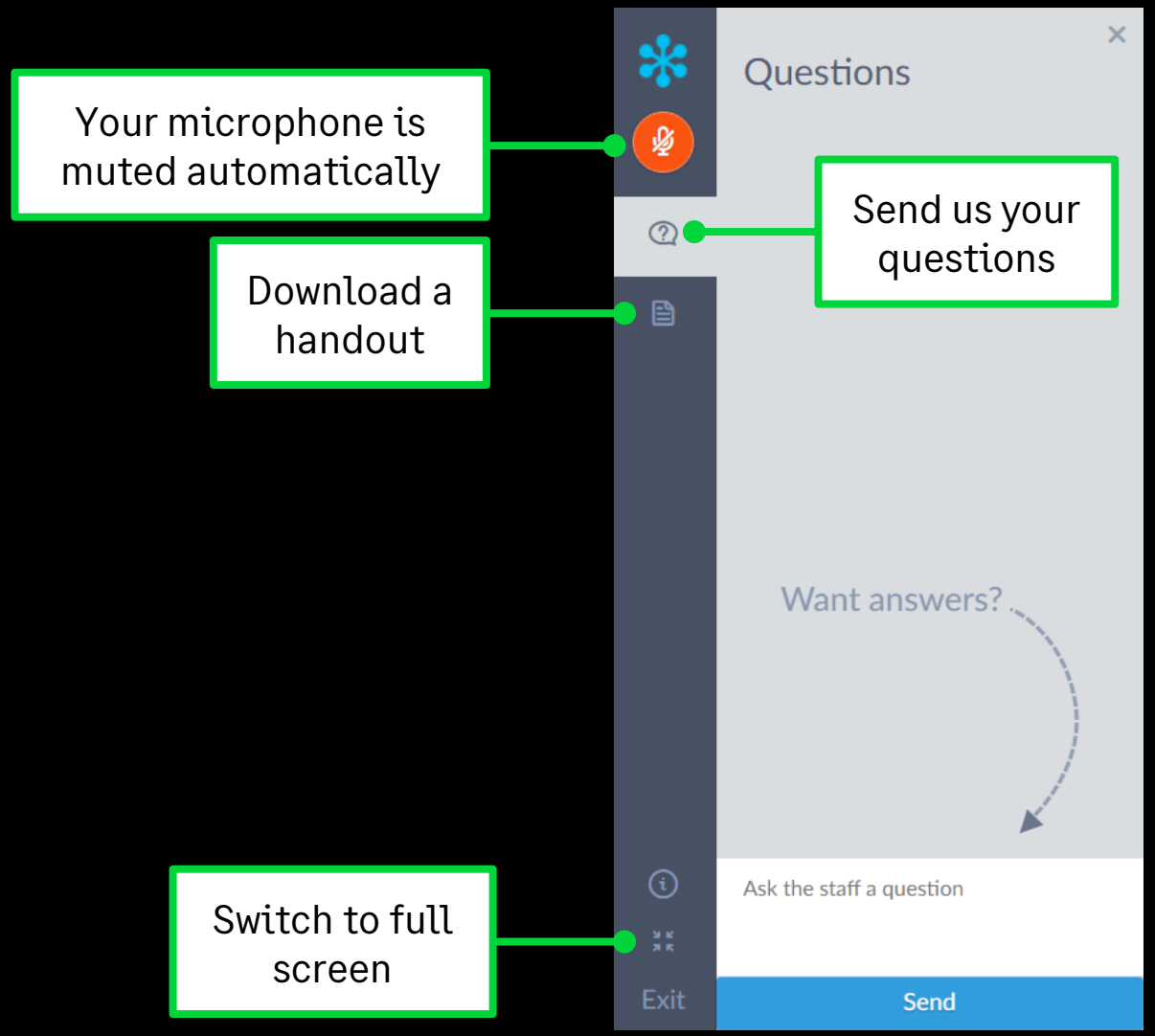
Sage 50cloud Payroll

Get To Know Pensions

Presented by Calvin Oldham

Sage

Housekeeping



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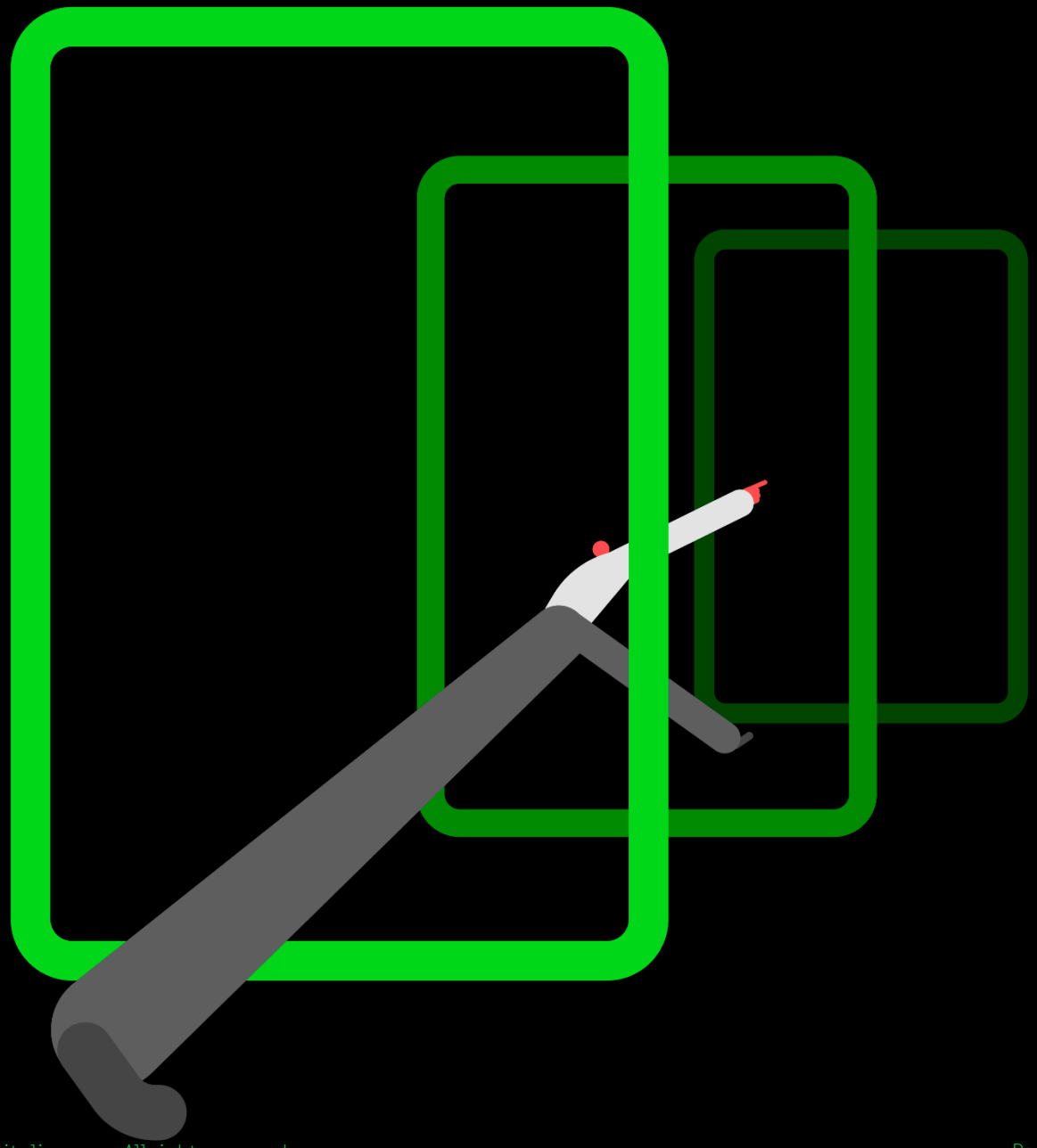
Setting up and assigning a pension scheme



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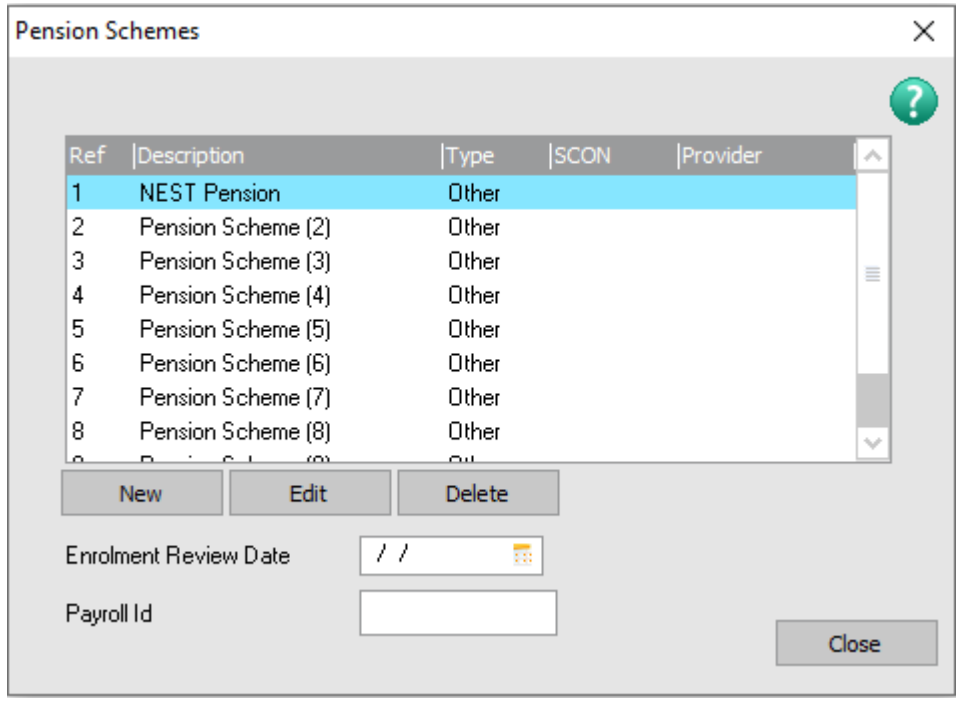
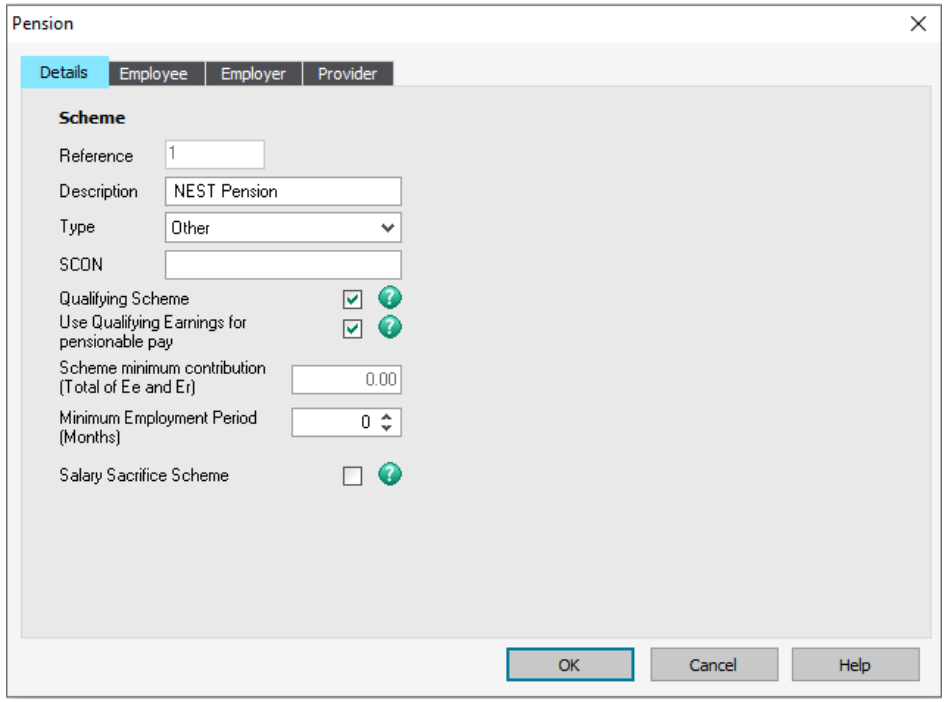
Setting up and assigning a pension scheme

Pension scheme settings

The settings of a pension scheme determine how the pension will be calculated.





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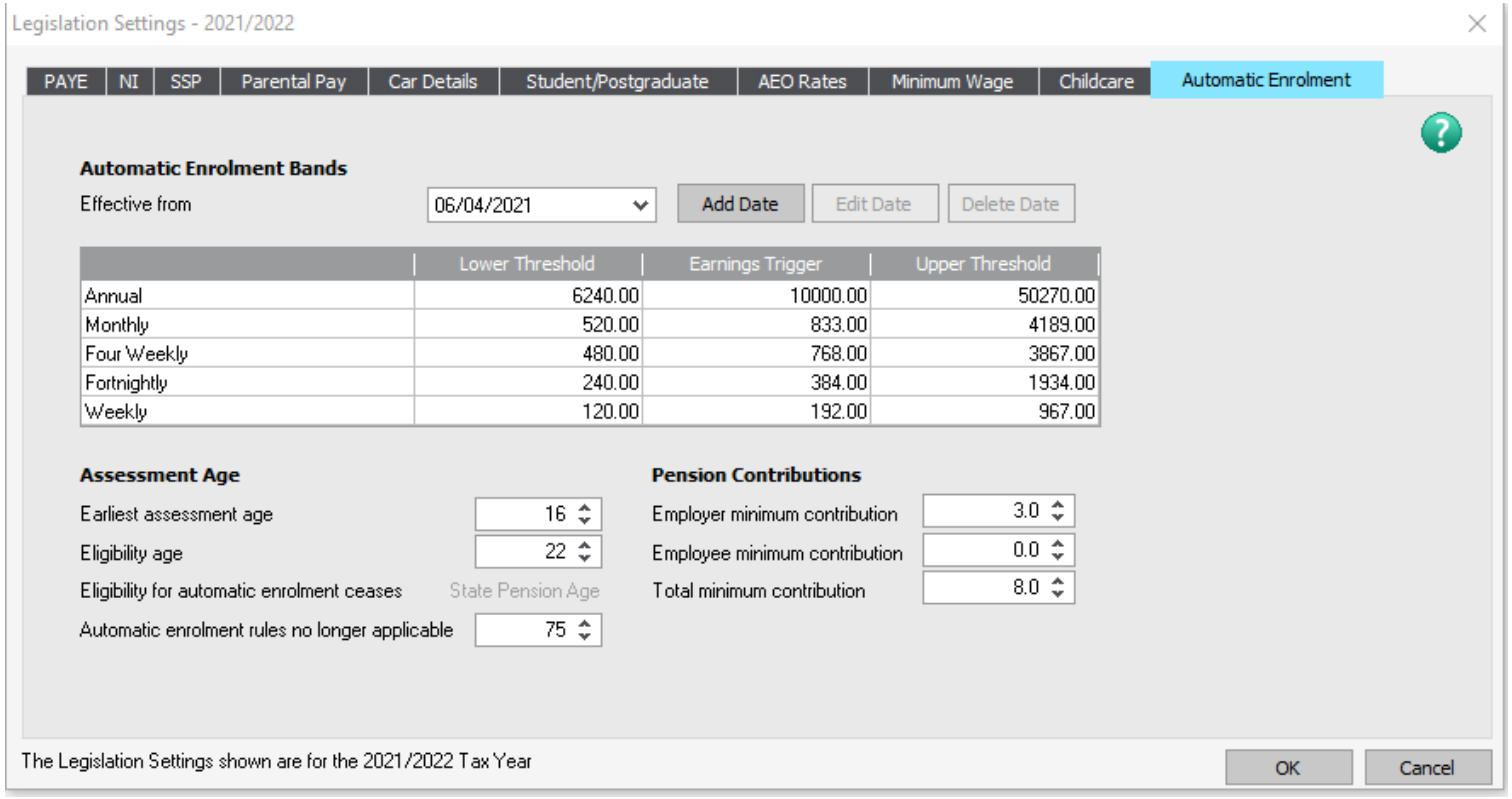
Setting up and assigning a pension scheme

Assigning the scheme to employees

- Assess your employees
- Determine if employees are Eligible, Non-Eligible or Entitled
- Eligible employees must be enrolled



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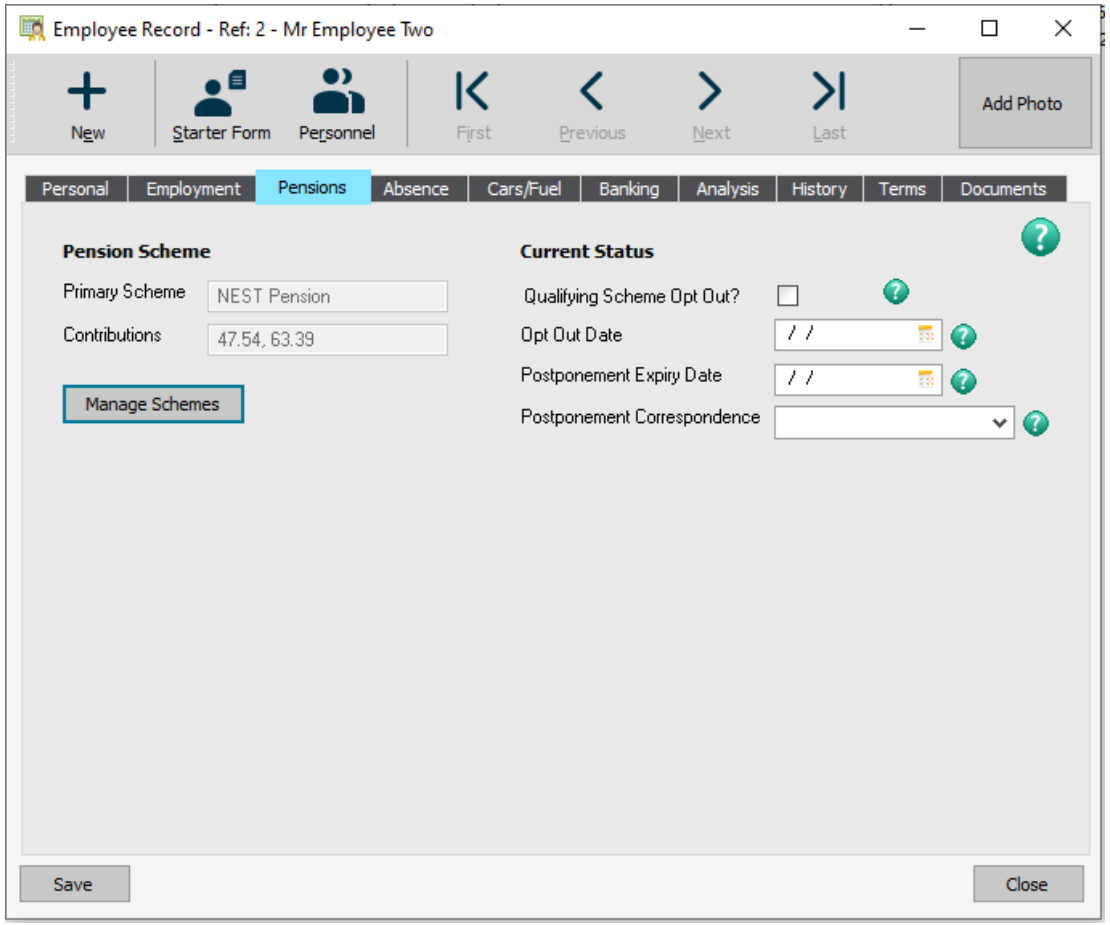
Setting up and assigning a pension scheme

Assigning the scheme to employees

- Pension assessment
- Manually



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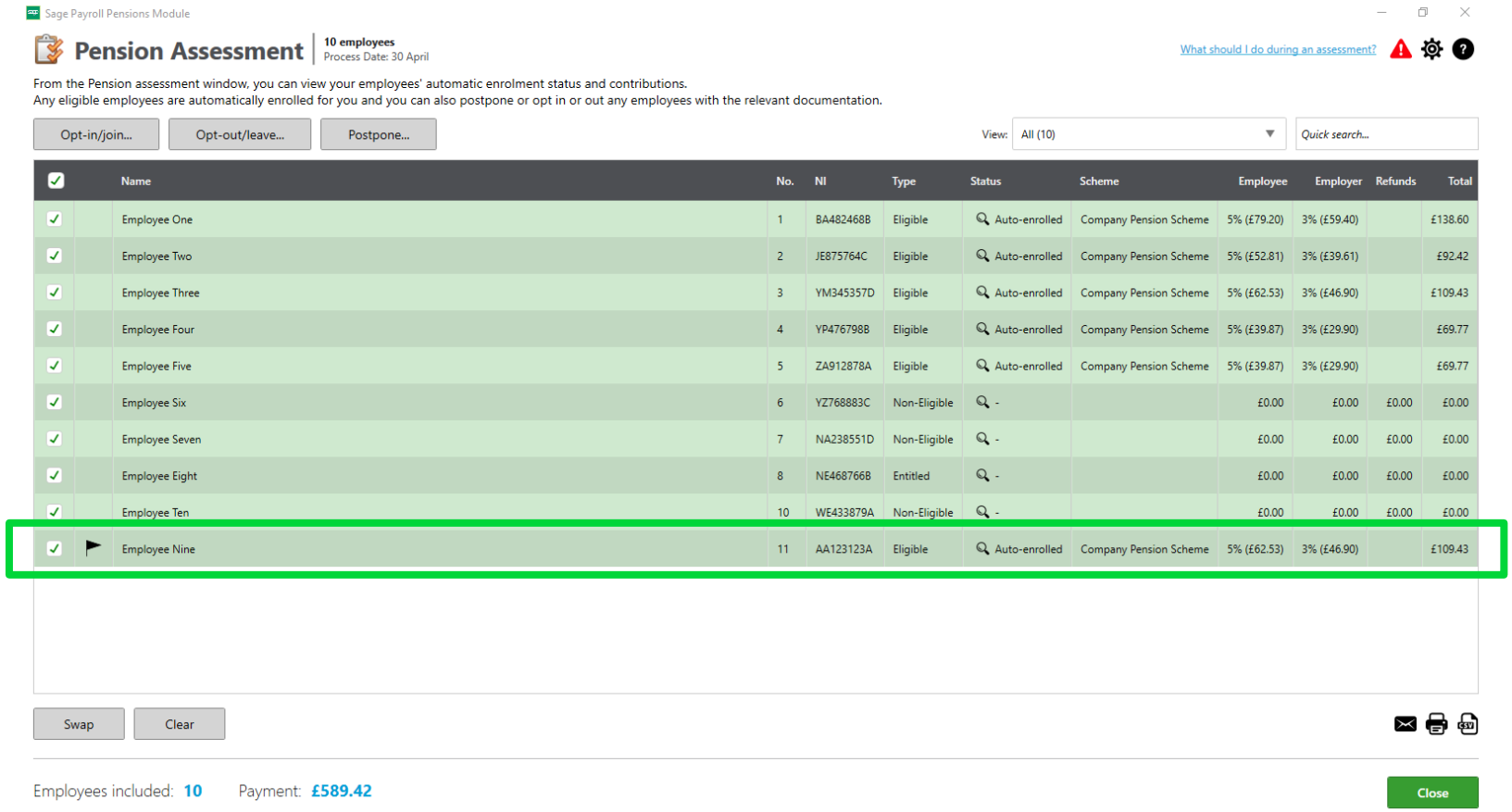
Setting up and assigning a pension scheme

Pension assessment



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Opt in / Opt out requests

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Opt in / Opt out requests

Opt in

Employees who are non-eligible or entitled can opt in to a pension scheme

- Non-eligible employees who opt in, the employer must contribute
- Entitled employees who opt in, the employer can choose to contribute

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Opt in / Opt out requests

Opt out

Employees who are Eligible and have been automatically enrolled can opt out of a pension scheme

- The employee must request this through the pension provider
- The pension provider will then inform you of the request

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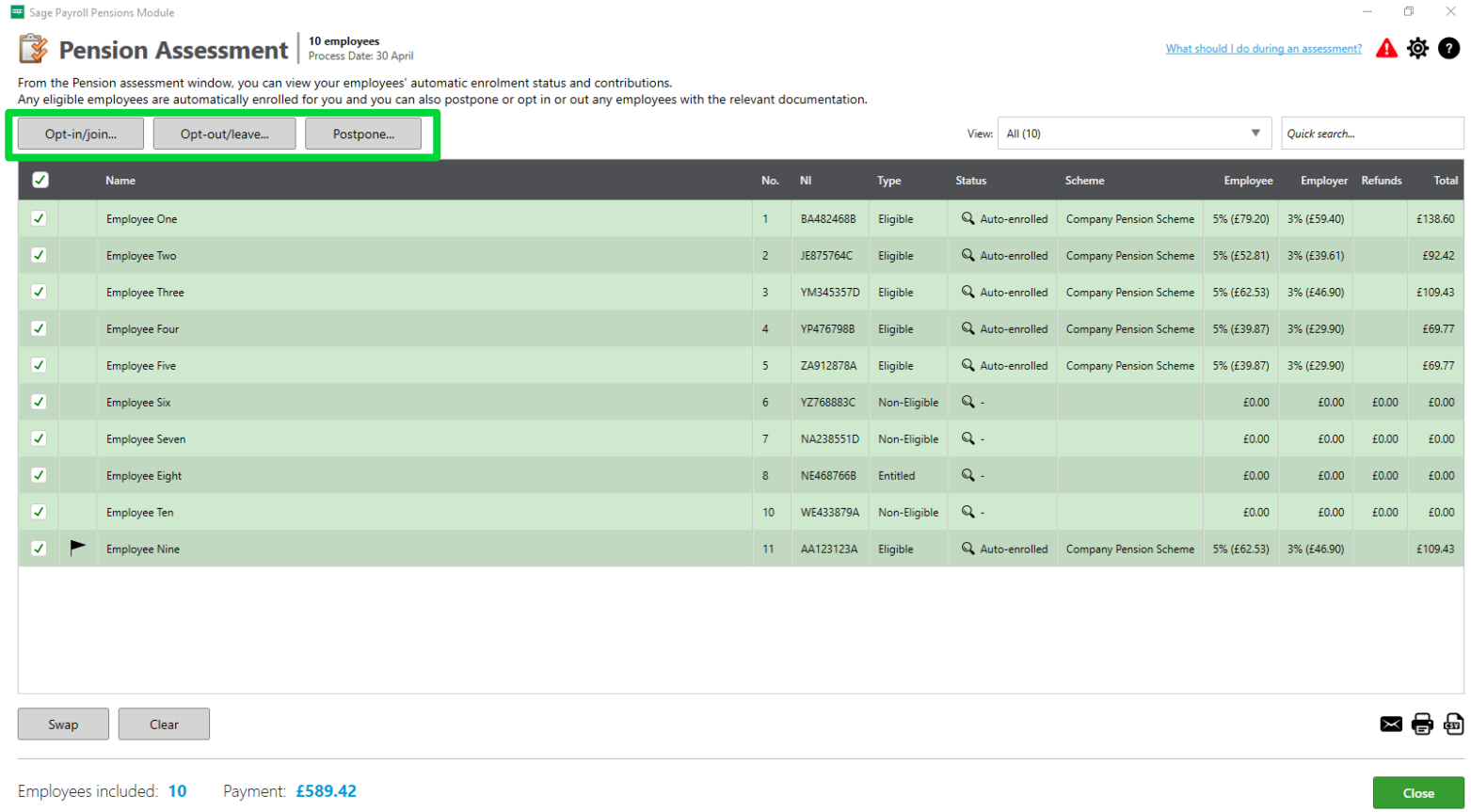
Opt in / Opt out requests

Pension assessment



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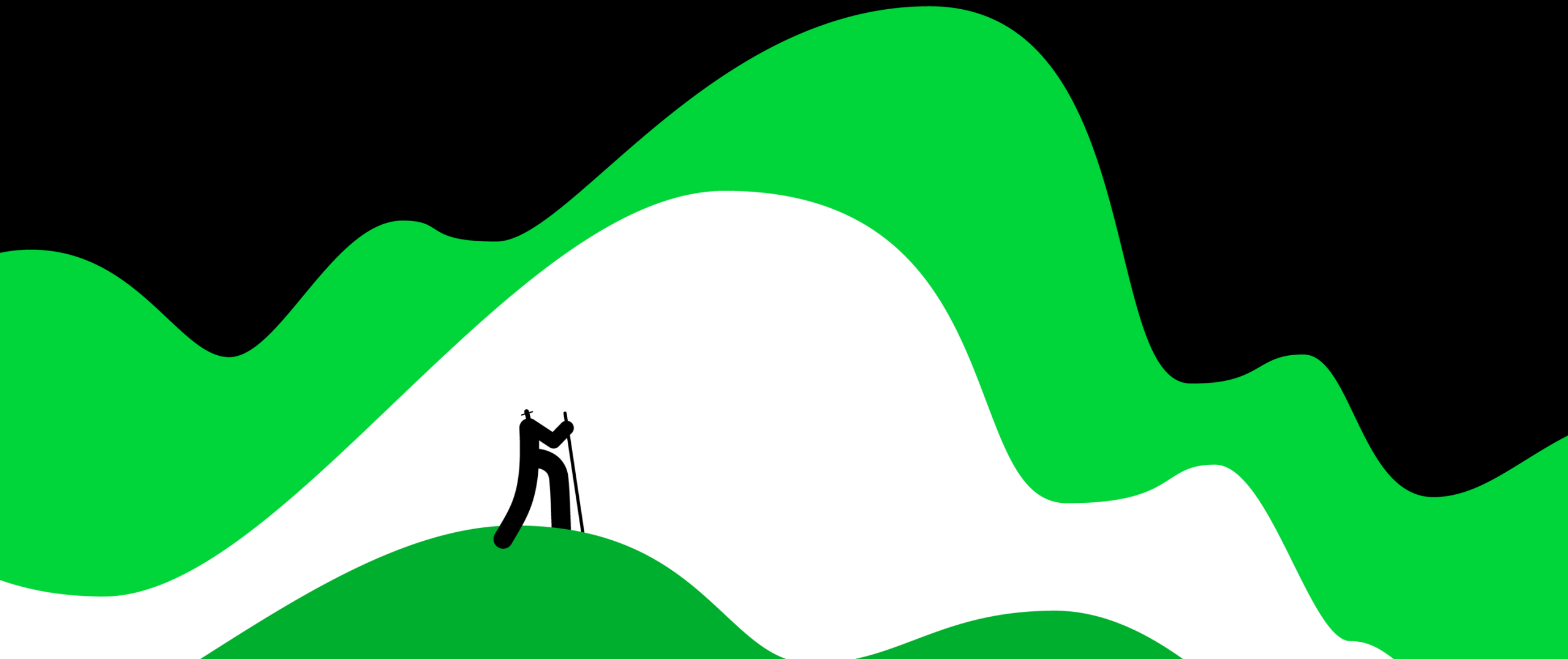
Calculations

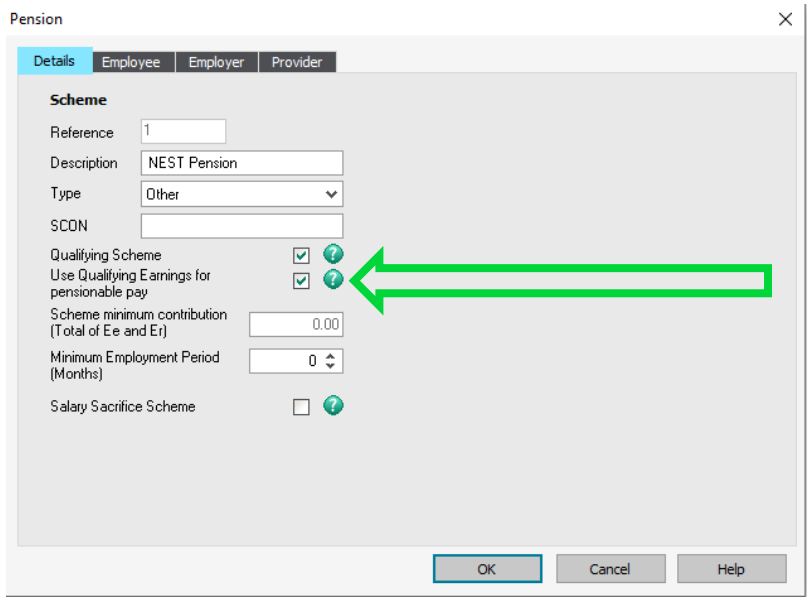


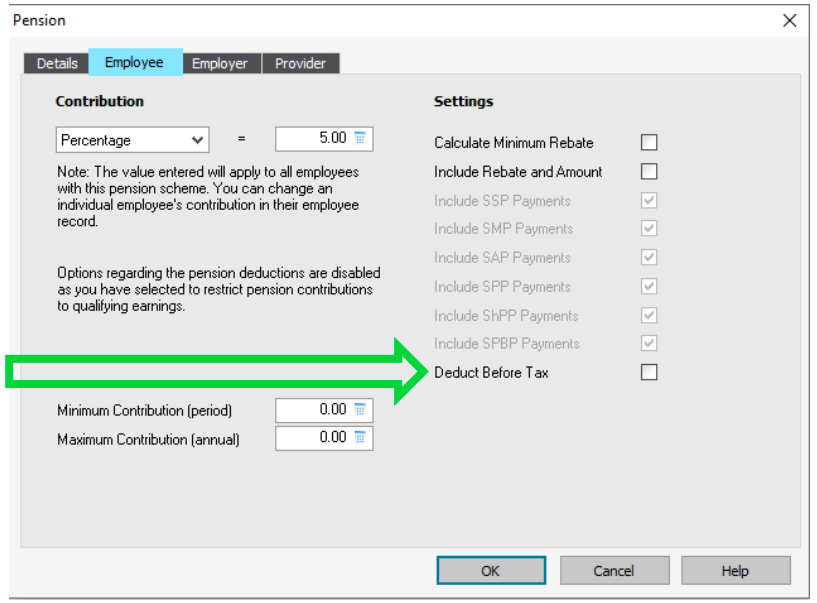
Calculations

- **Things to check before calculating**

✓ Does the scheme use qualifying earnings ?

✓ Is the scheme deducted before or after tax ?





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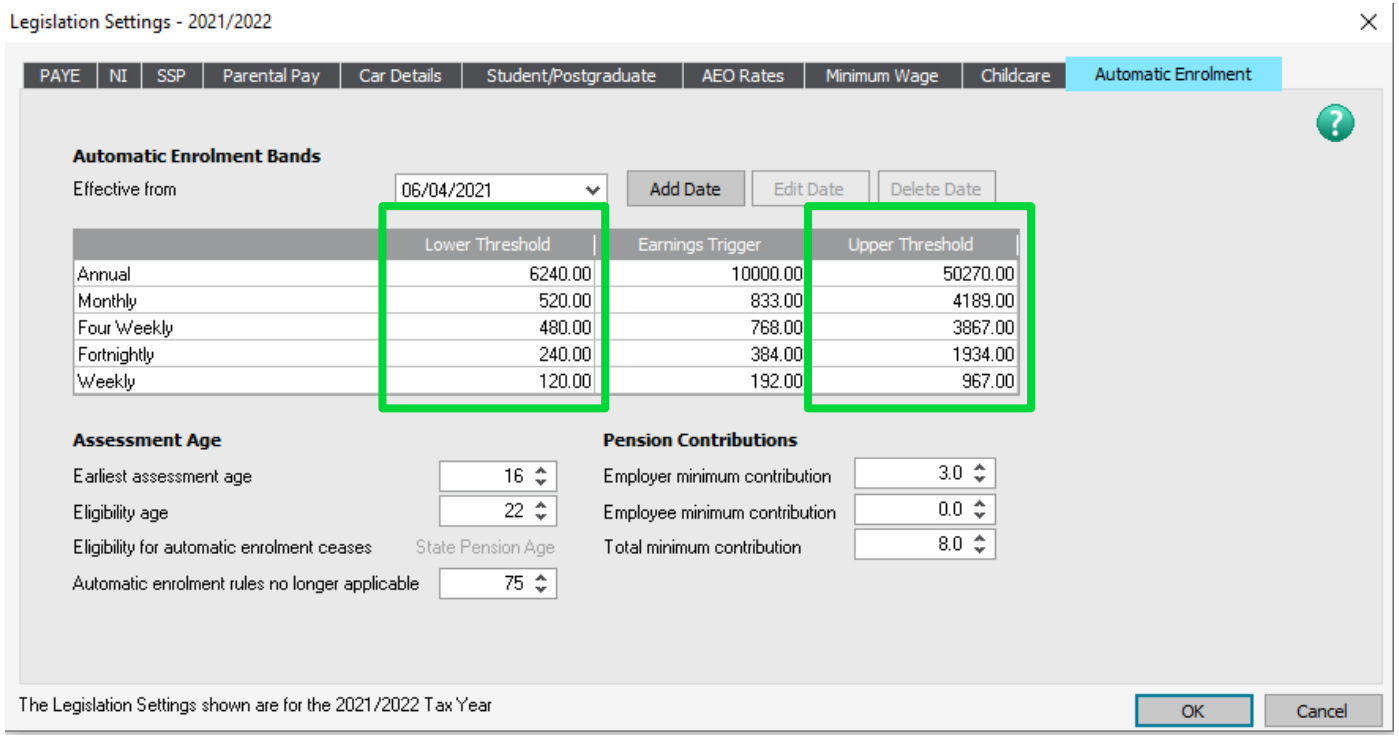
Calculations

- **Qualifying earnings**
- When a pension scheme uses qualifying earnings the pensionable pay is calculated using the upper and lower thresholds



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Calculations

- **Example calculation**
- Pension doesn't use qualifying earnings and is deducted before tax, employee contribution is 5% and employer is 3%
- Gross Pay = £2000

- £2000 is the pensionable earnings
- 5% of 2000 = £100 (employee contribution)
- 3% of 2000 = £60 (employer contribution)

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Calculations

- **Example calculation**
- Pension uses qualifying earnings and is deducted before tax, employee contribution is 5% and employer is 3%
- Gross Pay = £2000

- 2000 – 520 = £1480 (this is now the pensionable earnings)
- 5% of 1480 = £74 (employee contribution)
- 3% of 1480 = £44.40 (employer contribution)

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Calculations

- **Example calculation**
- Pension uses qualifying earnings and is deducted before tax, employee contribution is 5% and employer is 3%
- Gross Pay = £8000
- Because the gross pay is higher than the upper earnings threshold, anything over the threshold is **NOT** classed as pensionable pay,
- 4189 – 520 = £3669 (this is now the pensionable earnings)
- 5% of 3669 = £183.45 (employee contribution)
- 3% of 3669 = £110.07 (employer contribution)

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Calculations

- **Example calculation**
- Pension uses qualifying earnings and is deducted after tax, employee contribution is 5% and employer is 3%
- Gross Pay = £2000
- 2000 – 520 = £1480 (this is the pensionable earnings)
- 5% of 1480 = £74
- 74 – 20% = £59.2 (this is now the employee contribution)
- 3% of 1480 = £44.40 (employer contribution)

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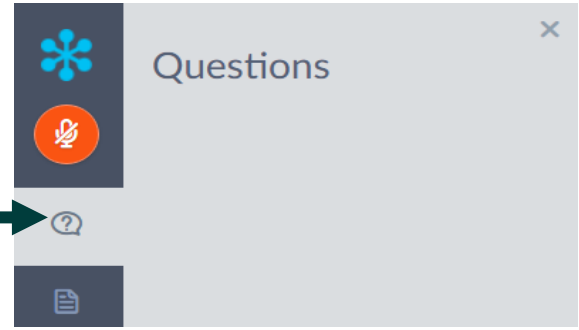
Calculations

- **Your turn**

To send your answers click this icon on the right hand side



- Pension uses qualifying earnings and is deducted before tax, employee contribution is 5% and employer is 3%. Employee is monthly.
- Gross Pay = £1500

Legislation Settings - 2021/2022

PAYE | NI | SSP | Parental Pay | Car Details | Student/Postgraduate | AEO Rates | Minimum Wage | Childcare | Automatic Enrolment

Automatic Enrolment Bands

Effective from 06/04/2021 Add Date Edit Date Delete Date

	Lower Threshold	Earnings Trigger	Upper Threshold
Annual	6240.00	10000.00	50270.00
Monthly	520.00	833.00	4189.00
Four Weekly	480.00	768.00	3867.00
Fortnightly	240.00	384.00	1934.00
Weekly	120.00	192.00	967.00

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Calculations

- **Answer**

- Employee contribution = £49

- Employer contribution = £29.40

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Further support.

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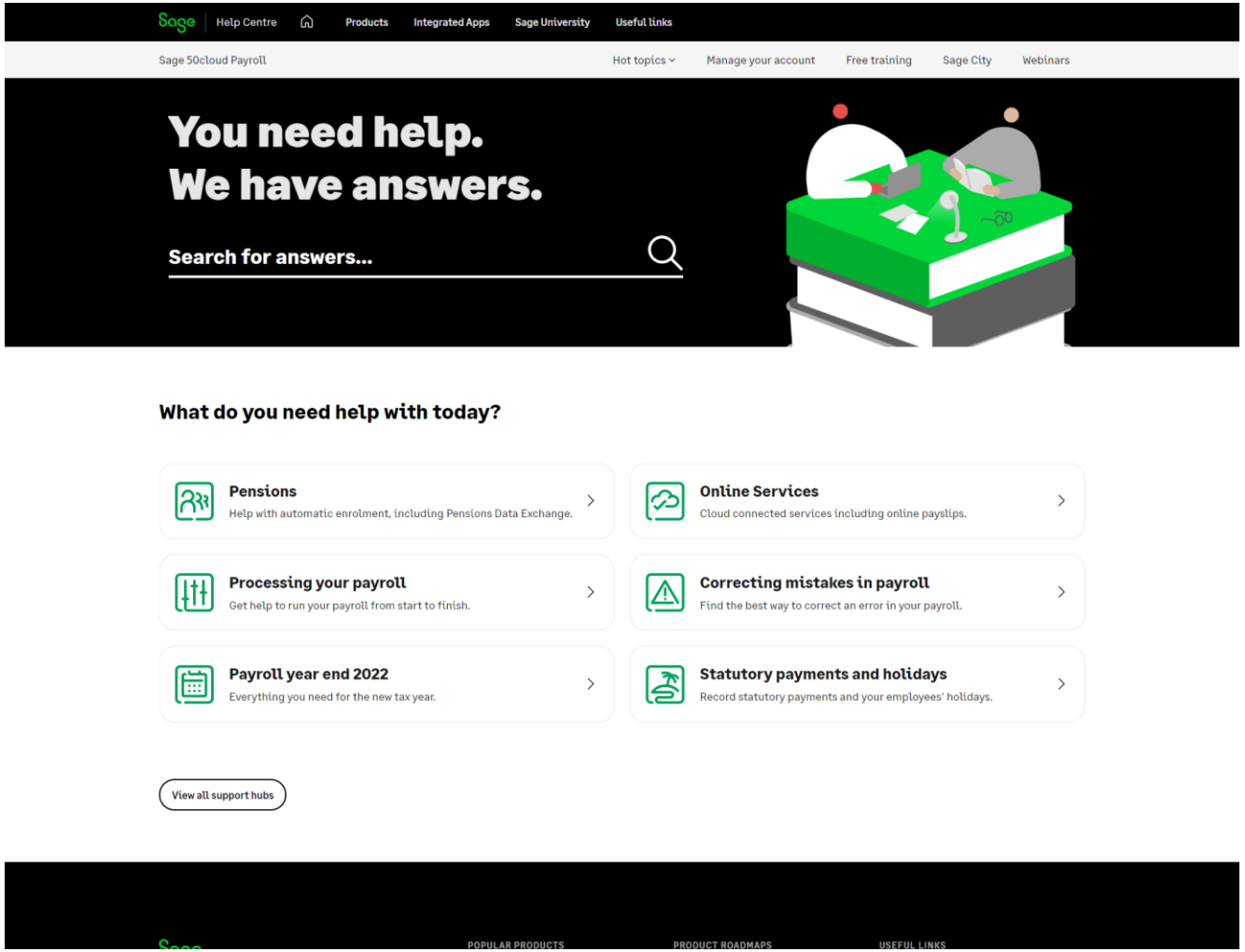

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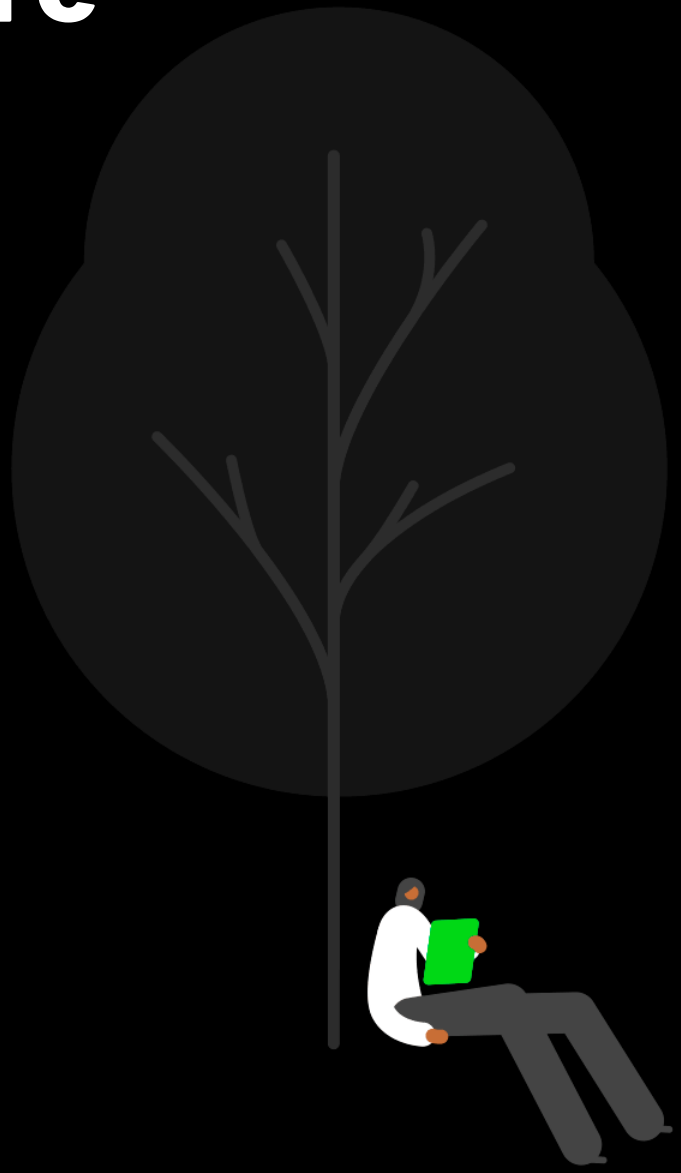

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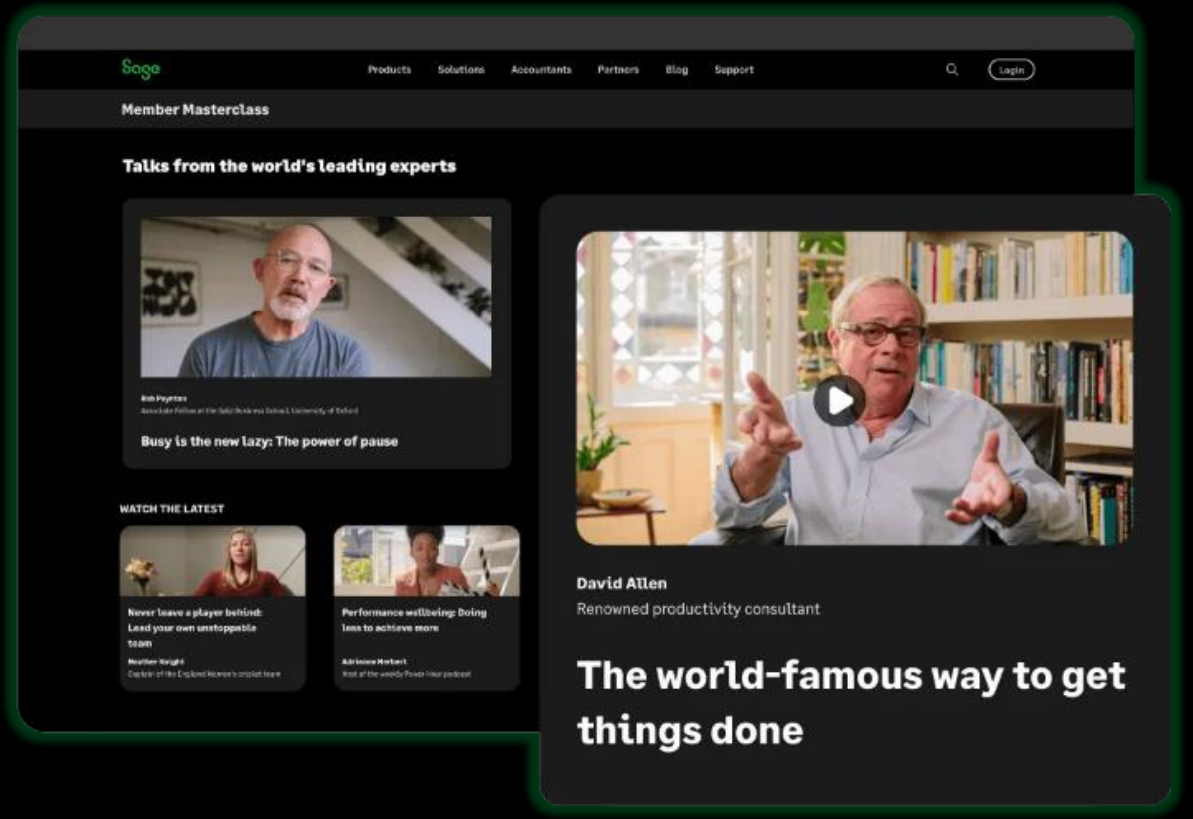

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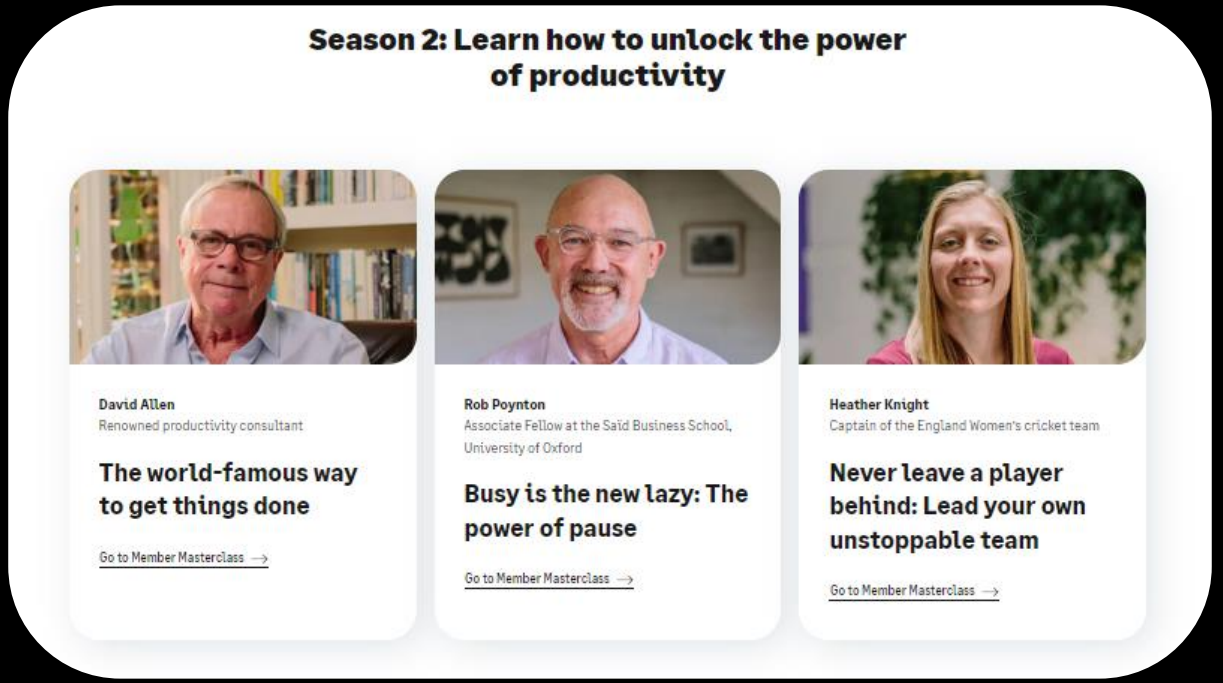
Each season includes a keynote talk, plus new talks published each week alongside short articles providing a range of insights, advice and inspiration. Talks are around 15 minutes long and bitesize articles are only a 5-minute read.



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Questions

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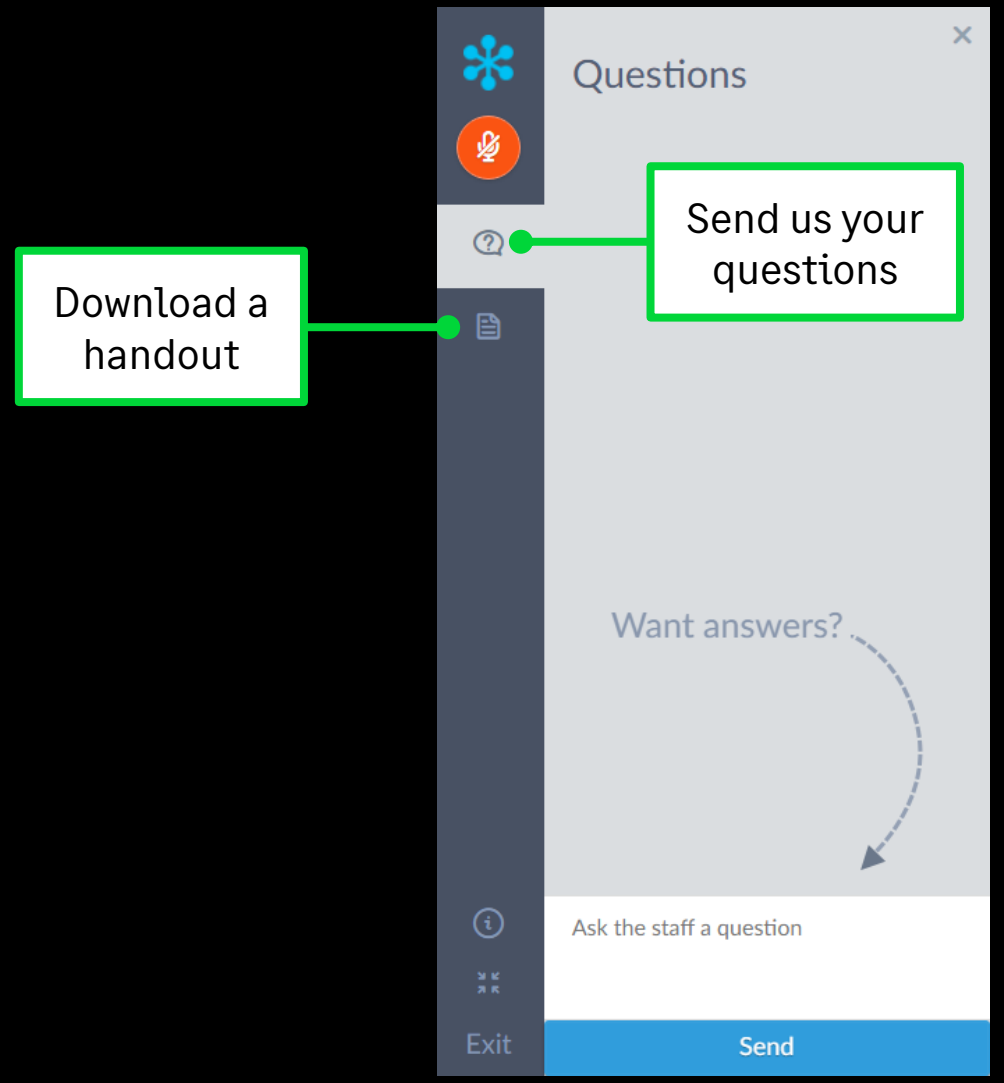

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