

Auto enrolment on auto pilot.



true potential investor

Foreword

Let technology take the pain out of auto enrolment

More than 10 years have passed since the phrase 'auto enrolment' was first coined for a national pension savings scheme. At the current rate of progress, it will be 2018 before the project is rolled out fully in the UK.

Although auto enrolment has been talked about for a decade, for thousands of small and medium sized businesses up and down the United Kingdom, it is a relatively new concept and one which they have had to get to grips with quickly.

Understandably, many businesses may be nervous about the potential for extra administration and management that auto enrolment is reported to require. Back in 2004, the Secretary of State for Work and Pensions said that auto enrolment "does not send the blood pulsing through the veins". Much else has changed since then, but ask most businesses and you will find that those sentiments remain true a decade on.

At True Potential, we have already been through auto enrolment ourselves and it was that experience that made us think that there must be a better way to implement it - one that works for businesses and crucially, adds value for their employees. When we implemented auto enrolment, we realised there was so much more potential waiting to be unleashed. We learned from experience and saw how the process could be made much more straight-forward for those who are yet to reach their staging date - the point at which they must have enrolled all eligible employees who have not opted out.



There are two things you should know about True Potential: we love a challenge and we believe technology should be utilised wherever possible to find solutions that can add value and simplify processes. This is exactly the approach we have taken with auto enrolment on our True Potential Investor service, which is quick to set up, easy to manage, employee-friendly and free.

So our message to employers in Britain is that technology can change auto enrolment. If you just want to get on with your business, let True Potential Investor take the pain out of auto enrolment.

Let's recap

A quick introduction to auto enrolment

It's a Government scheme where every employee (who is eligible) is opted into a workplace based pension scheme to save for their retirement. In November 2014, the Government said that over **4.7 million** eligible people had already been automatically enrolled into a workplace pension. The rate of those opting out of auto enrolment was approximately nine per cent and most individual employers had an opt-out rate between five and 15 per cent.



This is how it works

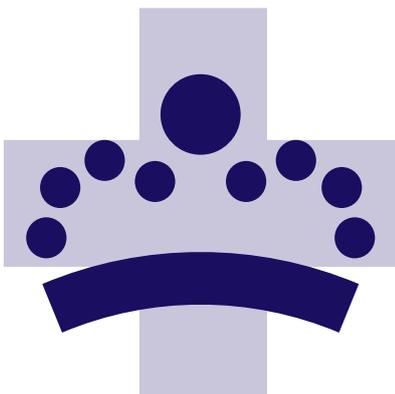


Employee pays

Minimum 0.8% of qualifying earnings - rising to 4% by 2018.

Employer pays

Minimum 1% of qualifying earnings - rising to 3% by 2018.



The Government pays

0.2% of qualifying earnings – rising to 1% by 2018.

Auto enrolment began in 2012 with large companies and will affect all UK businesses by 2018.

Upcoming dates	
PAYE Scheme Size	Staging Date
40-49	1 August 2015
30-39	1 October 2015
Fewer than 30	1 June 2015 - 1 April 2017
Employers without PAYE	1 April 2017
New employers	1 May 2017 - 1 February 2018

Some key steps businesses need to take

- Set up a qualifying auto enrolment scheme, such as True Potential Auto Enrolment;
- Establish which of your employees are eligible;
- Communicate with all employees; and
- Choose a pension provider with a default investment fund.

Employees must be auto enrolled and begin to make contributions to your workplace based pension if they:



Frequently answered questions

Who will be affected?

According to the Department of Work and Pensions' estimates, 9-10 million people will be eligible for auto enrolment into a qualifying workplace pension scheme. DWP also estimated that between two and four million individuals would opt out of auto enrolment, leaving 5-8 million individuals newly saving or saving more as a result of the scheme. DWP research found that 65 per cent of respondents would "definitely" or "probably" stay enrolled, whilst 20 per cent would "definitely" or "probably" opt out.

It is estimated that the total number of employers who will have to introduce a pension scheme under auto enrolment is 1,334,900. To put that in context, there are approximately 5.2 million businesses in the UK, so one in every four businesses will be affected.

Are there any risks for businesses?

While businesses may be broadly in favour of auto enrolment, many are concerned at the administrative costs and burdens placed upon them. The Centre for Economics and Business Research estimates that total auto enrolment one-off, set-up costs for UK businesses with fewer than 500 employees are expected to be £15.4 billion over 2012-17. The total cost of auto enrolment-related pension contributions in 2018 is estimated to be £11.6 billion to these UK businesses.



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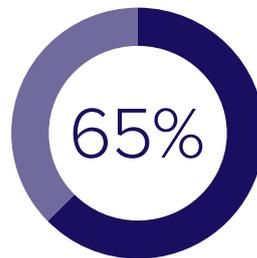


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of respondents would "definitely" or "probably" stay enrolled



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5,200,000

5.2 million businesses in the UK will be effected

How long does it take to set up an auto enrolment scheme?

The answer depends on whether you choose a complete, beginning-to-end system or a so-called 'middleware' provider. Having been through auto enrolment ourselves, we have been able to design a complete solution that is more than just a linking system and actually works with businesses to reduce the time burden. True Potential Investor can be set up quickly and easily.

We have simplified the process right down to a few questions about your business and the type of pension you want to offer your employees on our simple online sign-up form. Then, you'll be up and running.

It is also possible to transfer your employees' data, including their contributions, from your payroll provider into True Potential Investor, cutting down more of the time cost. We didn't just stop there, True Potential Investor puts real power in the hands of your employees, so that they can see how their pension is performing whenever they want to and they can also make 'top-up' payments at the click of a button with **impulseSave**®.

'Middleware' systems that sit between your HR/Payroll system and your pension vehicle, but do not offer a fully integrated solution, could end up costing you a lot of time and money. The CEBR estimates that up to 40 man days could be required for some businesses, placing an enormous strain on their resources.

Auto enrolment procedure	Time burden (man days); frequency
Know your staging date and auto enrolment process	Up to 10 days; one-off
Nominate a point of contact	Up to 8 hours; one-off
Develop a pension plan	Up to 20 days; one-off
Construct the designated communications	Up to 5 days; one off
Liaise with payroll provider	Up to 6 days; one-off
Put in place adequate business processes	Up to 30 days; one-off
Choose a pension scheme for auto enrolment funds	Up to 9 days; one off
Set up pension scheme / liaise with pension provider	Up to 3 days; one-off and monthly
Classify workers into categories	Up to 5 days; one-off and monthly
Auto enrol eligible employees	Up to 4 days; one-off and monthly
Process opt outs, opt ins and joining requests and process automatic re-enrolment after 3 years	Up to 6 days; one-off and monthly
Addressing staff queries about auto enrolment	Up to 3 days; one-off and monthly
Register with The Pensions Regulator	Up to 5 hours; one-off
Keep auditable records	Up to 10 hours; monthly
Keep up with new auto enrolment rules and procedures	Up to 8 hours; monthly
Total one-off time burden	Up to 103 man days
Total monthly recurring time burden	Up to 3.5 man days

What should I be looking for from an auto enrolment service?

At its most basic level, there are some crucial aspects of auto enrolment that your technology solution should be able to do for you. It should be able to manage:

- numerous payrolls;
- many pension schemes with different providers;
- late opt outs;
- effective communications with HR, payroll and employees;
- multiple categories of employees and the pension they are eligible for; and
- activities required for audit.

Not only can True Potential Investor take care of all these actions for you, it can do so much more.

How can I maximise the benefit to my employees?

Some people may regard auto enrolment as extra bureaucracy and a hassle. We see it as an opportunity because, although all employers will need to offer the option to their employees, some will do it better than others.

Using technology, auto enrolment can be a way of enhancing the relationship with employees by offering a service designed with them in mind. Love it or hate it, auto enrolment offers us a once-in-a-generation chance to engage millions of employees with the notion of saving towards their future by building it around their lifestyle. Put simply, it is an opportunity that we cannot afford to miss.

Why is auto enrolment necessary?

There has been a gradual decline in private pension saving over the last 10 years, with a particular decrease among two demographic groups: men of all ages and people under 40. Figures from the Department for Work and Pensions estimated that seven million people are not saving enough to enjoy the security in retirement that they aspire to.

Interestingly, the latest results from True Potential's 'Tackling the Savings Gap' investigation into Britain's savings habits show that men and those under the age of 40 would benefit most from auto enrolment technology solutions. Thirty-nine per cent of men and 55 per cent of those under 40 years of age would be more likely to save if technology could make it easier to do so.

Far too many people are currently on a course that will prevent them from reaching their retirement aspirations. That matters to everyone in society. We asked over 2,000 UK adults how much money they would need as an annual income to enable them to live comfortably in retirement. The answer they gave is approximately £23,000 per year, yet the average Briton is only saving enough money currently to achieve an annual income of around £6,000 per year. So, there is an enormous gap between aspiration and reality.

Even more worrying is that 36 per cent of people have told us that they are currently saving nothing for their retirement. Little wonder then that more than half of the adult population in the UK is not confident that by the time they retire, they will have saved enough to be able to live comfortably in retirement.

Indeed, many thousands of people may simply be unable to retire – ever. Such a scenario will place new challenges on society and businesses as the workforce evolves.

Ten years ago, the Pensions Commission led by Lord Turner recommended auto enrolment as a way to kick-start a private sector culture of saving for retirement, because the proportion of UK private sector workers relying entirely on the state sector pension was growing.

The Commission also recognised that it was impossible for small and medium sized enterprises to offer occupational pensions without administrative fees so high that they ended up consuming a punitive proportion of the employee's contributions.

Despite auto enrolment's launch in 2012, recent research makes for grim reading as large numbers of SMEs remain concerned about implementing it and the associated costs.

Source: HW Fisher and Company

67%

of employers have no idea when their auto enrolment staging date is

49%

said they understand little or nothing about the changes they will need to make

30%

are worried about the set-up costs

62%

are worried about the ongoing expense of making employer contributions to staff pensions

47%

said they feared the extra administration involved in managing a pension scheme

Our vision

At True Potential, like thousands of other businesses, we aim to succeed, grow and make money. We believe in developing technology that helps to achieve business and individual goals.

Auto enrolment begins with employers and so does True Potential's solution. Technology is the key to auto enrolment succeeding, because technology can make it simple and straightforward for companies to implement and manage. It can reduce the cost and time burdens on businesses as well as enable employees to take control of their own pension.

Employers choose True Potential Investor for auto enrolment because it is:

- ✔ Free to employers
- ✔ Easy to use
- ✔ Quick and easy to set up

True Potential's auto enrolment scheme has a default Legal & General Balanced fund that meets the Government's pricing criteria. Businesses can also choose from a range of five risk-based Legal & General funds to suit employees, all under the Government's price cap.

Simple, quick and easy to manage

We know a thing or two about running a business and we know that saving time, saves money. With True Potential Investor technology:

 <p>You receive a one-to-one service to integrate the new system seamlessly</p>	
 <p>Our dedicated support team is here to help with any questions after you are set up</p>	 <p>The system generates all mandatory communications for you</p>
<p>The system helps you, or your accountant, stay on top of your auto enrolment obligations with alerts and messages when you need to act</p> 	
 <p>You can set up your scheme to suit your business and employees</p>	 <p>All employee documents are stored in your employees' online accounts</p>

Exploding the myths

The fact that you are reading this paper means that you may be approaching your staging date. You may be looking for guidance and reassurance. Sadly, there are many myths out there and they can leave you feeling more confused and more worried than you were before.

Lots of people make a fortune out of over-complicating matters and then charging vast sums to explain all their jargon. We look at things differently, so let's start by exploding some of the myths that you may have come across.

Myth: *It can take weeks, even months to get set up.*

Fact: We know you're busy, that's why you can be up and running with True Potential Investor in no time at all. All you need to do is answer some questions about your business and the type of pension you want to offer your employees on our simple online sign-up form. We'll then verify your business and set your scheme up. As soon as your scheme is ready, we'll let you know.

Myth: *Integrating auto enrolment with payroll systems is very complicated.*

Fact: Once your scheme is ready, it's incredibly simple to manage. You can import your employees' data, including their contributions, from your payroll provider. We'll use this information to show your employees a projection of how much their pension will be worth when they retire, helping them make realistic decisions about how much to save.

Myth: *There are a lot of communications to employees that I need to send.*

Fact: True Potential Investor will take care of all mandatory communications with your employees by letter or email. All employee documents are stored in your employees' online account.

Myth: *We have lots of employees. I will need to remember when to send them important information.*

Fact: True Potential Investor will alert you any time you need to take action, such as an employee reaching retirement age or active members increasing their contributions.

Myth: *Explaining all this to our employees will be difficult and time consuming.*

Fact: Our marketing toolkit is designed to make it simple for you to communicate auto enrolment to your employees. Our helpful resources provide valuable information for employees and can help ensure everyone is opted in.

Myth: *Employees cannot interact with their pension and make small top-up contributions.*

Fact: True Potential Investor gives your employees an online account to track and manage their pension fund 24/7. Alongside the mandatory contributions, your employees can top-up their pension at any time with our first-of-its-kind impulseSave® technology. They can add as little as £1 at the click of a button whenever and wherever they choose. This is available on the web, mobile devices (iOS and Android) and, most recently, Android Wear and Apple smart watches.

Myth: *Employees do not have much choice or control.*

Fact: Your employees can choose a target retirement date and set a realistic goal amount for their pension using our income calculator. They can also choose from a range of world-class investment funds and decide how much risk they are willing to take.

Myth: *Setting up auto enrolment is expensive.*

Fact: True Potential's auto enrolment service is free for employers. There are no admin fees or ongoing charges for using the system. We charge your employees a low platform fee of 0.40% per year on their investment, plus fund fees from 0.31% per year.

Myth: *Once we are up and running, I'm on my own.*

Fact: After you're set up, our dedicated support team is here to help with any questions.

A health warning

Auto enrolment should come with a large health warning. The greatest danger we face from the scheme is complacency. As our research shows, it will take a much larger cultural shift to close the Savings Gap and we should heed the early signs of complacency.

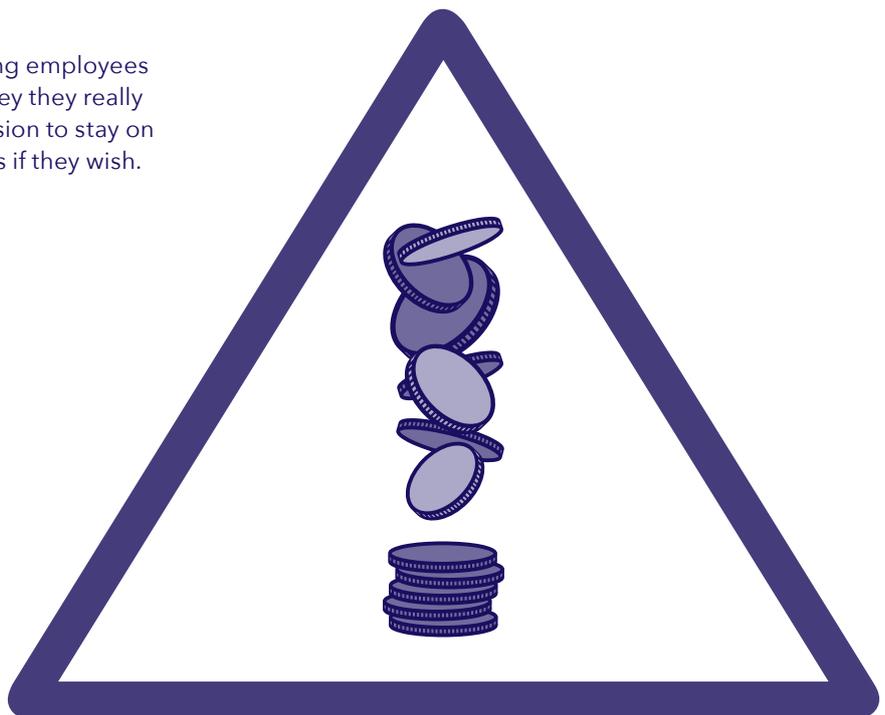
We recently asked more than 2,000 people how likely they are to save or invest into another account, such as an ISA, to complement their auto enrolment pension.

Two thirds of those who responded are **not** likely to do so as things stand.

The vast gap between retirement aspiration and reality cannot be closed by auto enrolment alone, which must be seen as a stepping stone to a savings culture, not a silver bullet towards achieving one.

We believe that everyone must take greater responsibility for their own future and we as employers also have a responsibility to help employees avoid the trap of complacency.

Technology can help achieve this by enabling employees to set financial goals, see how much money they really need, track their progress, top up their pension to stay on course and purchase additional investments if they wish.



Why True Potential?

Together, the True Potential LLP group of companies form one of the fastest growing financial services and technology firms in the UK. We provide investments, technology and support services to close to 20 per cent of all UK financial advisers and their clients.

When it comes to being successful, we've got history.



True Potential Investments LLP

- FCA-regulated platform operator, investment manager, and pension operator and administrator
- Owns the True Potential Wealth Platform
- Owns impulseSave®, a first-of-its kind top-up technology for investments
- Launched a new auto enrolment solution for employers in 2014
- Owns the award-winning direct-to-consumer investment platform, True Potential Investor
- Offers an exclusive range of strategy funds from our partners Goldman Sachs, SEI, Close Brothers, 7IM, Allianz, Legal & General, and Schroders, as well as our own True Potential Wealth Strategy Funds

True Potential Wealth Management LLP & True Potential Associate Partners Ltd

- FCA-regulated advisory businesses
- Serves investment clients throughout the UK
- There are over 440 financial advisers across the two businesses

True Potential Adviser Services LLP

- Provides back-office, IT and compliance services to IFA firms
- Offers convenient and modern technology to help IFAs do business from anywhere in the world
- Close to 20% of all UK financial advisers use our business support services
- Named 'Best Support Service' at the 2012, 2013 and 2014 Money Marketing Awards
- Clients are regulated in their own right and responsible for their own compliance

Conclusion

When we launched our **Tackling the Savings Gap** campaign two years ago, our aim was to unveil the public's attitudes towards saving, the barriers that prevent millions from reaching their retirement ambitions and the solutions that can close the gap.

All of the evidence we have collected by speaking to more than 12,000 members of the public shows that the battle to close the Savings Gap must be fought on three fronts: better **financial education**; more **agile regulation**; and by harnessing the **power of technology**. If auto enrolment is built around these principles, the chances of success are even greater.

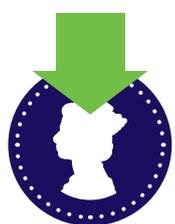
When auto enrolment was conceived a decade ago, it was hoped that it would address part of the savings crisis through regulation. As the following 10 years have proven, introducing a national scheme like this is not such an agile manoeuvre, but it will at least ensure that most employees in the UK are enrolled into some kind of pension.

Please do not be fooled though - that is not the end of the Savings Gap, for we are simply scratching the surface.

At its heart, the Savings Gap has grown out of a long-term cultural shift towards short-term, buy-now-pay-later complacency, fuelled by readily available and often high-cost credit. Rediscovering our nation's appetite for saving and thrift will not be solved by auto enrolment per se. People have to buy into it with their hearts and minds, and that means saving must become part of everyday life. If auto enrolment becomes a once-a-year, annual statement arrangement it will have fallen short of its potential. To succeed fully, it must become part of employees' daily lives. The good news is that by harnessing the power of technology, we can achieve that today.

At True Potential we believe that successful auto enrolment means **free set up** for businesses, **low cost charges** for employees, easy **integration** with existing payroll systems, **set up in days** not weeks or months, **automatic reminders** to give firms peace of mind; **employees in control** of their own goal and the **ability to top-up on impulse**.

That is auto enrolment the True Potential way. That is auto enrolment on auto pilot.

 <p>Free set up for businesses</p>	<p>Automatic reminders to give firms peace of mind</p> 	 <p>The ability to top-up on impulse</p>	<p>Employees can take control of their own goals</p> 
 <p>Set up in days, not weeks or months</p>		 <p>Easy integration with existing payroll systems</p>	 <p>Low charges for employees</p>

Switch to auto pilot right now.

To find out more about how True Potential Investor can help your business with auto enrolment, at no cost to you, please get in touch.

Call: 0191 242 4863

Email: autoenrolment@tpllp.com

Your capital is at risk. Investments can fluctuate in value and you may get back less than you invest.
Past performance is not a guide to future performance. Tax rules can change at any time.



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