



Your guide to the auto-enrolment contributions modeller

Get a helping hand with contribution levels for auto-enrolment schemes

Many employers are worried about how much auto-enrolment is going to cost them. And they want a helping hand when it comes to deciding the qualifying contribution levels for their auto-enrolment scheme.

That's where our contributions modeller comes in. It's a simple, quick, straightforward tool that shows in pounds the financial impact of different contribution levels, and presents the results in an appealing graphical way.

The modeller is the first stage of AME (Auto-enrolment Manager for Employers), which also provides expert help on:

- Setting up an automatic enrolment scheme, and
- Helping the scheme to continue to comply with the auto-enrolment regulations.

The data the modeller produces is as accurate as the data input.

You can use the modeller with your employer clients, to assess what level of contribution they should pay, and what level they should ask their employees to pay.

Assess the effect of different contribution levels for different groups of employees

Some employers may want to use the same contribution basis levels for all employees. Probably, though, you'll have clients who want to reward certain categories of their workforce with higher contribution levels.

The modeller lets you assess the impact on each group separately, so you can then build an overall picture for the client.

It also lets you see the effect of setting contribution levels higher than the minimum qualifying level and of phasing in contributions. You can even print out a spread sheet of the workforce to show where the employer should consider increasing contributions to meet the qualifying requirements.

In short, you can experiment with contribution levels, and see when you've hit a balance that meets your clients' requirements.

The modeller in action

There are just two screens: input and output:

Input

For the input screen, we'll ask you a few simple questions. And you can choose between a quick view or a payroll view.

Quick view uses high level information about employee earnings to give you and the employer an initial idea of the financial impact. The payroll view is based on data from the employer's payroll, and we recommend you use this to get a more precise picture.

For the best results of the payroll view, please upload a CSV file with data organised into the following columns (you should remove the headings once you've populated your file):

Identifier	Date of birth	Employer contribution	Employee contribution	Pensionable earnings	Contractual earnings	Non contractual earnings
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Whether you use a quick view or payroll view, you'll be able to see the effect of different contribution levels.



Welcome to the auto-enrolment contributions modeller, the prelude to our Auto-enrolment Manager for Employers service (AME).

Enter the details about your organisation or a group of employees that you want to model

Group Name*

Modelling/certification period* From: 05/09/2012 To: 04/09/2013

What is your payroll frequency?

Employer minimum pension contributions (Gross)* %

Employee minimum pension contributions (Gross)* %

Anticipated opt out rate* %

Is this a qualifying banded earnings group? Yes No

Do you want to apply phased tiering? Yes No

* Denotes a mandatory field

Please tell us about your employees by using either the Quick view or for more accurate information upload a basic file from your payroll

Quick View

Salary band	Number of employees
0 - 5k	<input type="text" value="0"/>
5k - 10k	<input type="text" value="0"/>
10k - 15k	<input type="text" value="0"/>
15k - 20k	<input type="text" value="0"/>
20k - 30k	<input type="text" value="0"/>
30k - 40k	<input type="text" value="0"/>
40k - 50k	<input type="text" value="0"/>
50k - 75k	<input type="text" value="0"/>
75k - 100k	<input type="text" value="0"/>
100k +	<input type="text" value="0"/>

Please note for the Quick view it is assumed that all employees have the following date of birth - 01/01/1980.

Calculate

Or

Payroll View

For best results please upload a csv file that contains the following information:
[Example upload file](#)

Unique ID

Date of birth

Employer contribution %

Employee contribution %

Pensionable earnings

Contractual earnings

Non contractual earnings

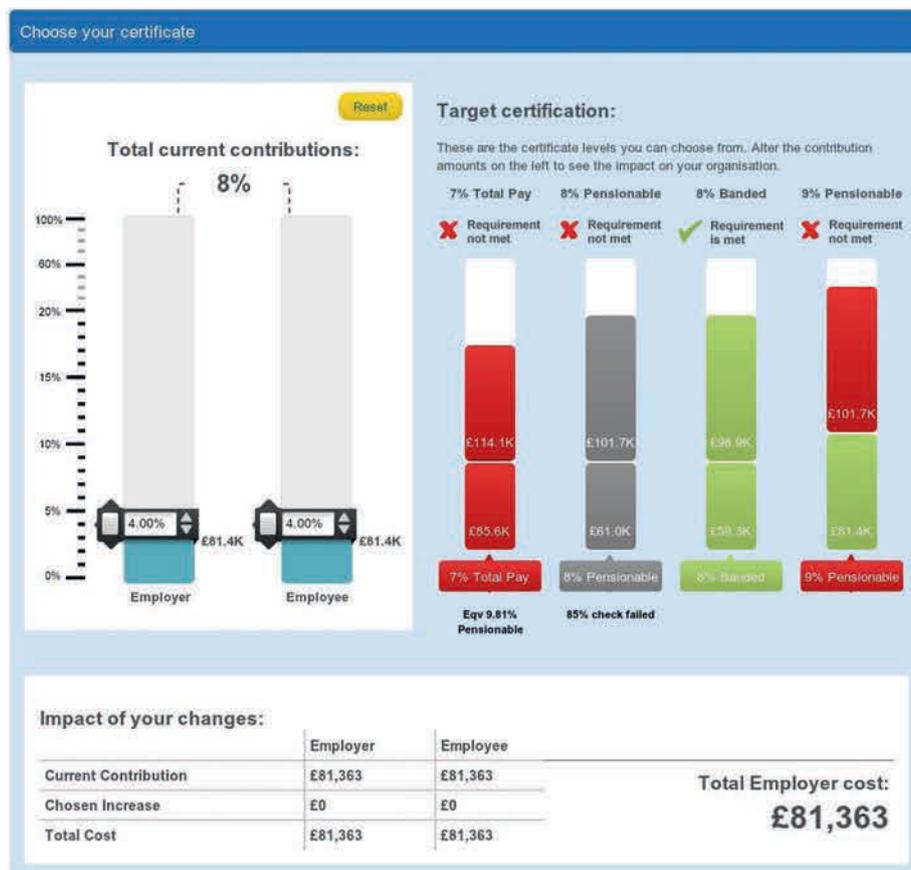
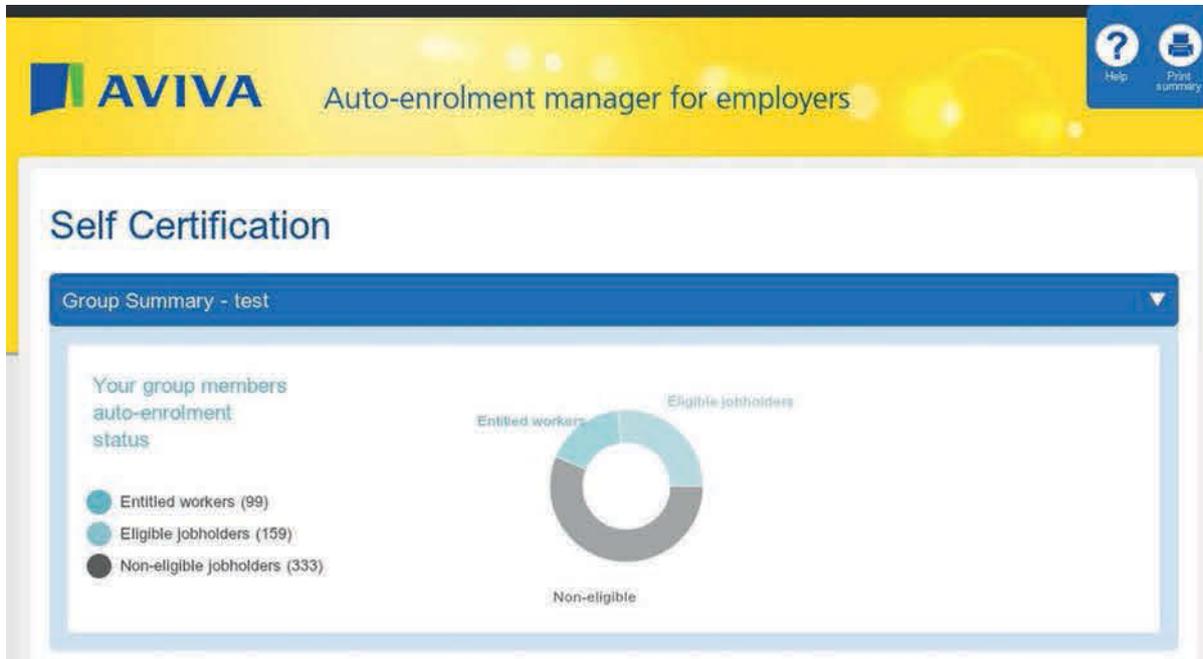
Choose File No file selected

Calculate

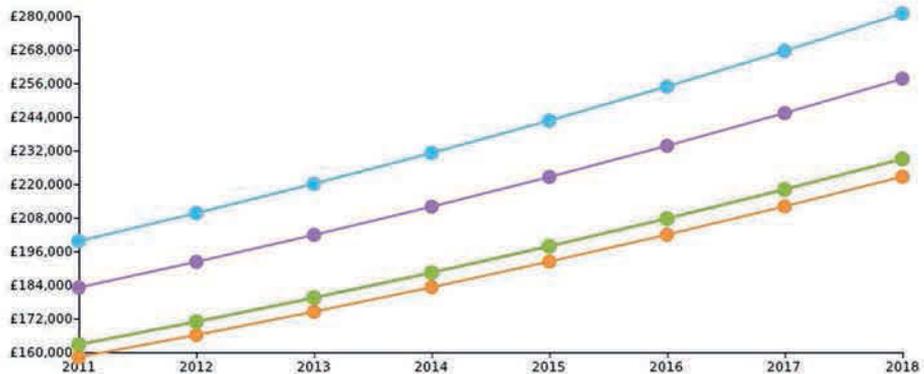
Output 1

Once you've answered the questions, the modeller will show you:

- a breakdown of the employees' auto-enrolment status
- the current level of contribution and how this compares to the minimum contribution levels for the different certification bases
- the financial impact of the employer and employees' contribution levels
- a six-year cash flow to help the employer manage the costs.



Future payments



Charting options

Display options

Employer Employee Total

Payments

- Current payment level
- 7% total earnings
- 8% banded earnings
- 9% pensionable earnings
- 8% pensionable earnings

Output 2 – Funding position for each employee

One of the major benefits of the payroll view is that you can produce an Excel spreadsheet showing:

- the current contributions level for each employee,
- whether or not it should be increased, and
- if so, by how much.

This individual analysis can be used to determine the most cost efficient way of achieving certification. Just click on the 'Export report' button at the bottom right of the page.

The modeller has two reporting features:

The Export report adds data to your payroll file so that you can see the impact of auto-enrolment on every employee in that group. You can use this data to help you categorise your employees into certification groups so that you can achieve the most cost efficient answer to auto-enrolment.

The print report gives you a takeaway version of the modeller screen so that you can compare and contrast different options and the impact this has on your organisation.

Help with the modeller questions

This section gives you more information about how to answer the questions on the input screen.

Group name

Please name each group as it will make it easier for you to identify which employees are in which group. This is especially useful if you have more than one group. There is no validation on this field.

Payroll frequency

Please tell us the payroll frequency of this group.

You need to be consistent when you enter any data. For instance, if you choose 'monthly' then you need to enter monthly data, not the figure for a longer period otherwise the output page of the modeller won't provide accurate information.

Certification period

The Pensions Regulator allows a maximum certification period of 18 months.

The earliest input date is 1 October 2012 as this was the earliest staging date for employers.

Phasing in contributions

The modeller lets you show the effect of phasing in contributions for all employees or selected groups of employees.

If you want to use phasing in and the modelling period you've chosen crosses one of the phasing periods, the modeller will prompt you to change the modelling period.

Phased contributions for all banded earnings schemes have to meet these minimum levels, including tax relief:

	Up to April 2018	Up to April 2019	From April 2019
Employer	1%	2%	3%
Employee	1%	3%	5%

Phased contributions for all pensionable earnings schemes have to meet these minimum levels, including tax relief:

Basis		Up to April 2018	Up to April 2019	From April 2019
9% of pensionable earnings	Employer	At least 2%	At least 3%	At least 4%
	Employee	Up to 1%	Up to 3%	Up to 5%
8% of pensionable earnings	Employer	At least 1%	At least 2%	At least 3%
	Employee	Up to 1%	Up to 3%	Up to 5%
7% of total earnings	Employer	At least 1%	At least 2%	At least 3%
	Employee	Up to 1%	Up to 3%	Up to 4%

Employer minimum contributions

If the pension scheme uses a percentage of salary basis, please enter the employer's minimum contribution level. The modeller doesn't need information about any matching rules.

If the employer's pension contributions are a set amount in pounds, you'll need to use the payroll view and input these contributions.

Employee minimum contributions

If the pension scheme uses a percentage of salary basis, please enter the employee's minimum contribution level. The modeller doesn't need information about any matching rules.

If the employees' pension contributions are a set amount in pounds, you'll need to use the payroll view and input what these contributions are.

Banded earnings

Remember you don't have to worry about certification for schemes or groups of employees with banded earnings. This is because they should automatically comply with the minimum contribution requirements for each employee individually.

From April 2019, the minimum contribution for a banded earnings scheme is 8% of the employee's earnings in the band between £5,824 and £42,385 (using the figures for the 2015/2016 tax year). The employer must pay at least 3%.

Certification basis

For certification, the employer must satisfy one of these three minimum bases for each group of employees:

	Basis 1	Basis 2	Basis 3
Employer pays	9% of pensionable earnings	8% of pensionable earnings	7% of total earnings
Including an employee contribution of up to:	5%	5%	4%
Reference to total earnings?	None	Pensionable earnings must be no less than 85% of total earnings	100% of total earnings

Find out more

You can find information on a wide range of other auto-enrolment topics at our website at aviva.co.uk/adviser/auto-enrolment, including factsheets on 'Certification' and 'How much do employers and employees have to contribute?'

