8%	7%

(*) Earnings must include everything that's included in the definition of qualifying earnings



PHASING IN CONTRIBUTIONS

HOW MUCH WILL PAYING PENSION CONTRIBUTIONS COST MY BUSINESS?

Period (#)	Minimum employer contribution	Minimum employee contribution (*)	Tax relief (*)	Minimum total contribution
Staging Date – 31 st March 2018	£?	£?	£?	£?
	1%	0.8%	0.2%	2%
1 st April 2018 – 31 st March 2019	£?	£?	£?	£?
	2%	2.4%	0.6%	5%
1 st April 2019 - onwards	£?	£?	£?	£?
	3%	4%	1%	8%

(#) Depending on the company's Staging Date (*) Assuming employer pays the minimum allowed



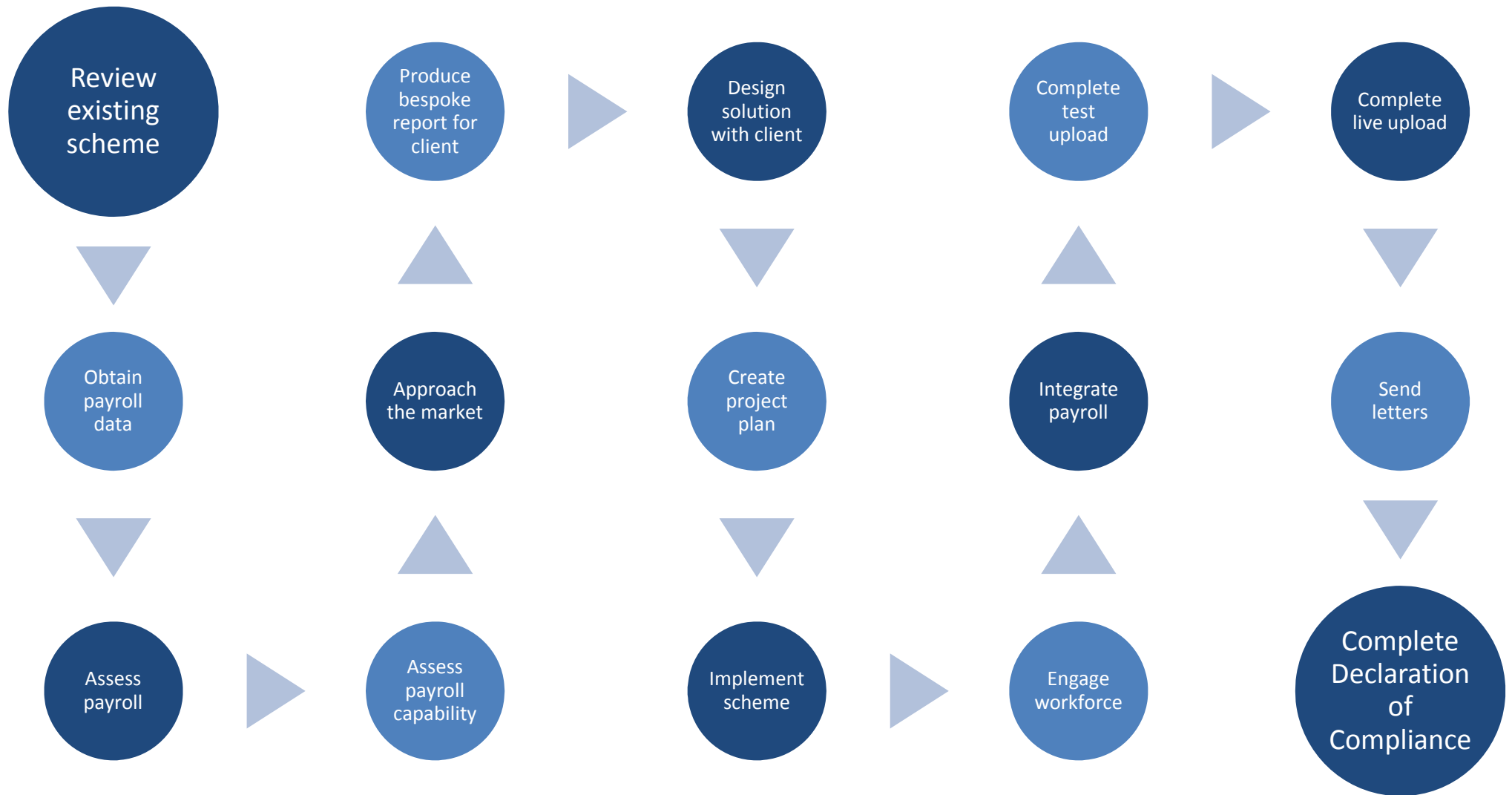
PENSION PROVIDER MARKET

Contract-Based Scheme	Trust-Based Scheme
     	  

Please note – This list is not exhaustive and in no particular order



THE AUTOMATIC ENROLMENT JOURNEY AT A GLANCE



Please note – This list is not exhaustive and may not demonstrate **YOUR** automatic enrolment journey



WHAT OUR CLIENTS SAY

George F White

'Tait Walker have demonstrated a high level of client service throughout our Automatic Enrolment process. They have been very flexible and demonstrated real value for money. We wouldn't hesitate to recommend them to others.' – **Ian Marshall – Operations Director**



NECA

'In acting as our advisers Tait Walker have always been available to offer us support and advice as they have guided us through the sometimes tricky and complicated process of Auto Enrolment. When called upon they have found solutions and helped resolve quirks and issues that could not have been anticipated or planned for. Their ongoing assistance is invaluable to us.' – **Clare Griffiths – Finance Manager**



CLIENT CASE STUDY (1)

Client Background

The client is a well respected supplier to major aerospace companies worldwide and has a worldwide presence.

The company has three primary businesses within its corporate structure that specialises in developing products within the aerospace industry, designing and manufacturing ice protection systems and producing “green” technologies for aeronautical applications.

The client was a pre-existing client of our firm and had an existing pension scheme in place before their automatic enrolment duties began.

By staging date, Tait Walker Wealth Management had advised the client their position under the automatic enrolment legislation, whilst approaching the existing pension provider to ensure the scheme would be made compliant for automatic enrolment on the client’s behalf. Alongside this Tait Walker provided payroll support to the employer to ensure administrative processes were streamlined and the client’s payroll staff were trained how to use the payroll software.

Tait Walker Wealth Management are now responsible for the complete administration of the pension scheme and are currently in discussions with the client to implement a HMRC approved salary sacrifice scheme to ensure all pension contributions are made in the most tax-efficient manner for both the client and their employees.

Scope of engagement:

- Pension advice and administration
- Payroll support and outsourcing
- Salary sacrifice implementation and support

Testimonial

“Tait Walker has been looking after the employee benefits scheme that we have in place for a number of years now and has always been there to guide us through the products and services available in the marketplace to meet our requirements. The fact that we can call on both Employee Benefit and Sage payroll specialists from the same company is invaluable and saves us a considerable amount of time and effort.” – **Finance Director**



CLIENT CASE STUDY (2)

Client Background

The client is a well known regional supplier of pre-owned games consoles as well as other digital media.

The company has 70+ stores throughout the UK that specialises in the buying and selling of digital technology and are currently under going rapid expansion.

The client was a pre-existing payroll client of our firm, but had no existing pension provision in place to meet the needs of their automatic enrolment obligations.

By staging date, Tait Walker Wealth Management had conducted detailed discussions with the client to ascertain the business needs, the budgetary implications of automatic enrolment and the most cost efficient way of implementing a compliant workplace pension scheme. We were able to add value to the client through our close relationship with our payroll and tax team which meant the seamless implementation of a compliant and cost effective automatic enrolment scheme.

Tait Walker Wealth Management are now responsible for the ongoing review of the scheme to evaluate the fund performance and suitability of the scheme within the context of the client's automatic enrolment needs.

Scope of engagement:

- Pension advice and administration
- Ongoing Scheme Governance and compliance
- Payroll processing and support

Testimonial

“Tait Walker have always provided exception service as our payroll bureau. Together with their Wealth Management Team they were able to completely take away our automatic enrolment headache. Automatic enrolment is a complex responsibility for employers and we have complete confidence in Tait Walker to advise us in every capacity of our employee benefit package.” – HR Manager



OUR CREDENTIALS

We currently actively manage 100+ pension schemes and have experience of assisting clients with their automatic enrolment duties since October 2012.

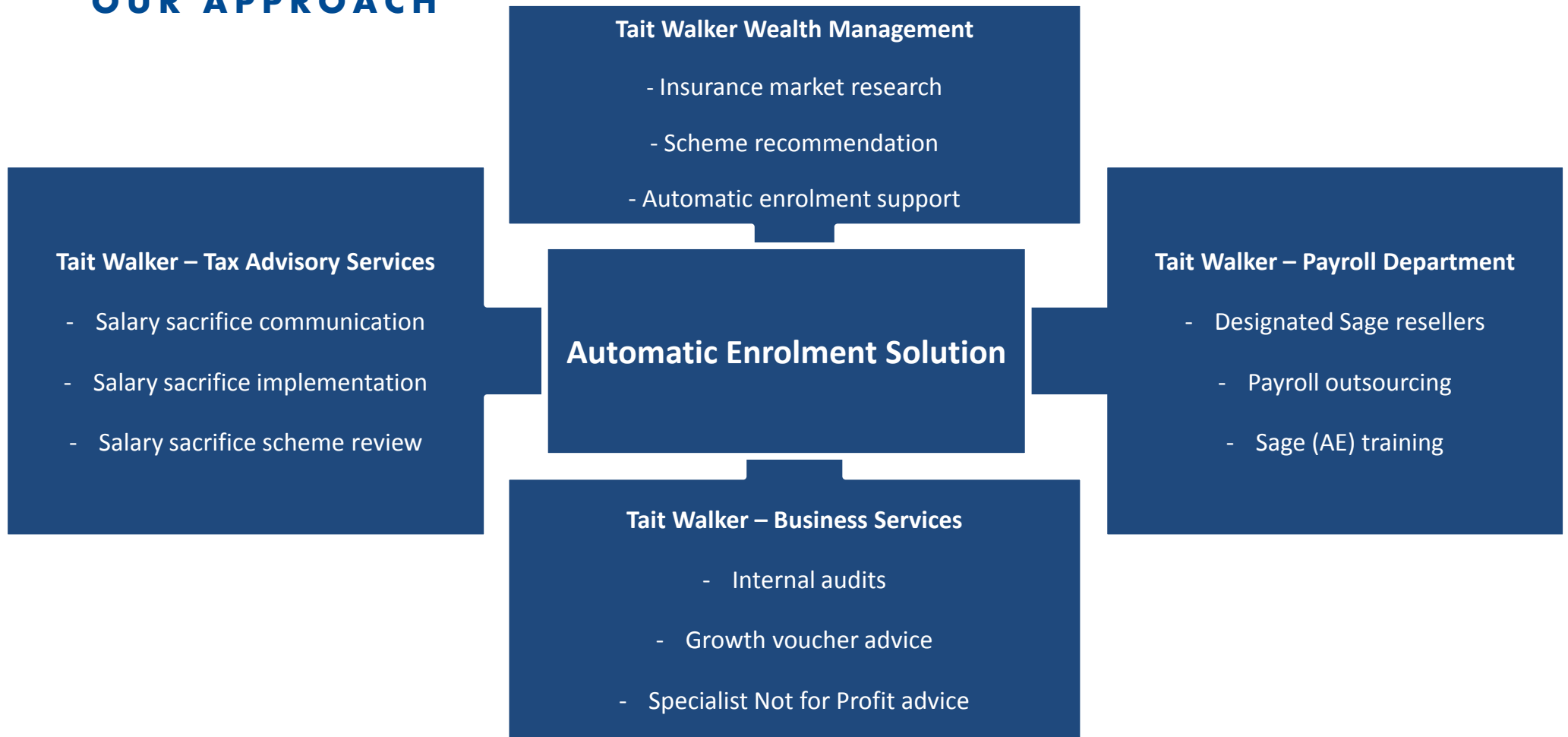
Please find below some of the clients we have helped:

Client	Employee Numbers	Staging Date	Provider Assigned
Residential Care Home Chain	1000+	April 2014	Master Trust
National Lettings Agent	96	February 2014	Scottish Widows
Aerospace Manufacturer	320	February 2014	Standard Life
Regional Charity	325	April 2014	Scottish Widows
Regional Law Firm	297	April 2014	Scottish Widows
Car Sales Company	73	July 2014	Master Trust
Aluminium Die-Casting Specialist	63	March 2015	Royal London
Chemist Chain	10	July 2017	Master Trust



WHY HAVE WE BEEN SO SUCCESSFUL HELPING OUR CLIENTS?

OUR APPROACH



Please note – Tait Walker Tax Advisory Services, Business Services and Payroll Department are not regulated by the FCA



- Tax and legislation are likely to change. The information given here is based on Tait Walker Wealth Management's understanding of law and HMRC practice at the date of presentation
- Tait Walker Wealth Management is a trading style of Tait Walker Financial Services Ltd which is authorised and regulated by the Financial Conduct Authority
- Automatic Enrolment is not regulated by the FCA .





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