

A woman with long dark hair and glasses is sitting cross-legged on a light-colored floor in a bright, modern interior. She is wearing a dark patterned button-down shirt and green pants. She is looking down at a laptop to her left and a large sheet of paper she is holding. Several other papers and documents are scattered on the floor around her. The background features large windows with sheer curtains, letting in bright light. A white diagonal graphic element is overlaid on the left side of the image.

Good to Go
Secondary AE Guide

Standard Life

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Contract of employment join

Recommended approach

When using contract of employment (CoE) to join people to the scheme, we recommend employers assess the full workforce every pay reference period (once things move to business as usual). This will ensure that everyone is dealt with correctly, from existing members to people who have opted out.

Assumption

The following has been written assuming you will use Standard Life for assessment and communications. If you are using a third party for these elements, we would still recommend you follow the steps as outlined, but you would only use the 'join' template to upload your members in each step. Your assessment and communications will be supported by your third party supplier.

It is important that steps are carried out in the following order:



Step 1. Set up new scheme - employer actions:

- ▶ Set up new scheme (via Good to Go - www.goodtogopensions.com/gtgp)
- ▶ Determine the date you want to join people to new scheme from
- ▶ Identify all active members in the current scheme, this can be done by:
 - ▶ Looking at the last payment schedule, OR
 - ▶ Checking the payroll report
- ▶ Issue a communication to these members (template provided on Work Benefit Zone (WBZ), includes an employee microsite URL) – we recommend doing this at least a month before you plan to join them to the new scheme. www.workbenefitszone.com/html/Corporate/pension_reform_solutions/ResourceCentre.html

Step 2. Join existing members - employer actions:

- ▶ Use the date at which you're joining people to the new scheme to determine when you need to make the last payment to the previous scheme
- ▶ Use the data exchange guide provided in the welcome pack to understand our data requirements (these may be different to your current provider)
- ▶ Check the data with relevant parties to ensure the data can be provided and also that it's in the required format. (e.g. payroll)
- ▶ Submit required data for existing members using the 'join' spreadsheet*

* You can find details on this in the welcome pack you will receive after completing the set up of a new scheme.

Step 3. Join new hires - employer actions:

- ▶ Communicate to new hires
- ▶ This can be done using 'new member communications' option on GroupPensionZone (GPZ) www.grouppensionzone.com
- ▶ This must be done within six weeks of them joining the company and we would recommend doing this a minimum of a week before joining them to the scheme
- ▶ Once your communications have been issued join this population to the scheme using the 'Join' template on GPZ, this must be done within 6 weeks of their eligibility date.

Step 4. Ongoing assessment - employer actions:

- ▶ Identify valid opt outs from the previous scheme
 - ▶ These are people who have opted out but will have met the following criteria when they were in the scheme:
 - ▶ Between 22 and state pension age
 - ▶ Earn over Auto Enrollment (AE) minimum (£10K annually; £833 monthly or £192 weekly as at 2016/17 limits)
 - ▶ The date they opted out will need to be added to the 'opt out date' field in the assess, join and communications template* – this will need to be done every pay reference period
 - ▶ If their opt out date is unknown/can't be identified/can't be confirmed as valid, they should be treated as not having an opt out – so no opt out date should be added to the template
 - ▶ This means that they will be assessed every pay period
 - ▶ If they are eligible they will be joined to the scheme and receive opt out rights
 - ▶ If they opt out, this will be recorded on the 'opt out' report on GPZ. Once they have opted out of the Standard Life scheme there is no need to add the opt out date to the assess, join & communications file - we will automatically pick this up and 'park' the employees until cyclical automatic re-enrolment date
 - ▶ As well as adding 'opted out' employees to the 'assess, join and communications' template, we recommend including all employees
 - ▶ This will 'park' people with valid opt outs until the employee's re-enrolment date
 - ▶ This will also identify people who are already in the scheme and not request any action to be taken against them
 - ▶ This will send appropriate communications to anyone being postponed
 - ▶ The first time the 'assess, join and communications' template is used should be a minimum of 48 hours after the new hires are submitted via the join template to ensure new hires have been fully processed on Standard Life systems
 - ▶ This step should be repeated every pay reference period

* You can find details on this in the welcome pack you will receive after completing the set up of a new scheme.

Retaining current assessment provider

* Employees in the scheme on a qualifying basis are:

- People in the scheme prior to it staging who are paying or exceeding the QWPS minimums
- People who were eligible (auto-enrolled) or non-eligible and opted in who are paying or exceeding the QWPS minimums

+ In-flight members - members who are already in postponement (also known as postponement)

++ Eligibles - communicating to newly eligible employees.

** When selecting a date remember to:

- Align the start date to the beginning of your pay reference period – this will avoid part payments
- Avoid busy times within the business such as tax year end and any periods where you have higher than average staff changes

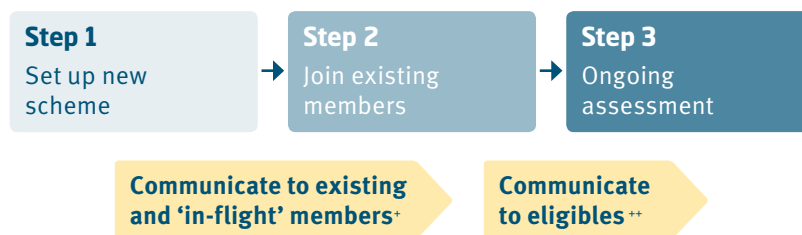
Assumption

It is assumed that if the employer is using a third party supplier for assessment, they are also using them to support their regulatory communications.

Key things to be aware of:

- ▶ Employees in the current scheme on a qualifying basis* should retain continuous membership and payments to a Qualifying Workplace Pension Scheme (QWPS) – they do not need to be re-assessed or consent to join
- ▶ Entitled workers who joined the current scheme, should be identified and asked if they want to join the new scheme – they should not be automatically moved over to the new scheme

It is important that steps are carried out in the following order:



Step 1. Set up new scheme - employer actions:

- ▶ Set up your new scheme (via Good to Go - www.goodtogopensions.com/gtgp)
- ▶ Determine the date** you want to join people to the new scheme
- ▶ Identify all active members in the current scheme – this can be done by:
 - ▶ Looking at the last payment schedule, OR
 - ▶ Checking the payroll report
- ▶ This will give employers the full list of people who are in the current scheme – they should separate entitled workers out from this (support provided on the next page)
- ▶ Send all members who are in the existing scheme a communication (template provided on Work Benefit Zone (WBZ) – one for people who were in the scheme on a qualifying basis and one for entitled members) – we recommend doing this at least a month before you plan to join them to the new scheme. www.workbenefitszone.com/html/Corporate/pension_reform_solutions/ResourceCentre.html

Entitled workers

Where the employer can identify entitled workers who have remained eligible and asked to join the previous pension scheme, they should contact these workers to ask if they would like to be joined to the new scheme.

- ▶ If entitled workers are not recorded, the employer could choose to look back through all assessment output. If this is not a preferred option, the following could be used to help identify people as entitled workers:
 - ▶ They do not receive employer contributions (however, many employers have elected to pay contributions)
 - ▶ They have never earned above the lower earning limit (use caution with this approach as people may have been assessed when having ‘spikes’ that made them eligible or non-eligible)
 - ▶ 2016/17 – £5,824
 - ▶ 2015/16 – £5,824
 - ▶ 2014/15 – £5,772

Options for proceeding if entitled workers can’t be identified:

Approach	Action	Employee impact	Mitigants
Assume in scheme on a qualifying basis	Re-enrol (without capturing consent) – recommended approach	Low	They’ll get opt out rights as part of being joined to the new scheme
			They have previously chosen to be in the scheme
Assume entitled	Contact to ask if they want to be joined to new scheme	Medium	If the member was eligible and should have been joined but hasn’t and so loses out on pension savings, the employer would have a responsibility to address this (paying both employee and employer contributions plus interest)

- ▶ Identify people who are currently in postponement and have been issued a communication advising this, but whose deferral date will be after the official start date of the new scheme
 - ▶ This information should be available on the output from the assessment tool
- ▶ This population will need to be communicated with to advise that they are still in postponement, and their deferral date will still be X, but instead of being joined to pension Y if they are eligible at deferral (as stated in their original letter) they will be joined to pension Z

* You can find details on this in the welcome pack you will receive after completing the set up of a new scheme.

Step 2. Join existing members - employer actions:

- ▶ Use the date at which you're joining people to the new scheme to determine when you need to make the last payment to the previous scheme
- ▶ Use the data exchange guide provided in the welcome pack to understand our data requirements (these may be different to your current provider)
- ▶ Check the data with relevant parties (e.g. payroll)
- ▶ Submit the required data for existing members (this will be members who were in the scheme on a qualifying basis and any entitled members who asked to join the new pension) using 'join' spreadsheet*

Step 3. Ongoing assessment - employer actions:

- ▶ We recommend you continue to assess the entire workforce every pay reference period in case the status of active members, opt outs or non-members changes
- ▶ The third party you're using for assessment and communications should support you with this



Changing assessment provider

Assumption

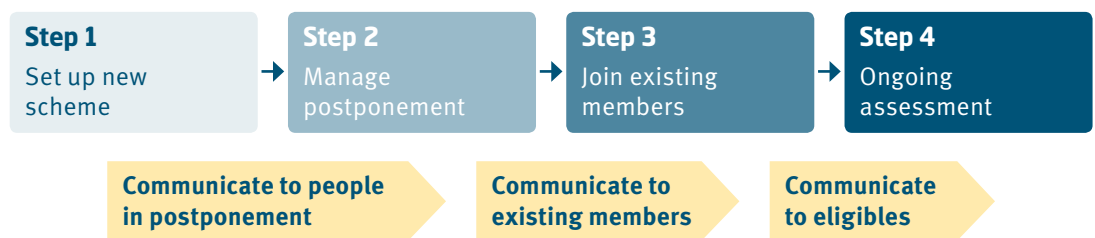
Please note, this has been written assuming the employer is moving to use Standard Life for assessment and communications. If the employer is changing to a third party for these elements, we would still recommend they follow the steps as outlined, but would only use the 'join' template to upload their members in each step. Also, the assessment provider may suggest a different approach to managing postponement.

Key things to be aware of:

- * Employees in the scheme on a qualifying basis are:
- People in the scheme prior to it staging who are paying or exceeding the QWPS minimums
- People who were eligible (auto-enrolled) or non-eligible and opted in who are paying or exceeding the QWPS minimums

- ▶ Employees in the current scheme on a qualifying basis* should retain continuous membership and payments to a QWPS – they do not need to be re-assessed or consent to join
- ▶ Entitled workers who joined the current scheme, should be identified and asked if they want to join the new scheme – they should not be automatically moved over to the new scheme

It is important that steps are carried out in the following order:



Step 1. Set up new scheme - employer actions:

- ▶ Set up new scheme (via Good to Go)
 - ▶ If the client is operating postponement, we recommend the scheme is set up up to 4 months in advance of when you want to start joining people to the new scheme. This is to ensure that any postponement that would end under the new scheme is generated under the new scheme (i.e. employees are joined to the scheme they are told about in their postponement notice). Please note that no contributions will be payable during this time.
 - ▶ To determine when the scheme should be set up, use the following:
 - Identify the date you want membership in the new scheme to start (e.g. 01.12.15)
 - From this, subtract the postponement period (e.g. 3 months)
 - Subtract another month
 - In this example, you should be looking to submit the application for the new scheme at 01.08.15 (this can still be done using a member join date of 01.12.15)
- ▶ Determine the date you want to join people to the new scheme

- ▶ Split the employee population into the following groups:
 - Active members of existing scheme
 - People currently in a postponement
 - People not in existing scheme (e.g. new hires, not previously eligible)
 - Opt outs
 - Paid up members
- ▶ To identify all members in current scheme, you can:
 - Look at the last payment schedule OR
 - Check the payroll report
 - This will give employers the full list of people who are in the current scheme – they should separate entitled workers out from this

Entitled workers:

Where the employer can identify entitled workers who asked to join the previous pension scheme, they should contact these workers to ask if they would like to be joined to the new scheme.

- ▶ If entitled workers are not recorded, the employer could choose to look back through all assessment output. If this is not a palatable option, the following aspects could be used to help identify people as entitled workers:
 - ▶ They do not receive employer contributions (however, many employers have elected to pay contributions)
 - ▶ They have never earned above the lower earning limit (use caution with this approach as people may have been assessed when having ‘spikes’ that made them eligible or non-eligible)
 - 2015/16 – £5,824
 - 2014/15 – £5,772
 - 2013/14 – £5,668

Options for proceeding if entitled workers can’t be identified:

Approach	Action	Employee impact	Mitigants
Assume in scheme on a qualifying basis	Re-enrol (without capturing consent) – recommended approach	Low	They’ll get opt out rights as part of being joined to the new scheme
			They have previously chosen to be in the scheme
Assume entitled	Contact to ask if they want to be joined to new scheme	Medium	If the member was eligible and should have been joined but isn’t and so loses out on pension savings, the employer would have a responsibility to address this (paying both employee and employer contributions plus interest)

At the moment, you just need to identify the different groups of workers – you don’t need to take any action with them at present.

Step 2. Manage postponement - context:

To ensure employees who are already in postponement keep the correct deferral date and are not re-postponed in the new scheme, we recommend the following approach **(please note, existing members should not be included in this):**

- ▶ Subtract the postponement you operate from the date you want the new scheme to start to give your key date
- ▶ Everyone who is in a postponement prior to the key date will continue to be assessed every pay period using the existing assessment supplier
- ▶ Anyone who is not an active member of the scheme, or in postponement or an opt out at the clients' key date should be assessed under the Standard Life (SL) scheme using 'assess, join and communications'

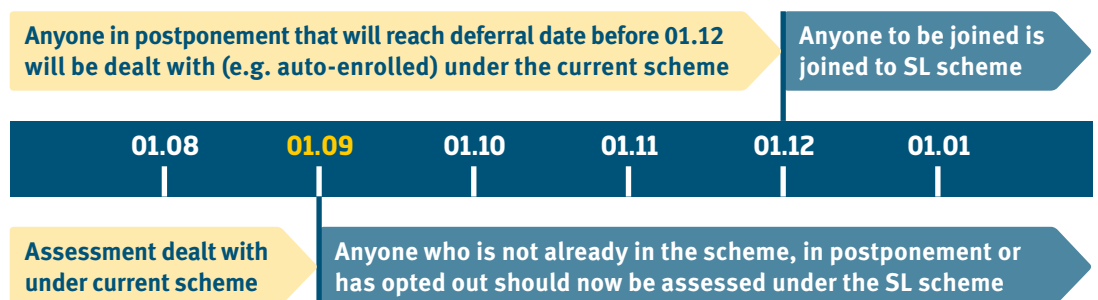
Example

If we take a scheme that:

- ▶ Wants to implement on 01.12.15
- ▶ Has a postponement of 3 months

It would:

- ▶ Have a key date of 01.09.15
- ▶ Mean that anyone who had been put into postponement before 01.09 would reach their deferral date before the new scheme was implemented and so any necessary actions would be taken under the current scheme
- ▶ Mean that any new joiners; people not already in the scheme, or in postponement, or opted out from 01.09 would be assessed under the new scheme



* You will continue to run your assessment with your current assessment provider as well as running this on the Standard Life platform to replicate postponement for employees who are currently postponed.

Step 2. Employer actions (for dealing with postponement)

- ▶ Continue to use your existing assess, join and communications process for people who have been put in postponement before your key date (in worked example, 01.09)*
- ▶ Use Standard Life's 'assess, join and communications' template for any people not already in the scheme, in postponement or with a valid opt out*
- ▶ These people (which will include new hires) should be assessed every pay reference up to the start date of the Standard Life scheme
 - Please note, they will continue to be assessed after this point, but this should be done for the whole employee population and will not be done for these people in isolation

Step 2. Rationale

- ▶ This approach will ensure that people keep their correct deferral date and are not re-postponed (which would breach legislation)
- ▶ This approach will put new hires (and any other relevant people) into the correct position on Standard Life systems from the employer's key date
- ▶ It also ensures that people are joined to the pension scheme as was outlined in the regulatory communications they previously received
- ▶ The people who were put into postponement before the employer's key date will have been joined to the existing scheme before the official start date of the Standard Life scheme and so will be moved over to the Standard Life scheme along with the 'existing member' population

Step 2. Employer actions (for communicating to members of existing schemes)

- ▶ You have already identified members of the existing scheme – you should refresh this list to capture anyone else who has subsequently joined the scheme (both qualifying and entitled)
- ▶ We recommend that you communicate with members of the existing scheme between 1 and 2 months before the official start date of the Standard Life scheme (templates are available to support this)



Step 3. Employer actions: Data requirements

- ▶ Use the date at which you're joining people to the new scheme to determine when you need to make the last payment to the previous scheme
- ▶ Use the data exchange guide provided in the welcome pack to understand our data requirements (these may be different to your current provider)
- ▶ Check the data with relevant parties (e.g. payroll)
- ▶ Submit the required data for existing members (those in on a qualifying basis and entitled workers who asked to join the new plan) using 'join' spreadsheet – support is available in the welcome pack

Step 4. Employer actions: Sending your data to Standard Life

- ▶ Identify valid opt outs from previous schemes
 - ▶ These are people who have opted out but that will have met the following criteria when they were in the scheme:
 - Between 22 and state pension age
 - Earn over AE minimum (£10K annually; £833 monthly or £192 weekly as at 2016/17 limits)
- ▶ The date they opted out will need to be added to the 'opt out date' field in the assess, join and communications template – this will be done every pay reference period
- ▶ If their opt out date is unknown/can't be identified, they should be treated as not having a valid opt out – so no opt out date should be added to the template
- ▶ As well as adding 'opted out' employees to the 'assess, join and comms' template, we recommend adding all employees to this
- ▶ This will 'park' people with valid opt outs until the employee's re-enrolment date
- ▶ This will identify people who are already in the scheme and not request any action to be taken against them
- ▶ This will send appropriate communications to anyone being put in postponement
- ▶ The first time the 'assess, join and communications' template is used should be a minimum of 48 hours after the new hires are submitted via the join template to ensure new hires have been fully processed on Standard Life systems
- ▶ This action should be repeated every pay reference period



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