• Introductions – Robert Cochran
• The size of the task – Simon Massey
• Advisers view – Close Brothers
• The Rules of Auto Enrolment – The Pensions Regulator
• Auto Enrolment Adviser Propositions – Robert Cochran
• Coffee Break
• The journey to successful Auto-Enrolment Implementation – Robert Cochran & Becky Diamond
• Getting it right, lessons learned – 80Twenty & the Coopers Eaton experience
• Lunch and Networking
Learning Outcomes

• Understand the rules of Automatic Enrolment from the Pensions Regulator
• Consider different employer fee models for automatic enrolment support
• Look at employer journeys through the automatic enrolment challenges facing them
• Understand the key elements that lead to a successful staging
• Learn from practitioners who have staged multiple employers
A tidal wave of schemes and new members is set to hit UK pension providers

Corporate Adviser
September 2013
## How big a change is Pension Reform

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Number of Employers</th>
<th>Monthly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2012 - March 2014</td>
<td>6,455</td>
<td>359</td>
</tr>
<tr>
<td>April 2014 - April 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 2015 - April 2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Principal White Paper – The Pensions Avalanche
Scottish Widows Staging Scheme Profile

2014 Auto Enrolment Schemes

- Schemes Staging in month
Capacity Pressure for all

- 1.35 million Employers
- 21,000 advisers
- How many schemes per adviser?
- 64

- How many schemes have been written in the last 20 years?
- 200,000
• In the midst of auto-enrolment
• Differential Charging (AMD) model looks like it has gone
• DWP considering a charge cap
• Commission model being challenged
• This all creates additional considerations
• It doesn't change the staging date!
Summary

- Significant challenge ahead
- We need to work differently together
- Today is a call to action
Adviser Experience of Staging

Maxine from Close Bros video
TPR

Presentation
Employer Costs and Adviser Propositions

Robert Cochran

Key Accounts Pension Development Manager
Employer Costs

HR, Payroll & Finance

- Changes to Systems/Processes
- Hard cost of contributions
- Compliance and registering

Administration
- Set up & Day 1 costs
- Ongoing costs

- Eligible employee
- Non eligible employees
- Avoiding risk and failure
- Governance framework
How much will AE cost businesses?

“UK businesses will pay fees of between £8,900 and £28,300 to meet their auto-enrolment obligations, according to research from economic consultancy Centre for Economic Business Research.

<table>
<thead>
<tr>
<th>Size of Employer</th>
<th>Estimated Set Up Cost for AE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- 4 Employees</td>
<td>£8,900</td>
</tr>
<tr>
<td>100 Employees</td>
<td>£12,600</td>
</tr>
<tr>
<td>250 Employees</td>
<td>£15,600</td>
</tr>
<tr>
<td>500 Employees</td>
<td>£22,300</td>
</tr>
</tbody>
</table>

Source: Finding your way out of the auto enrolment maze, A report by Cebr September 2013
### Auto-Enrolment Costs for business

<table>
<thead>
<tr>
<th>Auto enrolment procedure</th>
<th>Time burden (man days); frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Know your staging date and auto enrolment process</td>
<td>Up to 10 days; one-off</td>
</tr>
<tr>
<td>Nominate a point of contact</td>
<td>Up to 8 hours; one-off</td>
</tr>
<tr>
<td>Develop a pension plan</td>
<td>Up to 20 days; one-off</td>
</tr>
<tr>
<td>Construct the designated communications</td>
<td>Up to 5 days; one-off</td>
</tr>
</tbody>
</table>

**Total one-off time burden**: Up to 103 man days

**Total monthly recurring time burden**: Up to 3.5 man days

Source: Centre for Economic Business Research – Finding your way out of the auto enrolment maze – Sept 2013
Agreeing a fee for auto-enrolment services

- Consultancy Charging a non starter
- Commission models under challenge
- Time to set out a new agreement with Employer
- Everybody learning here
Adviser Proposition in Auto-Enrolment

Employer Fees

Adviser Charging
Staged Approach to Auto Enrolment

Initial Analysis, Planning and Agreements

Managing the Project

Delivery, Compliance & Governance
Successful Staging Planning Tool

- Clearly defines tasks to be completed
- Clearly assigns roles and responsibilities
- Costs out an adviser's fees
- Splits Auto Enrolment into stages and tasks
- Creates a project plan
- Can be regularly updated
- Each task has a RAG status
- Prints off a full timelined project plan
What’s the reality of Fee charging

**Works Well**
- Staged Payments
- Flexibility
- Consultancy
- Time Costed Payments
- Clear Roles and Responsibilities

**Challenging**
- Fixed Payment
  - A set cost per scheme
- Commission and minimum contributions
- Poor Employer Engagement
- OFT Commission uncertainty

Fee per member
• Automatic Enrolment is a game changer
• There will be a capacity squeeze
• The rules are complicated
• Employers will need advice
• Adviser’s role is changing
• Adviser propositions are changing

Source: money marketing October 1st 2013
After the break....

Successful Auto-Enrolment Implementation

Robert Cochran – Pension Development Manager

Becky Diamond – Client Manager
Automatic Enrolment in Practice

- The Journey
- Everybody has an end date
- Need a plan to hit that end date
Guiding you and your client through Auto-enrolment

TPR Plan

Your Plan

Making it happen with Scottish Widows
Customer Journey

- Introduction to Employer duties
- Investigate
- Project Planning
- Further employer meetings

- Understand responsibilities
  - 9 months

- Review current scheme

- Model solution options
  - 6 months

- Assess workforce
- Create project plan
- Scheme design (agree pricing)
Initial Analysis, Planning and Agreements

9 months before

Purpose:
- What does AE mean for me?
- What are my legislative responsibilities?
- Which employees are in a pension scheme?
- Where can I get help & information?
- Discuss system capabilities
- Engage adviser & obtain financial impact assessment
- Details of employees not in the scheme to adviser
- Design outline project plan
- Timeline goals & responsibilities.

- Assess existing pension provision
- Identify potential changes to HR & payroll
- Identify current worker populations to identify those in scope.
- Consider costs options/implications
- Consider support available from payroll provider/pension provider and adviser.
- Roles and responsibilities of pension provider, adviser and payroll provider
- Initiate internal project team & finalise project plan
- Engage employees and Unions through communications
- Initiate meeting with provider
- Outcome of financial impact assessment
- Consider AE solution.

Introduction to Employer duties

Investigate

Gather Initial Employer Data

Roles and Responsibilities

Agree In Principal Solution
Initial Analysis, Planning and Agreements

Workforce
- How many employees
- Categories
- Commercials

Schemes
- Review existing arrangements
- Contribution basis and take up rates
- Joining basis
- Auto-enrolment suitable?

Payrolls
- Number of payrolls
- Frequency of payroll runs and Pay Reference Period
- Internal/External Payroll
Pricing

- Pricing will take time
- Need to understand the joining process
- The phasing basis
- Terms may be different
- This may mean different charges
- OFT review may affect charges

Scottish Widows offers terms for entire workforce

Scottish Widows offers terms for part of workforce

Scottish Widows offer no terms for Auto-enrollers
“it’s about understanding not only what needs to be done, but when it needs to be done and by whom”

Neil Welbury – 80Twenty
Roles and Responsibilities

Adviser

Human Resources

Provider

Finance

Payroll

Capacity

Authority

Ability

Cost
Roles and Responsibilities

- Really important that this is sorted at outset
- Who is going to run the project?
- Who does payroll?
- Who is going to be involved from the Employer and how much commitment
- **Automatic Enrolment Successful Staging Planning Tool** to record the roles and Responsibilities
- Use the **Customer Journeys** to scope out actions that will lead to a smooth staging with Scottish Widows
Case Study – Roles and Responsibilities

Company A – Global Outsourcing Company with 2600 UK employees

- Earliest staging date 1st August 2013
- Multiple staging dates, multiple payrolls (weekly and monthly)
- Segmented pension providers
- Postponement used for specific populations to align assessment
- Pre assessment by payroll provider, AssistMe communications

Lack of resource allocated to project delayed implementation
Risk that employer would breach regulation
Agree in Principle Solution

- Contribution Basis
- Preferred Providers
- Who will do what
- Initial Timeline
### Simplified certifications options

Qualifying Earnings Definition (2013/14) – P60 income from £5,668 to £41,450.

<table>
<thead>
<tr>
<th></th>
<th>Employer minimum</th>
<th>Minimum total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full basic salary (pensionable pay)</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Full basic salary, and at least 85% of total pay is pensionable</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Total earnings (P60)</td>
<td>3%</td>
<td>7%</td>
</tr>
</tbody>
</table>
The big decisions

9 – 6 months

Cleanse Data

Understand Data Requirements

Agree Scheme Basis

Agree provider(s)

One Pass/Two Pass

Agree Comms

Purpose:
- Provide clean data to provider
- Agree key milestones: staging date / postponement
- Multiple PAYE schemes may need alignment
- Scheme rules options
- Consider contract of employment
- Decide software solution (two pass, one pass or no pass)
- Consider segmentation (if applicable)
- Initiate discussions with 3rd party provider (if applicable)
- Check compatibility if applicable of 3rd party provider with pension provider
- Sign off final project plan.

Purpose:
- Review/accept provider terms.
- Agree segmentation & eligibility criteria if applicable
- Agree pay reference periods
- Ensure project team sign off agreed process and model for delivery
- Sign contracts for provider, employer, 3rd party (if required)
- Validate format of scheme data with provider (payroll upload file for AssistMe)
- Update project plan
- Supply Key Information form (KIF) to SW

Project Planning

Further employer meetings
“managing data and having clean, accurate and consistent data is the key to success here”

Alex McCallum – Scottish Widows
Cleanse Data

- What data do you need?
- Does it exist?
- Who has it?
- Where is it?
- Do some initial analysis to assess usability.
- Engage necessary parties to start pulling data together and cleaning it up.
- Don’t fall for RTI assurances.
Understand data requirements

<table>
<thead>
<tr>
<th>Employee ID</th>
<th>Title</th>
<th>First Name</th>
<th>Last Name</th>
<th>Birth Date</th>
<th>Gender</th>
<th>NI Number</th>
<th>Nationality</th>
<th>Address Line 1</th>
<th>Address Line 2</th>
<th>Address Line 3</th>
<th>Address Line 4</th>
<th>Postcode</th>
<th>In Scope of AE</th>
<th>Telephone Number</th>
<th>Email Address</th>
<th>Contractual Scheme Join Date</th>
<th>Requested Scheme Join Date</th>
</tr>
</thead>
</table>

| Opt Out Date | Member Cessation Date | Death Date | Employment Termination Date | Pension Provider Worker Group | Employment Start Date | Pay Group | Pay Date | Total Assessment Earnings | Total Pensionable Earnings | Employer Contribution Percentage | Employee Contribution Percentage | Employer Regular Contribution Amount | Employee Regular Contribution Amount | Employer Single Contribution Amount | Employee Single Contribution Amount |

34 items of data – from across payroll and HR
• Data requirements are far more intense in AE world than previous requirements

• Information required may be held across a number of systems

• Looking for up to 34 pieces of information per employee each PRP

• Data needs to be easily accessible every PRP from staging

• Distinguish between payroll types i.e. weekly/monthly – separate files needed

• It’s prescriptive

• Full user notes / explanations / text codes & validation instructions given
### Qualifying earnings

<table>
<thead>
<tr>
<th>Age</th>
<th>£5,668</th>
<th>£5,668 – £9,440</th>
<th>&gt;£9,440</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 – 21</td>
<td>Entitled worker</td>
<td>Non-eligible jobholder</td>
<td>Non-eligible jobholder</td>
</tr>
<tr>
<td>22 – SPA</td>
<td>Entitled worker</td>
<td>Non-eligible jobholder</td>
<td><strong>Eligible jobholder</strong></td>
</tr>
<tr>
<td>SPA – 75</td>
<td>Entitled worker</td>
<td>Non-eligible jobholder</td>
<td>Non-eligible jobholder</td>
</tr>
</tbody>
</table>

Assessing and categorising the workforce.

2013/2014 Levels
Email Extract – Struggling with data issues

• I’ve opted for Plan B. We’re asking all employees to come to the NEC in Birmingham tomorrow.

• We’ll then do a hands up as to whose in a pension plan, they can then go. Who’s 21 or under, or over state pension age, they’re on the bus out immediately.

• Next out are those earning less than £787.

• With the remainder, we’ll ask them who they are, where they live, what their NINO is, email address, and so on.

• They’ll then be auto enrolled and will be free to leave.

• This will be called the Thomson Pettigrew auto enrolment method, similar in its eventual complexity to the Duckworth Lewis method for determining who’s won in a game of cricket shortened by rain.
Case Study – Data issues

- Company B – UK Insurer with 4500 UK employees
- Staging date 1\textsuperscript{st} May 2013
- No postponement of staging requirement
- Pre assessment via payroll provider, AssistMe communications and opt out process

Members outside age/earnings thresholds but with premiums
Contractual join dates missing
Gender/dob discrepancies between payroll and SW records
Multiple records for members with more than one role
SW records not updated with recent leaver
Agree Scheme Basis

- Contribution Structure
- Postponement basis
- Segmentation
- Contractual Joiners and Auto Enrolment joiners
- Investment Strategy
- Salary Exchange
- Avoid over-complicating
Case Study – Benefits of Simplification

- Company C – UK Logistics Company  2000 UK Employees
- Staging date 1\textsuperscript{st} August
- Weekly and monthly payrolls, with salary exchange
- Auto enrolment sections based on grade/length of service
- Pre assessment via payroll provider
- AssistMe final assessment and opt out process

Understand employer requirements and encourage simplification

Avoid reliance on key personnel for regular processes
Technology Solutions

AssistMe

Third Party

Your own solution
Assist Me

- Holds employer specific rules
- Determines contributions
- Records opt in/opt out status
- Direct Interface with Scottish Widows
- Produces Employee Communications
- Produces Audit Trail
## Payroll Providers or Third Party solutions what can they do?

<table>
<thead>
<tr>
<th>Everything</th>
<th>Partial</th>
<th>Nothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment &amp; Contributions</td>
<td>Assessment</td>
<td>Collect Contributions</td>
</tr>
<tr>
<td>Communications</td>
<td>Contribution Calculations</td>
<td></td>
</tr>
<tr>
<td>Opt-outs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **No AssistMe**
  - Back office link

- **1 Pass AssistMe**: Collection of contributions

- **2 Pass AssistMe**: Everything
### Models

<table>
<thead>
<tr>
<th>Core processes</th>
<th>AssistMe one pass</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce assessment / segmentation</td>
<td>Third party</td>
</tr>
<tr>
<td>Communications</td>
<td>Scottish Widows</td>
</tr>
<tr>
<td>Opt-in / out management</td>
<td>Scottish Widows</td>
</tr>
<tr>
<td>ER regulatory reporting</td>
<td>Scottish Widows</td>
</tr>
<tr>
<td>Data file management</td>
<td>Scottish Widows</td>
</tr>
<tr>
<td>File to Scottish Widows back end mechanism</td>
<td>SFTP from AssistMe</td>
</tr>
</tbody>
</table>
Onboarding

3 months - staging

- AssistMe Configured
- Issue member communications
- Submit Payroll report for testing
- Agree Opt-out process

**Purpose:**
- Ongoing updates on agreed action plan / project plan with agreed parties
- Validate requirements with adviser and provider;
- Employer Agreement Signed
- Agree opt out process and employee communications
- Update project plan
- Complete and sign off KIF
- Update on 3rd party progress (if applicable).

**Purpose:**
- Extract sample of payroll report and submit to SW for testing
- Arrange for Employee Agreement to be issued
- Update project plan
- Issue member pre staging communications
- Sign off project plan.

Progress to staging date -> Finalise set up for go live -> Implementation
• Every Employer is different – each one will have their own unique needs & wants

• KIF and data at least 8 weeks before staging date
Issue Member Communications

- Most employers will want to communicate with employees pre-staging
- Some will be required to do so – contractual rights
- Scottish Widows can provide various communications
- AssistMe can send out postponement and assessment notices
- Email or pdf?
Agree Opt-out process

- How will employees opt out
- Who can handle the opt outs?
- Appropriate model for your workforce?
- Appropriate recording of opt-outs
- Paper opt out form goes back to employer
Success

- Project delivers on time
- New processes embedded
- Employees successfully enrolled
- TPR happy
- Ongoing governance and maintenance relationship with employer
- Opportunity for future financial advice to employees
Summary

- Plan to succeed
- You can never start too early
- Get Commercials agreed
- Agree roles and responsibilities
- It’s all about the data
- Agree appropriate remuneration model
Video of Successful Automatic Enrolment Journey
Scheme certificate

Unique identifier
name of scheme [insert name]
Is your employer a member of a scheme? Yes/No
If yes give details:
name and address of employer [insert employer name] [insert employer address]
Effective date of certificate [insert date]
Certification period [insert]
If the certification period is changed at any time, give notice of the new date and the reason for the change

<table>
<thead>
<tr>
<th>Type of scheme (the certificate covers one certificate for each scheme)</th>
<th>Certificate relates to</th>
</tr>
</thead>
<tbody>
<tr>
<td>A personal pension scheme</td>
<td></td>
</tr>
<tr>
<td>A occupational pension scheme</td>
<td></td>
</tr>
<tr>
<td>An occupational money purchase scheme</td>
<td></td>
</tr>
</tbody>
</table>

Does the certificate cover all/selected employees who are members? Yes/No
If "Yes", please print off a list of members including details such as names, grade, job, any leave or absence from work or any changes of name or address.
If "No," please print off a list of those members who are not included in the certification.

Are you including any employees because they are receiving certifications of at least the minimum required by law? Yes/No
If "Yes", please print off a list of those members and attach it to the certificate.
If "No", please print off a list of those members and attach it to the certificate.

Note that schemes operate a contribution in accordance with their rules.

If you please give details:
Continued Support from Scottish Widows

- Seminar follow up material
- Successful Staging Planning Tool
- Videos
- Slides

Visit www.scottishwidows.co.uk
Follow us on twitter. Join our adviser group on Linkedin
@SWidowsAdviser
Scottish Widows Adviser Forum
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Q&A