

Glossary of terms

A glossary of the terms used in The People's Pension employer online sign-up process. Defined terms are shown in **bold**.



Term	Explanation
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A

Admin account This is the employer's account within The People's Pension and is used for day-to-day administration, including submitting **employee data** and paying money into the **Scheme**.

If there's more than one payroll being operated by the same employer (eg a weekly and monthly payroll), a separate admin account is needed for each. This ensures the correct **employee data** is entered for each separate payroll. This is used to differentiate your accounts in **Online Services**.

Admin account contact This is the person named as the account contact, as part of the registration and account set up process. They are usually responsible for submitting the **employee data** and day-to-day administration of the **admin account** and are our first point of contact for any queries.

Admin account number Each **admin account** has a unique account number. This must be included when submitting **employee data** and in any correspondence with The People's Pension. The **admin account** number can be found on the top right of **Online Services**, once logged in.

Agreement to bind This is a legal contract, in which the individual(s) authorised by the employer, confirms that the **principal employer** and any **participating employers** will be bound by and meet their duties under the provisions of the **Scheme Rules** and all relevant terms and obligations, as part of the online registration process.

Assessment Under automatic enrolment regulations, employers need to work out who they need to put into a pension scheme. On their staging date, employers must work out how much each of their employees earn and how old they are. This will identify what they need to do and is sometimes referred to as assessment.

Typically, the payroll system is best placed to carry out the assessment of employees on behalf of the employer.

Automated payment This is the method used to send pension contributions to The People's Pension. The amount and date of any payments will be authorised by the **admin account contact** on submission of the **employee data** within their **Online Services** account.

Payments are collected from the employer's bank account and are protected by the Direct Debit Guarantee.

C

Company name This is the full, legal name of the employer as registered with Companies House, or as it appears in the constituting document of that employer if it is not a registered company.

Company Registration Number This is the registration number of any company registered with Companies House. Employers not registered with Companies House should enter another relevant registration number.

D

Deferral date The employer can delay working out who they need to put into a pension scheme – this is known as **postponement**. The period of time the employer chooses to postpone for is known as the 'postponement period'. The last day of the postponement period is called the deferral date.

Direct from payroll This is the automated online process of submitting **employee data** from payroll software to The People's Pension. **Employee data** will usually be submitted by the **admin account** contact, or another party who has been granted access to the **admin account** eg business advisers (accountant, bookkeeper, payroll professional).
Admin account contacts should ensure they are familiar with the 'direct from payroll' process.

E

Earnings basis This describes which basis of the employee's earnings are used for calculating pension contributions – how much they pay into the pension scheme. There are typically three definitions:

Qualifying earnings – earnings between amounts that are set each tax year that have an upper and lower level. Contribution amounts are calculated from this pay only and not on anything above the upper level. It is made up of the following components of pay: salary, wages, commission, bonuses, overtime, statutory sick pay, statutory maternity pay, and ordinary or additional statutory paternity pay and statutory adoption pay.

Pensionable earnings – is the pay on which an employer bases their pension contributions and should include basic pay as a minimum.

Total earnings – includes salary, wages, commission, bonuses, overtime, statutory sick pay, statutory maternity pay, ordinary or additional statutory paternity pay and statutory adoption pay. Other pay components can be included and this list is not exhaustive.

For more information, take a look at The Pensions Regulator's website.

Earnings trigger This is the level of earnings from which an employee is assessed as a Type 1 employee – someone who must be put into a pension scheme.

Eligibility status Employees will fall into one of two categories:

Type 1 – employees who must be put into a pension scheme (eligible jobholders).

Any employees who are:

- aged between 22 up to State Pension Age (SPA); and earn over £10,000 per year, or £833 per month or £192 per week

Type 2 – employees who don't need to be put into a pension scheme (non-eligible jobholders and entitled workers)

Employees who fall outside the above age range and below the earning levels only need to be put into a pension scheme if they ask

Employee data This consists of employee details and pension contribution amounts.

Employee data can be transferred from an employer to The People's Pension by uploading a file, it can be added manually or transferred automatically via a payroll software provider (if your payroll software provider supports this).

Employee data will usually be submitted by the **admin account contact**, or another party who has been granted access to the **admin account** eg a business adviser (accountant, bookkeeper or payroll professional).

Enter data This is one of the ways **employee data** can be submitted online to The People's Pension. This process is available to all customers with less than 30 employees, when signing up to The People's Pension, who choose to manually enter their **employee data** rather than submit this using a file.

Employee data will usually be submitted by the **admin account contact**, or another party who has been granted access to the **admin account** eg a business adviser (accountant, bookkeeper or payroll professional).

The **admin account contacts** should ensure they are familiar with the file upload process. Take a look at the Resource library on The People's Pension website for more information.

F

File data requirements Our 'file data requirements' describe the exact format and content requirements of the file so that it can be submitted successfully to the employer's **admin account**.

File Upload This is one of the ways **employee data** can be submitted online to The People's Pension. A customer's file needs to contain details of the employees joining the **Scheme** (Type 1 – employees who must be put into a pension scheme and Type 2 – employees who don't need to be put into a pension scheme but can ask to join) and those already in the **Scheme** plus the amount of contributions to be paid.

The **employee data** will usually be uploaded to the **admin account** by the **admin account contact**, or another party who has been granted access to the **admin account** eg a business adviser (accountant, bookkeeper or payroll professional).

The **admin account contacts** should ensure they are familiar with the file upload process. Take a look at the Resource library on The People's Pension website for more information. The **admin account contacts** can run the system in training mode beforehand to familiarise themselves with the process of uploading **employee data**.

J

Joiner information All new members of The People's Pension receive joiner information. This contains information about the **Scheme** plus how much will be contributed each **pay period**, how they can ask to leave (opt out) and other member information.

The joiner information also provides login details for the member's online account, where they can check the value of their pension pot and manage their choice of investment funds.

O

Online Services Online Services is the web-based system where the day-to-day administration of the **admin account(s)** takes place. This includes submitting **employee data**, paying pension contributions to the **Scheme** and managing employees who have asked to leave (opted out).

P

Participating employer This is the term used for any subsidiary or associated company of a **principal employer**, participating in the **Scheme**. In the case of an employer with no subsidiaries or associated companies there is only the **principal employer**.

Pay frequency This is how often an employer pays their employees (eg weekly or monthly).

Pay period	<p>Under automatic enrolment rules, this is the period of time over which earnings are to be measured. For example, if an employee is paid weekly, the pay period would be one week and if they are paid monthly, the pay period would be one month. The minimum pay period is one week.</p> <p>To align with the pay frequency used to calculate PAYE and National Insurance contributions, the pay period can be a tax week, or a tax month.</p> <p>The following scenarios provide further guidance:</p> <ul style="list-style-type: none"> • Calendar-week payrolls <p>If employees are paid every Friday for work they completed that week, commencing Sunday and ending Saturday, their pay period will commence on Sunday. So, when the employee was paid on Friday, 6 November 2015, the pay period for that week's pay commenced on Sunday, 1 November 2015 and ended on Saturday, 7 November 2015.</p> <ul style="list-style-type: none"> • Calendar-fortnightly payrolls <p>If employees are paid every second Friday for work they completed that fortnight, commencing Sunday, their pay period will commence on Sunday and will end on the second Saturday thereafter. So, when the employee was paid on Friday, 6 November 2015, the pay period for that fortnight's pay commenced on Sunday, 25 October 2015 and ended on Saturday, 7 November 2015.</p> <ul style="list-style-type: none"> • Four-weekly payrolls <p>If employees are paid for work completed in respect of every four-week period, typically their pay date will occur during the first week of that four-week period. So, if the four-week period commenced on Monday, 5 October 2015, the pay date would be on Friday, 9 October 2015, and the pay period would have ended on Sunday, 1 November 2015.</p> <ul style="list-style-type: none"> • Calendar-month payrolls <p>If employees are paid on 26 October 2015 for work done during the calendar month of October, their pay period will be for the period starting on 1 October 2015 and ending on 31 October 2015.</p> <ul style="list-style-type: none"> • Tax-week payrolls <p>If employees are paid every Friday and their pay date was on Friday, 6 November 2015, since tax weeks run from Sunday to the following Saturday, the pay period would have commenced on Sunday, 1 November 2015 and would end on Saturday, 7 November 2015 (tax week 30).</p> <p>For more information take a look at The Pensions Regulator's website.</p> <ul style="list-style-type: none"> • Calendar-month payrolls – paying in arrears <p>If employees are paid on every last Friday of the month, in respect of work completed in the previous month, the pay period will commence on the start date of the current pay period. So, if an employee was paid on Friday, 30 October 2015, in respect of work done in September, the pay period would have commenced on 1 October 2015 and would have ended on 31 October 2015.</p>
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Payroll package This is the payroll software used to manage an employer's payroll.

Payroll software provider This is the name of the company providing the employer with their payroll software and payroll technical support.

Pension contribution level This is the basis of the contributions that will be paid to The People's Pension by the employer and, if applicable, the employee. This is usually expressed as a percentage (%) of the employee's earnings or a fixed amount (£).

Postponement An employer can postpone automatic enrolment for up to three months from certain dates. One of the times they can postpone is from their staging date. One of the main reasons an employer might decide to postpone is if they have temporary or short-term employees.

An employer can only postpone automatic enrolment from:

- their staging date
- an employee's first day of employment
- the date an employee first becomes eligible for automatic enrolment

Please note: postponement is not available under The People's Pension **Simply Comply** route.

Take a look at The Pensions Regulator's website for more detailed guidance.

Principal employer This is the term used for a single employer (company, charity, LLP.) registered via **Online Services** to participate in the **Scheme**. Where there are a number of employers being set up as part of the same group, (eg a 'parent' or 'holding' company with subsidiary or associated companies) the main employer must be registered first - this is the principal employer. All other employers in the group are **participating employers**.

S

Salary sacrifice/ salary exchange This is an arrangement employers may make available to employees, whereby the employee agrees to reduce their earnings by an amount equivalent to the employee's pension contributions.

In exchange for reducing the amount of earnings paid to employees, the employer then agrees to pay the total pension contributions on behalf of the employees, with any contributions due from the employer. Any **contributions** paid to the pension provider will therefore be paid by the employer only.

Using salary sacrifice/salary exchange results in the employee and employer paying less National Insurance contributions. Employers may decide to maximise the amount of pension contributions by adding the savings they make in lower employer National Insurance contributions to the total pension contribution amount they will pay.

Employers using salary sacrifice/salary exchange will need to ensure that, in doing so, they adhere to the requirements of HM Revenue & Customs (HMRC), The Pensions Regulator and employment law in general and take appropriate professional advice.

If contracts of employment need to be amended in order to facilitate salary sacrifice/salary exchange and an employer wishes to have the arrangement in place for the commencement of automatic enrolment, the employer should complete any changes to contracts of employment before their **staging date** as employees can ask to join the **Scheme** during the **postponement** period.

Take a look at The Pensions Regulator's website for more information.

Scheme This refers to The People's Pension which is a multi-employer, occupational pension scheme set up under Trust.

Scheme rules These are the legal documents by which The People's Pension is governed.

Set up This is the process of creating a new account for an employer with The People's Pension.

Simply Comply This is the fast track sign-up route to The People's Pension. If an employer has simple requirements and they'd like to comply with the legislation as quickly and with as little hassle as possible, they can choose the Simply Comply route with The People's Pension.

Simply Tailor If an employer is looking for a tailored pension scheme and they're confident dealing with the various flexibilities, they can choose the Simply Tailor route from The People's Pension.

Staging date The date an employer's automatic enrolment duties start. Find out your staging date on The Pensions Regulator's website.

T

Tax basis

Pension contributions attract tax relief. There are two ways this can be applied. This is called the 'tax basis'.

Employee contributions should be remitted to the **Scheme** using the relief at source arrangement. HMRC rules mean that one tax basis must normally be selected by an employer.

The People's Pension operate the 'relief at source' arrangement. This is when the employer deducts the pension contributions from the employee's net pay, after the employer has deducted PAYE tax, National Insurance, etc.

Employee contributions are sent to us after tax is taken. So for example, if you state 1%, the employee pays 0.8% and we reclaim 0.2% at the basic rate from HMRC.

Employees who are higher or additional rate taxpayers then need to reclaim any additional relief through their self-assessment tax returns.

More information is available from HMRC.

Trustee

The People's Pension Scheme is governed by a Trustee company, The People's Pension Trustee Limited, a wholly owned subsidiary of B&CE. However, the directors are independent from B&CE.

The Board currently comprises three independent non-executive directors. All representatives are experienced independent professional trustees.

The Trustee's duties include looking after the best interests of members.

W

Worker(s)

Workers are employees.

Worker group

A worker group is a group of employees who have the same pension contribution level.

We'll automatically set up a worker group based on the minimum contribution levels under automatic enrolment legislation, as part of the **Simply Comply** route.

At each **pay period** employers must ensure that at least a 1% employer contribution and a 0.8% employee contribution is made. An additional 0.2% contribution will be added to the employees' pension as tax relief. This is based on **qualifying earnings**.

It's possible to set up more worker groups, using different earnings bases and/or contribution rates, for other employees once the account has been completed. For example, a separate worker group could be set up for senior management staff contributing a higher percentage of their salary into their pension.

A minimum of one worker group must be included in every account and it should have a specific worker group ID and description to differentiate it from any other worker groups being used.
