

Webinar: How NEST can help you support clients with auto enrolment



Questions and answers

February 2016

Choosing to use NEST

1. Is a NEST pension scheme always a qualifying scheme for auto enrolment?

Yes, but using NEST isn't enough to make an employer compliant with the new duties. Employers are still responsible for ongoing tasks like worker assessment and statutory communications to meet the regulations.

2. Can an employer transfer from another provider to NEST after their staging date?

Any employer can stop using one pension scheme and start using NEST for auto enrolment. However, any workers enrolled in another pension scheme won't be able to transfer the value of their pots to NEST until April 2017. Until then, NEST can only take transfers from other pension schemes under special circumstances, for example, as part of a pension sharing order through divorce.

3. We have a pension scheme with another provider but have been told it isn't suitable for auto enrolment. Can I just stop it and start using NEST or do I need to speak to my workers first?

You can stop contributions to the other scheme if you wish and start paying them into NEST. You'll just need to make sure you write to your workers to let them know they're going to be enrolled into NEST. You're able to run the two schemes at the same time if you prefer to do this.

4. Can I operate NEST without buying the additional pension software?

Yes, you can use NEST whatever system you use, without any extra software. You just need to log into NEST's secure website to manage your account.

5. Does NEST offer a pension for entitled workers?

Yes, you can pay contributions for entitled workers to NEST.

Setting up NEST

6. The Pensions Regulator says it takes 18 months to set up a scheme. Is this correct?

How long it takes to set up a scheme depends on how complex the arrangements need to be. On average, starting the process three months before your staging date should give you enough time to comply.

7. When setting up NEST, can I accept terms and conditions on behalf of an employer if they tell me I can, for example by email?

No. The employer terms and conditions is a contract between us and the employer so they must read and agreed them, not a third party.

8. If an employer has put the wrong staging date into NEST, can this be changed?

Yes, the employer can update the staging date they've given us if they need to.

9. Does the employer have to do the assessments, send communications and complete the declaration of compliance?

The employer has to comply with all their statutory duties, including running worker assessments and setting up a qualifying workplace pension scheme. Ultimately, meeting pension duties is the employer's responsibility and they're accountable, even if they've asked someone else to carry out those duties on their behalf.

10. Will you be going through an actual set up in this webinar?

We won't demonstrate a set-up in this webinar but you can find step-by-step guides to setting up NEST in our online [help centre](#). You can watch a previous webinar on how to use NEST Connect at nestpensions.org.uk/nestconnect

NEST web services

11. If I set up NEST web services through my payroll do I have to use this over anything else I may have set up on NEST, like NEST Connect?

No. NEST Connect and web services do two different things and are separate. With NEST Connect you set up a delegate organisation account that lets you manage your clients' employer NEST accounts and assign people in your organisation to work on them. When you use NEST Connect you'll need to log into the NEST website with a NEST user name and password.

Web services, on the other hand, is a way for payroll to exchange data with NEST so that employers can manage NEST directly through their payroll. You don't have to set this up as it's something each payroll software provider decides. If your client's payroll provider is using web services you'll still be able to use NEST Connect to see their NEST account. If that's the case, you'll need to have access to their payroll software to be able to manage the full set-up and administration process for them.

12. How do I find out how to set up NEST web services?

You'll need to talk to your payroll software provider as they need to set it up at their end for you.

NEST Connect

13. Is NEST Connect the same as NEST web services?

No. NEST Connect is our online hub that helps third parties take on pension scheme administration for an employer client. Web services is our way of exchanging data with payroll providers. You'll need an account and a login for NEST Connect but web services will work through your client's payroll software.

14. How much advice can accountants provide without giving financial advice?

You're able to make a recommendation on the choice of the qualifying workplace pension scheme provider. However, individual investment advice, for example to an individual worker, is an activity regulated by the Financial Conduct Authority (FCA). Unless you're regulated by the FCA, you need to focus on discussing factual information about NEST.

15. We already have a delegate organisation account with NEST. How does this work with NEST Connect and how does it differ from what we can do already?

It's the same thing. Signing up for NEST Connect means setting up a delegate organisation account.

16. Who sets up first with NEST – the employer or the agent?

Either. When you sign up for NEST Connect, you create a delegate organisation account that will let you set up employers with NEST. If an employer's already set up, they'll need to invite your delegate organisation to act on their behalf through their NEST account.

17. If an agent sets up NEST on behalf of an employer and uses NEST Connect, will the employer be able to log into the NEST portal themselves?

Yes, they will have their own login where they can view and manage their NEST account. This will be separate to the NEST Connect login the agent uses.

18. Your form, *Information required to set up a scheme*, was useful until I tried to set up for an employer. I found you need to enter a username, password and secret answers. As I hadn't asked the employer for these, this held up the setting up process.

The username, password and secret answers are specific registration details for each person who has any kind of account with NEST. You'll have your own, as should any colleagues from your organisation who are also using NEST Connect, and anyone inside the employer organisation who's been given access to NEST. If you, as a third party, set up an employer's account through NEST Connect you'll enter the contact details for someone at the employer organisation as the primary contact. They'll then receive an email prompting them to register with their own secure login details. They'll need to choose their own username, password and secret questions which they should keep private for security reasons.

19. If a client logs in to see their NEST account through the NEST Connect login, how do you avoid them seeing all your other clients?

Your clients shouldn't use the NEST Connect login. They'll have their own login details either as the employer organisation's primary contact or as an individual delegate. So when they log in they'll only see the information for their own employer organisation.

20. We have the pensions module attached to our Sage software. Do I still need to register for NEST Connect or will this happen automatically through the software package?

The Sage software doesn't automatically set you up as NEST Connector. You can only do that by signing up on the NEST website.

21. What's the easiest way to set up on the NEST system as an accountant?

You just sign up as a NEST Connector at nestpensions.org.uk/nestconnect.

Enrolments

22. Can we enrol clients before their staging date?

You can set up an employer with NEST before their staging date but you can't enrol workers into NEST before they're eligible to join the scheme. You must wait until after the staging date to do that.

23. We have staff whose pay varies from month to month. How should we decide who should be auto enrolled?

When you run the worker assessment that process will determine which category each worker belongs to.

24. I'm using a waiting period and set up NEST, but have enrolled employees by mistake, three months early. How can I amend this?

It sounds as though the scheme set-up is correct as we ask for the staging date not the postponement date. But if workers have been enrolled early, they should be de-enrolled. [See our help centre for how to de-enrol members](#). You'll need to enrol the workers again with the correct start date once your postponement has ended.

25. Do all employees require email addresses?

Workers enrolled in NEST don't have to have an email address but it makes it easier for us to contact them if they do. If you have email addresses for workers please add them to the enrolment file you send to NEST or when you manually enter their details.

26. What happens if we take on and automatically enrol someone who is already a NEST member?

You'd treat them as you would any other new worker that you enrol into NEST. Unless their details have changed substantially, we'll normally find the worker's other record and combine them into one member account automatically.

Contributions

27. How does an employer make pension contributions to NEST?

As part of setting up an employer account we ask how you're going to pay us. Direct Debit is the simplest approach to use as it will always take the correct payment.

28. If a Direct Debit is set up, why do I have to push through payment every month?

The Direct Debit won't always be for the same amount and isn't taken on a fixed day each month. You'll need to tell us each time you want to make a payment to NEST. To do this just click the 'Make payment' button on the *Contribution schedule* page.

29. Is there going to be more automation for making contributions?

If your payroll software provider builds in sending us contributions and making payment into their software, using NEST web services, then this will streamline this process for you.

30. One of my clients pays his staff weekly and the pay is variable. Would they need to contribute to the pension scheme each week?

Yes, the regulations state that you have to pay contributions based on a worker's earnings, even if they vary. NEST allows you to pay contributions that vary each pay period. If you pay weekly, for example, you'll need to submit weekly data to NEST but you could choose to pay us just once a month rather than every week.

31. Does a weekly payroll operator have to pay contributions on a weekly basis? Can they pay monthly, using whichever periods have been uploaded?

They can pay monthly. You would still submit weekly schedules but pay them all in one go once a month. NEST has been built to cope with all common payroll frequencies. You can see the options available as part of the set-up of an employer's account.

32. I have an employer who wishes to pay a set amount into their worker's NEST pension each month. How do you set this up, as it's more than the minimum but not an exact percentage of each month's pay?

It's possible to do this provided that the payment is always more than the minimum required for auto enrolment. Just set the employer account up on the basis of the minimum contributions and qualifying earnings and NEST will allow you to 'overpay' each pay period. Remember to check that what goes into a member's pot over the tax year will come under NEST's **annual contribution limit**. You'll only need to do this up to 1 April 2017 as at that time the limit will be completely removed.

33. Do you need to submit nil returns every month?

Yes, once you've enrolled a worker into NEST you need to confirm whether you are paying a contribution for each worker or not.

34. If no workers have been enrolled yet or they've opted out, is there a limit to how long a NEST scheme can sit without contributions being made?

No, there's no time limit.

35. When setting up the scheme for an employer I would have opted to select the minimum contributions for both worker and employer – 1 per cent. But you said to only take 0.8% through payroll. Why?

NEST reclaims basic rate tax relief from HMRC for each worker. So where a worker needs to pay to NEST 1 per cent of earnings, you only need to deduct 0.8 per cent from their net pay. We then reclaim the additional 0.2 per cent from HMRC to make up the 1 per cent minimum. This is called a 'relief at source' arrangement and most payroll software packages will handle this correctly. To work out the correct figure to put into your payroll software, please check with your payroll provider.

36. Is it possible to do a 'test' upload of contributions?

Yes, there's a file tester on the NEST website at www.nestpensions.org.uk/schemeweb/NestWeb/public/helpcentre/contents/nest-file-tester.html.

37. Does NEST support salary sacrifice, that is, zero worker contributions?

Yes, during the set-up process you just need to set the NEST group up on a 'Custom' basis. This allows you to tell us that all contributions will come from the worker.

38. What's the process for bonus payments for directors?

Auto enrolment regulations determine what salary payments fall within the regulations and how they're dealt with. You can find more information on this on The Pension Regulator's website at <http://www.thepensionsregulator.gov.uk/checking-who-to-enrol.aspx>

39. Will the government guarantee workers' contributions?

No. It's the employer's duty to make sure that contributions are deducted from workers' pay and then submitted to a pension scheme provider to invest. There are, however, regulations governing the time it takes to send those contributions, and penalties for employers who fail to meet their duties.

Payroll

40. I've just set up a NEST pension scheme for an employer. Where do I find all the NEST details to input onto the payroll system?

If you log into the employer's NEST account you can see all the details you need under 'Manage groups' and 'Manage payment sources' on your NEST home screen.

41. Sage asks to choose a type of pension scheme and tick the box. Which one do I choose for NEST - Other, COMP, COSR, CISR, COMB, GPP, PPP, or stakeholder?

NEST is an occupational defined contribution pension scheme run as a trust, which can be categorised as a COMP or CIMP (contracted-in/out money purchase scheme).

42. Does NEST work with Star Payroll Professional?

Yes, but please contact Star directly for further information about how this works in practice.

43. Does HMRC Basic PAYE Tools support NEST?

No, there is no auto enrolment functionality within the HMRC tool. You'll need to use the NEST file template to send us information about workers or if you prefer you can do this manually online. [See more about exchanging data with NEST.](#)

44. Is there a time limit for uploading from the payroll system?

There is a legal time limit on when payments can be made. When you set up a NEST employer account you tell us the date by which contributions will be with NEST each month. That date can't be

later than the 22nd of the month following the month in which contributions are deducted from workers' pay. Whatever date is set is the latest date by which cleared funds should be with us. There's also a time limit on when workers are enrolled. You'll need to add them to the employer's NEST account within six weeks of the date they qualify for the pension scheme.

45. Where you say the payroll does the assessment, you would have to manually run the assessment each month yourself?

That depends on the payroll package. The auto enrolment regulations require you do the assessment each pay period. Normally this is supported by the payroll software. You should check with your payroll software provider how this is done in their software.

Opt-outs

46. Can workers be opted out before the first contribution is deducted?

Yes, although it's a timing issue. Before they can opt out, they have to receive their welcome pack with their NEST ID, which we send within three working days of being enrolled. If they've opted out within their opt-out period – the fastest way is online – they'll get back any contributions that have been taken. Remember that workers who've stopped contributing or opted out will be re-enrolled every three years.

47. If workers opt out through NEST, will we receive notification so we can update payroll?

NEST will send a message to your secure online NEST mailbox. You can find the link to this at the top of the home screen once you log into NEST. This message is sent the day after a worker opts-out. We'll also send you an email to let you know you have a new message in your NEST mailbox.

Worker communications

48. Can I use NEST for employees' pension correspondence?

Yes, every NEST member and employer that uses NEST gets their own secure online mailbox.

49. Can NEST automatically deal with all the correspondence to employees?

Once workers are enrolled, NEST will deal with all member communications about the scheme. However, before workers are enrolled, the employer or someone on their behalf needs to send workers statutory communications in writing. This will usually be an enrolment notice to let workers know when they'll be enrolled. If the employer has decided to use a waiting period, they'll also need to send a postponement notice. NEST offers templates to help you complete these communications at nestpensions.org.uk/communicationmaterials

50. Does NEST charge for worker communications?

No.

NEST members

51. As a worker, if I leave my employer who uses NEST and go to an employer who uses a different provider, what will happen to my pot?

You're still a member of NEST. We'll look after your retirement pot until the time you decide to take your money out, which you can currently do from age 55. You can still contribute directly to your NEST pot yourself either through one-off or regular contributions.

52. If I leave one employment for another and both employers use NEST, will I have two NEST accounts or will both employers' contributions be combined into one?

They'll be combined. Your pot will automatically move with you, so both you and your new employer will contribute to the NEST pot you already have.

53. What is the charge for members using NEST?

Our contribution charge is 1.8 per cent plus an annual fund charge of 0.3 per cent. See more at nestpensions.org.uk/nestscharges.

54. Will workers receive easy to read annual statements telling them the value of their pension at retirement?

Yes.

55. Can we see an example of the pack sent out to workers?

Yes, you can find our welcome pack and other resources on our website at nestpensions.org.uk/library.

About NEST

56. Does NEST offer telephone support if required?

Yes, our phone lines are available from 8am to 8pm Monday to Sunday and 10am to 4pm on bank holidays. We also have an online help centre and live web chat facility to help you with any queries about your scheme.

57. Does NEST offer an English operated helpline for workers?

Yes.

58. Who funds NEST?

NEST is being initially funded by a loan from government to set up and administer the scheme. In the long run NEST will be self-financing through members' charges and delivered at no overall cost to the taxpayer.

59. Can you guarantee there will be no employer charges on the NEST pension scheme?

NEST has no plans to charge employers who want to use us for auto enrolment.

NEST's investment funds

60. How many NEST investment funds are available to choose from?

We have a default range of nearly 50 single year target date funds set based on an individual member's State Pension age. We also have six other fund choices, including Ethical, Sharia, High Risk, Low risk and pre-retirement.

61. Is your default fund extremely low risk, so possibly inappropriate for longer term investors?

No. NEST's default funds include different phases of risk management. In the growth phase, where most of our members will spend the majority of their time, the emphasis is on return-seeking asset allocation. The target return is inflation plus 3 per cent after charges. It's unlikely many investment specialists would characterise this as low risk.

62. I've been told by a financial adviser that there are doubts over the future over NEST. Is this true?

NEST is an integral part of the UK pension reform agenda, helping millions of people save safely for their retirement. Set up to support the introduction of auto enrolment, we have an obligation to accept any employer that wants to use us to meet their duties. We're funded by a loan from government and run by a board of Trustees, with robust governance measures in place. We're absolutely clear, as is the Department for Work and Pensions, that NEST is sustainable in the long term.

63. One pension provider told me that you are not a good pension provider because you lost £60 million last year. Is it true?

No, this is incorrect. We are a start-up business, and our costs to start a pension scheme for over 30,000 employers and 2.5 million were considerable in the first years of operation, but no money was 'lost'.

64. How has NEST performed against other pension providers since it began?

While we can't state how NEST has performed against other providers, we regularly measure and monitor our service and investment performance. You can find our quarterly performance figures online in our [fund factsheets](#). We also review the feedback we get from customers and our supporting employer and member panels.

Pension regulations

65. If an employer has several eligible staff but none of them want to opt in, does a scheme still need to be set up?

Yes. All eligible workers must be enrolled into a scheme for an employer to meet their duties. If a member wishes to opt out they can, but they will be re-enrolled every three years.

66. We have a number of director only companies, are these exempt from auto enrolment?

Usually yes, however you'll need to check with The Pensions Regulator.

67. We have clients who employ foreign nationals only, do they also have to go through auto enrolment? Are foreign nationals who'll be returning to their own country after a few years able to opt out?

It will depend on whether those workers can be defined as eligible job holders. You'll need to refer to The Pensions Regulator for confirmation.

68. What are employer duties for people who leave their employment?

You need to tell NEST that they've left service – you do that on a contribution schedule – and then after that NEST will continue to deal directly with the worker. There are no further duties on the employer.

69. What happens if you have not registered an employer and the staging date has passed?

You could be fined for not meeting your duties on time. You'll need to talk to The Pensions Regulator and start your process as quickly as possible.