



# Intermediaries' awareness, understanding and activity in relation to automatic enrolment

## Autumn 2014



A report for: **The Pensions Regulator**

Presented by: GfK NOP

March 2015



The Pensions  
Regulator

Contents

- 1 Executive summary..... 4
  - 1.1 Introduction ..... 4
  - 1.2 Overview of findings ..... 4
    - 1.2.1 Awareness and understanding of automatic enrolment ..... 4
    - 1.2.2 Knowledge of more detailed aspects of automatic enrolment ..... 5
    - 1.2.3 Awareness of clients’ staging dates..... 6
    - 1.2.4 Sources of information on automatic enrolment..... 6
    - 1.2.5 Knowledge of the regulator and use of its website as an information source .. 7
    - 1.2.6 Current and expected provision of assistance to clients ..... 7
    - 1.2.7 Level of service being provided or likely to be provided by intermediaries who plan to be engaged in automatic enrolment ..... 8
    - 1.2.8 Main challenges in helping clients/employers meet deadlines ..... 8
- 2 Background to this research ..... 9
  - 2.1 Background to automatic enrolment ..... 9
    - 2.1.1 Communicating reforms to employers .....10
    - 2.1.2 Communication with intermediaries’ professional bodies and trade organisations .....10
    - 2.1.3 Advertising campaign .....11
  - 2.2 Research objectives .....12
  - 2.3 Survey methodology.....12
    - 2.3.1 Methodology and sample .....12
    - 2.3.2 Eligibility criteria and sample source.....14
    - 2.3.3 Presentation of data .....15
    - 2.3.4 Statistically significant differences .....15
    - 2.3.5 Technical Report .....16
- 3 Financial advisers ..... 17
  - 3.1 Key findings among financial advisers.....17
    - 3.1.1 Awareness and understanding of reforms .....17
    - 3.1.2 Knowledge of more detailed aspects of automatic enrolment .....19
    - 3.1.3 Awareness of clients’ staging date .....23
    - 3.1.4 Sources of information .....23
    - 3.1.5 Knowledge of the regulator and use of its website as an information source .24
    - 3.1.6 Current and expected provision of help for clients .....24
    - 3.1.7 Levels of service being provided or likely to be provided .....25
    - 3.1.8 Main challenges in helping clients/employers meet deadlines .....27
- 4 Business advisers ..... 28
  - 4.1 Key findings among payroll administrators and HR professionals .....28
    - 4.1.1 Awareness and understanding of reforms .....29
    - 4.1.2 Knowledge of more detailed aspects of automatic enrolment.....32
    - 4.1.3 Awareness of clients’ staging date .....36
    - 4.1.4 Sources of information .....36
    - 4.1.5 Knowledge of the regulator and use of its website as an information source .37
    - 4.1.6 Current and expected provision of help for clients .....38
    - 4.1.7 Levels of service being provided or likely to be provided .....40
    - 4.1.8 Main challenges in helping clients/employers meet deadlines .....42
  - 4.2 Key findings among small/micro business advisers .....43
    - 4.2.1 Awareness and understanding of reforms .....43
    - 4.2.2 Knowledge of more detailed aspects of automatic enrolment .....47
    - 4.2.3 Awareness of clients’ staging date .....52
    - 4.2.4 Sources of information .....52
    - 4.2.5 Knowledge of the regulator and use of its website as an information source .53
    - 4.2.6 Current and expected provision of help for clients .....54

4.2.7	Levels of service being provided or likely to be provided .....	56
4.2.8	Main challenges in helping clients/employers meet deadlines .....	59

# 1 Executive summary

## 1.1 Introduction

This research was carried out by GfK on behalf of The Pensions Regulator (the regulator). It follows a series of previous biannual survey waves conducted since 2011.

This report summarises the results from the survey conducted in autumn 2014, highlighting differences by intermediary type, and referring to the previous survey waves where comparisons are relevant.

As with the previous waves, the research comprised a telephone survey of intermediaries operating in the UK, with 575 interviews conducted in total.

Five different intermediary types were included in the survey. Interviews were conducted with those groups providing or planning to provide advice to external organisations about the automatic enrolment process, namely independent financial advisers (IFAs), human resources (HR) professionals, payroll administrators, accountants and bookkeepers.

Given the small sample size for HR professionals in the survey (27), survey findings for these are expressed as numbers of the total as opposed to percentages.

This report is accompanied by a Technical Report, also prepared by GfK, which details the responses to all of the questions asked during the survey, broken down by intermediary type.

## 1.2 Overview of findings

### 1.2.1 Awareness and understanding of automatic enrolment

There was an almost universal level of awareness<sup>1</sup> of the reforms among intermediaries, ranging from 95% among accountants to 100% among payroll administrators.

---

<sup>1</sup> The regulator classes intermediaries as having awareness of the workplace pension reforms if they have sufficient knowledge to know what the main requirements and implications are for them when prompted, namely they know all of: employers will have to automatically enrol UK workers; employers will have to provide a pension scheme for automatic enrolment; and, employers will have to contribute to their employees' pensions.

Most intermediaries also understood<sup>2</sup> the key elements of the reforms, with IFAs (96%) and payroll administrators (95%) having the greatest level of understanding, while bookkeepers (70%) and accountants (77%) continued to have the lowest.

Most intermediaries were aware that an employer would need to complete a declaration of compliance (registration<sup>3</sup>) with the appropriate government body, ranging from 77% of bookkeepers up to 98% of IFAs. Of those that knew of this duty, half of accountants (55%) and bookkeepers (51%) and nine in ten IFAs (90%) were aware they needed to complete this with the regulator. This represents an increase of awareness among accountants from Spring 2014 but no change among bookkeepers and IFAs.

### **1.2.2 Knowledge of more detailed aspects of automatic enrolment**

When asked about the more detailed aspects of automatic enrolment which advisers are likely to deal with, including eligibility criteria, communications requirements and other important aspects relating to advisers' tasks and activities with respect to automatic enrolment, *financial* advisers continued to display high levels of awareness. This was especially when compared with *business* advisers (ie, those who provide employers with a range of business services, including automatic enrolment, such as payroll administrators, HR professionals, accountants and bookkeepers).

The aspects that most intermediaries were aware of included the need to identify eligible workers and the need for employers to keep records of their workers.

The majority of intermediaries were able to identify correctly four types of information which employers need to provide to their staff in writing, ranging from 80% among IFAs to 67% among accountants. These types of information were:

- That the worker has been automatically enrolled

---

<sup>2</sup> The regulator classes intermediaries as understanding how to discharge their duties if they know enough about their legal requirement to proceed to plan for, and take action towards, compliance. Specifically, understanding is defined as an employer knowing all of the three elements of the awareness definition (as set above) plus knowing two additional features when prompted. Therefore an employer is classed as having understanding if they know all of the following: employers will have to automatically enrol UK workers; employers will have to provide a pension scheme for automatic enrolment; employers will have to contribute to their employees' pensions; employers will have to complete a declaration of compliance (registration) with the appropriate government body to confirm they have met their duties; and, employers will need to communicate to UK workers on an individual basis.

<sup>3</sup> In June 2014, the term 'registration' was renamed as a 'declaration of compliance' following research the regulator carried out with smaller employers which indicated that the latter term was clearer to them..

- That the employer has postponed automatic enrolment
- That the worker is already a member of the employer's pension scheme
- That the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme

The aspects that most intermediaries continued to have lower awareness of were the types of workers and earnings that need to be assessed for automatic enrolment.

Most intermediaries were aware that permanent and part-time staff needed to be automatically enrolled when example scenarios were read out to them. However, there was a significantly lower level of awareness of whether workers not on standard, permanent contracts needed to be automatically enrolled, for example freelance consultant on a fixed term contract.

Whilst IFAs, payroll administrators and HR professionals were mostly aware of the need to identify 'entitled workers', just over half of accountants and bookkeepers were aware of this requirement.

### **1.2.3 Awareness of clients' staging dates**

Payroll administrators were more likely to be aware of all or most of their clients' staging dates (61%) than other intermediaries. However, a significant proportion of small/micro business advisers were unaware of any of their clients' staging dates, especially accountants (18%) and bookkeepers (25%).

### **1.2.4 Sources of information on automatic enrolment**

Intermediaries continued to find out about automatic enrolment from a wide range of sources, with TV and press advertising remaining the key sources of information.

The internet was an important source of information for all intermediaries, ranging from 34% for accountants to 54% for bookkeepers. Software providers were also key for payroll administrators (18%).

A significant proportion of intermediaries had visited trade body websites to find out information about automatic enrolment, ranging from 32% among IFAs to 16% among accountants and 19% among bookkeepers.

When asked, most claimed to have seen or heard the recent advertising relating to automatic enrolment, mainly on the television.

Only a minority claimed to have seen the press advertising featuring various coloured sticky notes or to have heard the radio campaign. Of those who claimed to have seen this advertising, the majority saw it in the press, rather than online.

### **1.2.5 Knowledge of the regulator and use of its website as an information source**

In line with Spring 2014, nearly all IFAs knew at least 'a little' about the regulator. Awareness of the regulator increased among accountants (up by 12 percentage points to 81%) and bookkeepers (up by 15 percentage points to 80%).

Use of the regulator's website as an information source on automatic enrolment remained higher among payroll administrators (93%) and IFAs (85%) than among accountants and bookkeepers (56% and 57% respectively). Among those who had consulted the website, most rated it as useful.

### **1.2.6 Current and expected provision of assistance to clients**

The frequency of contact with clients varied across the different intermediary types, with nine in ten payroll administrators saying that they have at least monthly contact with clients (91%) compared to four in ten IFAs claiming to have that level of contact (38%).

Most intermediaries continued to see themselves playing a role in automatic enrolment, with levels of planned involvement increasing compared to those seen in Spring 2014.

IFAs and accountants were more likely to be already helping clients than in Spring 2014. IFAs and payroll administrators were more likely to be already helping clients, compared to accountants and bookkeepers, whose clients tended to be the furthest away from staging. Around eight in ten IFAs (77%) and seven in ten payroll administrators (69%) said that they were already helping their clients.

Over two thirds (70%) of bookkeepers were already helping clients or planned to help clients, a significant increase on the proportion in Spring 2014 (55%).

The proportion of accountants already helping clients rose from 22% in Spring 2014 to 35%, with a further third (33%) planning to help their clients.

Among those not already engaged in helping their clients or employers, the majority were either planning to do so or expected to have some involvement in automatic enrolment. The majority of intermediaries reported that they intended to offer their services to all of their clients.

### **1.2.7 Level of service being provided or likely to be provided by intermediaries who plan to be engaged in automatic enrolment**

IFAs were most likely to report that they would either act on behalf of their clients or provide technical advice (84%), as opposed to making their clients aware only (6%).

SpringHalf of small/micro business advisers said they would either act on behalf of their clients or provide technical advice (53% of accountants and 52% of bookkeepers). A further third approximately of both accountants (38%) and bookkeepers (35%) said they intended to make their clients aware of the reforms. Qualitative research carried out by the regulator indicates that this will involve making their clients aware of all of the different stages involved in meeting their duties.

Among the activities already undertaken, finding out clients' staging dates and explaining how the legislation applied to their clients were prevalent across all types. These also featured highly on the list of services that intermediaries planned to offer.

Services which intermediaries were less likely to offer included choosing and reviewing pension schemes and choosing or configuring software for clients.

### **1.2.8 Main challenges in helping clients/employers meet deadlines**

The main perceived challenges in helping their clients comply with automatic enrolment among almost all intermediaries, continued to be a lack of understanding, cost and a lack of time.

However, a significant number of intermediaries also mentioned that there remains a perception among their clients that the reforms were not relevant to their business and therefore they did not need to participate.



## **2 Background to this research**

This research was carried out by GfK on behalf of The Pensions Regulator (the regulator). It follows a series of previous biannual survey waves conducted since 2011.

### **2.1 Background to automatic enrolment**

The workplace pension reforms are set out in the Pensions Act 2008 and were introduced in October 2012, with large employers being subject to the duties (ie had their staging date) first. Large employers staged between October 2012 and February 2014, medium employers between April 2014 and April 2015 and small/micro employers will stage from June 2015. Large employers are those with 250 or more employees; medium: 50 to 249 employees; small: 5 to 49 employees; micro: 1 to 4 employees.

Under the reforms, employers are required to automatically enrol certain members of their workforce (eligible jobholders, who are aged between 22 and State Pension age, working or ordinarily working in the UK and earning more than £10,000<sup>4</sup> per annum) into a qualifying workplace pension scheme, unless the worker is already a member of a qualifying pension scheme. Eligible jobholders can, however, choose to opt out of pension scheme membership. Depending on their level of earnings and age, other members of an employer's workforce will be able to choose to join or opt in to a pension scheme and, if they do, the employer is required to enrol them into a workplace pension scheme<sup>5</sup>. The type of pension scheme into which they must be enrolled depends upon the status of the worker.

Employers may choose to enrol eligible jobholders into an existing pension scheme provided it meets or exceeds the minimum requirements set out in the reforms.

Alternatively, employers can set up a new scheme which meets these requirements or amend their existing pension arrangements to meet or exceed the minimum requirements set out in the reforms.

---

<sup>4</sup> This amount is in 2013 / 14 terms and will be reviewed annually.

<sup>5</sup> Where 'pension scheme' is referred to in this report this always relates to a workplace pension scheme unless otherwise stated.

Employers must also complete a declaration of compliance (registration) with the regulator to say they have complied with their duties.

### **2.1.1 Communicating reforms to employers**

The regulator supports employer compliance by prompting them to achieve specific milestones during their preparations and by raising awareness and understanding of their responsibilities, through direct and indirect engagement. It does this via multiple channels and adapts its communication activities to make it as easy as possible for employers to understand how to comply with their duties.

In alignment with the Government's 'digital by default' strategy, the regulator's primary communications channel is its website. It contains focused areas dedicated to employers, intermediaries, pensions professionals, trustees and individuals to help employers comply with their obligations. It provides information and web tools to address all main activities required, including informing when the new duties come into force for an employer ('staging date tool'), supporting their planning ('online planning tool'), how to select a pension scheme and declaring their compliance through the online portal. It also provides detailed guidance.

The regulator sends letters to employers to ensure they are aware of what they need to do, and by when to comply with their duties. As well as key communications via post, employers receive a number of regular email communications highlighting key activities during their compliance journey, with signposting given to the regulator's website. First contact with employers is made at least 12 months prior to their staging date.

The intermediary groups which the regulator has liaised with during 2014-2015 includes pension and payroll providers, EBCs, IFAs, payroll bureaux (which are the advisers most commonly used by medium-sized employers) and business advisers, namely accountants and bookkeepers.

### **2.1.2 Communication with intermediaries' professional bodies and trade organisations**

To help ensure that employers receive well-informed and comprehensive advice as well as appropriate products, the regulator works with the external adviser market to improve knowledge and understanding around the requirements on employers.

A key focus of the regulator's approach to increasing awareness and understanding among intermediaries over the last year has been to work with the professional bodies and trade associations that represent them. In particular, the regulator has been working closely with member organisations across the financial sector, including those representing accountants, bookkeepers, IFAs and payroll professionals. These have been identified as being trusted sources of information for their members.

The regulator has been engaging directly with these organisations to identify opportunities to communicate to their members via their own channels, and to encourage them to play an active role in ensuring their members have information about the reforms and understand the role intermediaries may play in supporting their employer clients. This has resulted in a number of professional bodies and trade associations within these sectors holding events, roadshows and online presentations, developing web content, producing articles for their member newsletters and magazines, and developing bespoke learning materials for their members.

In addition, the regulator has been building up the level of direct engagement with major providers and advisers who offer automatic enrolment related products and services (including pensions providers and administrators, payroll software providers and distributors, employee benefit consultants and IFAs). This has entailed numerous face-to-face discussions to date, as well as providing supporting webinars and speaking at relevant events. The primary objective of this engagement is to help suppliers and advisers understand the reforms.

### **2.1.3 Advertising campaign**

Employer-targeted advertising took place during 2013 and from January to May 2014. A further campaign took place during October and November 2014, using a new advertising creative.

The main target audience for the advertising was employers who will be staging from March 2015 onwards ie employers with fewer than 60 employees, with most having

fewer than 30. A parallel survey took place among employers, which evaluated the impact of the campaign targeted at them<sup>6</sup>.

An Intermediary advertising campaign ran alongside the Employer campaign, following the same creative direction, but tailored to the Intermediary audience (ie accountants, bookkeepers, IFAs, payroll administrators). The intermediary campaign ran across specialist trade titles and on digital channels. The principle message was “You can’t ignore it. Act now”.

## **2.2 Research objectives**

The overarching aim of the survey was to monitor levels of awareness and understanding of the workplace pension reforms among intermediaries.

The specific objectives of the research were:

- to identify and track awareness, understanding, knowledge, attitudes and intended actions in relation to their role in pension reforms among intermediaries
- to determine sources of awareness of and information about automatic enrolment
- to determine the extent to which intermediaries currently or are intending to assist their clients prepare for the reforms
- to understand what specific tasks and activities intermediaries are or will be involved in regarding automatic enrolment
- to identify the intermediaries’ own knowledge gaps and main challenges that intermediaries face

## **2.3 Survey methodology**

### **2.3.1 Methodology and sample**

The survey took the form of a telephone survey of intermediaries operating in the UK, with 575 interviews conducted via Computer Aided Telephone Interviewing (CATI)

---

<sup>6</sup> You can see the employer report at [www.tpr.gov.uk/research](http://www.tpr.gov.uk/research)

between November and December 2014. Previous waves – the first of which was in 2011 – comprised the same intermediary groups and in some cases more groups, since intermediaries assisting larger employers were included in the earlier waves.

### **Quotas, sample size and eligibility**

Quotas were set on intermediary type. The number of interviews achieved by intermediary type is shown in the table below:

**Table 1: Breakdown of completed interviews by intermediary type**

<b>Financial advisers</b>	<b>Business advisers</b>			
Independent Financial Advisers (IFAs)	Payroll administrators	HR professionals	Accountants	Book-keepers
138	131	27	147	132

The report groups the different audiences into two different intermediary types, as follows. The report provides the research findings for each of these in separate sections.

- financial advisers: Independent Financial Advisers (IFAs), who generally deal with small and medium employers, with between five and 249 employees;
- business advisers, who generally provide employers with a range of business services, including automatic enrolment (payroll administrators and HR professionals who generally deal with all sizes of employers, and accountants and bookkeepers, who provide services mainly to micro/small employers).

**2.3.2 Eligibility criteria and sample source**

In all cases, respondents were personally involved in talking to business clients; and/or were responsible for interpreting legislation and providing guidance to advisers within their organisation, with regard to workplace pension reforms.

The sample sources for each of the groups included in the survey were as follows:

**Table 2: Intermediary sample sources**

Intermediary type	Sample source
IFAs	Matrix Database of financial intermediaries, as well as contacts from the regulator
Payroll administrators	Experian’s business database and contacts provided by the regulator
HR professionals	Experian’s business database, as well as contacts from the regulator
Accountants	Experian’s business database
Bookkeepers	Experian’s business database

**2.3.3 Presentation of data**

Throughout this report the results are presented by intermediary type. Given the diversity of the various elements of the sample, and the absence of detailed information as to the breakdown of the universe under investigation, the data has not been weighted and no results are provided at a total sample level.

Results have been rounded to the nearest percentage point, which may mean that in the reporting some percentages may not add up to exactly 100%. For example, if there are 48.5% answering ‘agree’ and 51.5% answering ‘disagree’, these figures would be rounded up to 49% and 52%, totaling 101%. This explains the instances where summary text does not match a graph or table to which it is referring.

Given the small sample size for HR professionals in the survey (27), survey findings for these are expressed as numbers of the total as opposed to percentages.

**2.3.4 Statistically significant differences**

The survey data are based on a sample, rather than the entire population of the intermediary groups. Therefore, results are subject to sampling tolerances, and not

all differences are statistically significant. Throughout this report, where differences are noted (between sub-groups or over time) they are statistically significant at the 95% level of confidence<sup>7</sup>.

### **2.3.5 Technical Report**

This report is accompanied by a Technical Report, also prepared by GfK, which details the responses to all of the questions asked during the survey, broken down by intermediary type.

---

<sup>7</sup> Strictly speaking, calculations of statistical significance apply only to samples that have been selected using probability sampling methods. However, in practice it is reasonable to assume that these calculations provide a good indication of significant differences in quota surveys like this one.



### **3 Financial advisers**

A variety of IFAs were included in the survey. One in four IFAs (27%) said they mainly focused on individuals, while one in five (20%) said their main area of business was high net worth individuals. One in ten (12%) said they focused on businesses, while three in ten (30%) said they had no main type of business.

One in ten respondents (12%) worked within a network. Among those not working for a network, one in three (37%) worked for either a national or regional firm, a quarter (25%) worked for a small independent firm with ten or more advisers, and one in three (37%) worked for a firm with fewer than ten advisers.

Most IFAs (82%) give only regulated advice on pensions, with one in six (17%) able to give both regulated and unregulated advice.

Seven in ten IFAs (69%) reported that the majority of their clients were small employers (ie those with between five and 49 employees), with nine percent saying most of their clients were micro-employers (with between one and four employees).

The majority of IFA firms surveyed (78%) were themselves micro or small employers.

Fewer than half of IFAs reported that they had regular contact with clients: four in ten (38%) said that they had either daily, weekly or monthly contact.

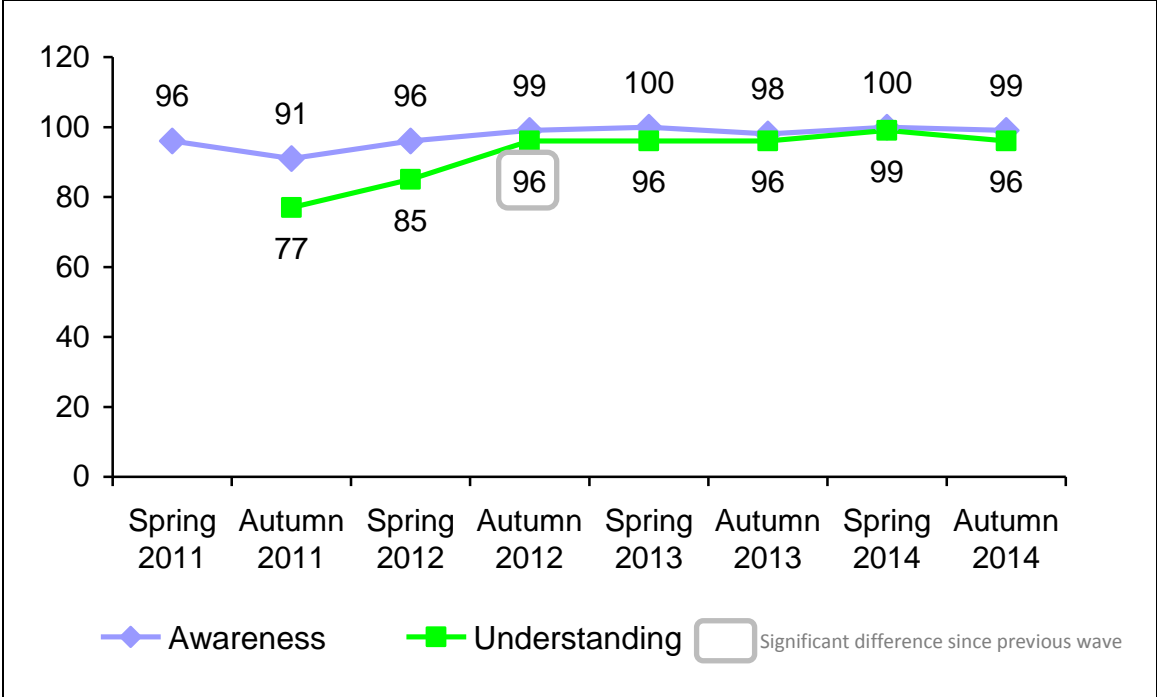
#### **3.1 Key findings among financial advisers**

##### **3.1.1 Awareness and understanding of reforms**

As found in Spring 2014, almost all financial advisers were aware of and understood automatic enrolment.

- Virtually all were aware of the changes in pensions law (99%) and almost all understood the changes (96%).

**Figure 1: IFAs' awareness and understanding of automatic enrolment**



- There continued to be very high levels of awareness of all the key components of automatic enrolment.
- Almost all IFAs (98%) were aware of the need for employers to complete a declaration of compliance (registration<sup>8</sup>) with the appropriate government body to confirm they have met their duties. Among those aware, the proportion aware that a declaration of compliance (registration) needed to be completed with the regulator remained unchanged compared to Spring 2014 at 87%.

<sup>8</sup> In June 2014, the term 'registration' was renamed as a 'declaration of compliance' following research the regulator carried with smaller employers which identified that the latter term was clearer to them.

**Table 3: IFAs' awareness and understanding of changes in pensions law**

	IFAs			
	Spring 2013 (Base: 129)	Autumn 2013 (Base: 132)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 138)
Employers will have to automatically enrol UK workers	100%	100%	100%	100%
Employers will have to provide a pension scheme for automatic enrolment	100%	98%	100%	99%
Employers will have to contribute to their workers' pensions	100%	100%	100%	100%
Employers will have to complete a declaration of compliance (registration) with the appropriate government body to confirm they have met their duties <sup>9</sup>	98%	98%	99%	98%
Employers will need to communicate to UK workers on an individual basis	98%	99%	100%	99%

### 3.1.2 Knowledge of more detailed aspects of automatic enrolment

When asked about the more detailed aspects of automatic enrolment, financial advisers continued to display high levels of awareness, especially when compared with other business advisers (covered in section 4).

- All IFAs (100%) were aware of the need for eligible workers to be identified and that employers will need to keep records of their workers
- In line with the previous wave, the vast majority of IFAs were aware that key eligibility factors are age, earnings and whether they work in the UK (96%) and

<sup>9</sup> Change of wording in Autumn 2014 from: "Employers will have to complete registration with the appropriate government body to confirm they have met their duties"

that an employer needs to identify workers who can opt in to a pension scheme to which the employer contributes (96%).

- There was also high awareness of the fact the pension scheme must have a default fund (95%) and that a money purchase scheme has to meet the minimum contribution levels of employer contributions (94%).
- One in four IFAs were able to correctly identify that employers would need to consider three types of workers for automatic enrolment when they were read out scenarios which included the example types of workers:
  - Full time permanent member of staff
  - Part time permanent sales assistant
  - Freelance IT specialist, contracted personally by the employer for three months to overhaul the office PC system
- Respondents were also asked about the written communications that employers need to provide in writing to their staff, namely:
  - That the worker has been automatically enrolled
  - That the employer has postponed automatic enrolment
  - That the worker is already a member of the employer's pension scheme
  - That the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme

Eight in ten IFAs (80%) were able to correctly identify that employers need to provide these four written communications to their staff.

**Table 4: Proportion of IFAs who understood each of the more detailed aspects of automatic enrolment**

	IFAs		
	Autumn 2013 (Base: 132)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 138)
<b>Understanding of eligibility criteria</b>			
Eligible workers will need to be identified	100%	100%	100%
Types of worker eligible include full time permanent members of staff, part time permanent sales assistants and freelance IT specialists contracted personally	N/a	N/a	27%
Key eligibility factors are age, earnings and whether they work in the UK	92%	91%	96%
Salary, commission and bonus are to be included in earnings for assessment	55%	53%	57%
Staff should receive written information that the worker has been automatically enrolled, that the employer has used postponement, that the worker is already a member of the employer's pension scheme and that the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme	N/a	N/a	80%
Need to identify workers who can opt in to a pension scheme to which employer contributes	<b>97%</b>	98%	96%
Need to identify 'entitled workers'	86%	93%	<b>85%</b>
<b>Understanding of postponement</b>			
Employer has to enrol workers who choose to opt in during the postponement period	<b>73%</b>	69%	74%
Employer needs to communicate to all workers they are using	89%	89%	<b>96%</b>

postponement			
<b>Understanding of other aspects</b>			
Employer contribution is 3%	89%	95%	<b>88%</b>
Employers will need to keep records of their workers and scheme(s) used for automatic enrolment	100%	99%	100%
<b>Understanding of minimum requirements for eligible schemes</b>			
The pension scheme must have a default fund	N/a	N/a	95%
A money purchase scheme has to meet the minimum contribution levels of employer contributions	N/a	N/a	94%
The scheme cannot require an individual to complete any forms or make any choices in order to become a member	N/a	N/a	78%

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

- A significantly higher proportion of IFAs were aware that employers need to communicate to all workers that they are using postponement (96%, compared to 89% in Spring 2014).
- However IFAs were significantly less likely than in Spring 2014 to understand the need to identify 'entitled workers' (85%, compared with 93% in Spring 2014) and to be aware that the minimum employer contribution is three percent (88%, down from 95% in Spring 2014).

The aspects that IFAs were least aware of included: the types of workers eligible to be assessed (27%)<sup>10</sup>, the earnings that need to be assessed (57%), that an employer has to enrol workers who choose to opt in during the postponement period (74%) and that a scheme cannot require an individual to complete any forms or make any choices in order to become a member (78%).

<sup>10</sup> This was assessed using a new survey question which asked respondents about scenarios with example types of workers.

### **3.1.3 Awareness of clients' staging date**

Consistent with Spring 2014, seven in ten IFAs claimed they were aware of all or most of their clients' staging dates (70%). Half of IFAs said that their clients had already staged at the time of the interview (54%).

- However, there has been little change in the levels of awareness that their clients' staging dates can be looked up on the regulator's website. Two thirds (67%) were aware that they could look up their clients' staging dates on the regulator's website, in line with 64% in Spring 2014.

### **3.1.4 Sources of information**

IFAs found out about automatic enrolment from a wide range of sources.

- TV advertising (51%) and press advertising (46%) remained the main sources of information, with the internet (increasing in importance at 38% compared to 27% in Spring 2014), events or seminars (29%), pension providers (26%) and seminars or events from the regulator (20%) and radio advertisements (20%) also important sources.
- One in three IFAs (32%) had visited trade body websites to find out information on automatic enrolment. The main trade body websites visited were those of the PFS (59%) and PMI (23%).

When asked, most IFAs (70%, a decrease of 14 percentage points compared to Spring 2014) claimed to have seen or heard recent advertising relating to automatic enrolment, mainly on the television (78%).

- A minority of IFAs said they had seen the press campaign featuring different coloured sticky notes (11% had seen it in the press and four percent online). One in five (20%) had heard a campaign on local radio which was described to them as "asking them to get a pen and paper and note down a website address". Among those who had seen or heard these advertisements, 45% believed that these were on behalf of the regulator, while three in ten (36%) did not know or were unable to say who was responsible.

### 3.1.5 Knowledge of the regulator and use of its website as an information source

Almost all IFAs (93%) knew at least a little about the regulator, in line with the Spring 2014 results (96%). Four in ten of those who had heard of the regulator claimed that they were currently dealing with the regulator (38%).

- Four in five IFAs who were aware of the regulator (85%) had consulted the regulator’s website to find information on automatic enrolment, in line with Spring 2014 (82%). Among those who used it, the vast majority thought it was useful (94%).

### 3.1.6 Current and expected provision of help for clients

Financial advisers continued to believe that they would be involved in automatic enrolment.

- Around half (55%) anticipated that it would increase their business, consistent with 52% in Spring 2014.
- Almost all IFAs (92%) were planning/expecting to help their clients, in line with autumn Spring 2014 (95%) with significantly more IFAs having already helped their clients (77%) than in Spring 2014 (66%).

**Table 5: Level of engagement among financial advisers**

	IFAs			
	Spring 2013 (Base: 129)	Autumn 2013 (Base: 132)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 138)
Already helping	69%	65%	66%	<b>77%</b>
Planning to help	20%	17%	16%	10%
Expect to be involved	9%	13%	14%	<b>5%</b>
Not involved/ don't know	3%	5%	5%	8%

- One in four IFAs (25%) said that they intended to refer clients to other intermediaries to provide services relating to automatic enrolment. These



potential referrals were likely to be to other financial advisers or brokers (35%), payroll administrators (16%), pension providers (13%), accountants (10%), pension administrators (10%) or pension consultants / employee benefits consultants (10%).

- Three in four IFAs (73%) said that they would be offering their services to all of their clients, with 25% likely to offer them only to certain clients. Almost all (95%) said they would offer their services to clients with fewer than 50 employees, with fewer (78%) saying they would offer them to clients with fewer than five employees.
- One in three IFAs (33%) planned to provide a software system that can be used by clients to administer automatic enrolment. This software was likely to include the following functions: interface with pension providers (95%), generation of communications to different types of worker (93%), assessment of workers (93%), reporting for employers (93%) and payroll functionality (78%). Just two percent intended to offer administration or record-keeping as part of the functionality.

In line with Spring 2014, most IFAs (86%) had been asked about automatic enrolment by clients, with half of that contact being a year or longer before the client's staging date. The main reasons for the contact included that the clients had received communications from the regulator (45%), seen some advertising (40%) or they had realised that they were approaching their staging date (29%, a decrease of 18 percentage points compared with Spring 2014). Most IFAs said that they or their colleagues were able to answer their clients' questions fully (86%). Many IFAs continued to refer their clients to at least one government website during their discussions around automatic enrolment, with the regulator's website being the most commonly mentioned (67%).

### **3.1.7 Levels of service being provided or likely to be provided**

Most financial advisers continued to feel that they would play a significant role in automatic enrolment on behalf of their clients.

- Most IFAs (84%) planning to be involved in automatic enrolment said they would either act on behalf of or provide technical advice to their clients. A

smaller proportion of IFAs said that they would only make clients aware of the reforms, (six percent, compared with 14% in Spring 2014).

**Table 6: Planned main service among financial advisers planning to be engaged in automatic enrolment**

	IFAs			
	Spring 2013 (Base: 126)	Autumn 2013 (Base: 126)	Spring 2014 (Base: 125)	Autumn 2014 (Base: 127)
<b>Planned main service</b>				
Make aware	<b>7%</b>	<b>16%</b>	14%	<b>6%</b>
Provide technical advice	38%	40%	33%	35%
Act on behalf of	40%	34%	46%	49%
Other/ don't know	<b>15%</b>	10%	8%	9%

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

- Just over half of IFAs (57%) believed that their clients will rely on them for some help and advice but believe their clients will do some things themselves. One in four (27%) believed that their clients will rely on them completely for help and advice.
- Most financial advisers continued to be planning to offer to carry out most aspects of automatic enrolment. These aspects were:
  - Understanding how the legislation applies to their clients' company
  - Finding out their clients' staging dates
  - Working out a timetable to implement the changes
  - Identifying eligible workers to enrol
  - Assessing the impact on their clients' payroll system
  - Communicating the changes to workers

- Choosing a pension scheme
  - Reviewing a pension scheme
  - Completing a declaration of compliance (registration) with the appropriate government body
  - Providing or configuring software for their clients for automatic enrolment
  - Completing the declaration of compliance (registration)
- The aspects that most financial advisers continued to report having undertaken to date included finding out staging dates (78%) and understanding the legislation (76%).
  - The activities that they were least likely to be planning to offer but were likely to refer to another intermediary were providing or configuring software for their clients (29%), assessing the impact on the payroll system (13%) and completing the declaration of compliance (12%). Activities that IFAs had no plans to offer and also were unlikely to refer elsewhere included providing or configuring software (25%), and completing the declaration of compliance (18%).

### **3.1.8 Main challenges in helping clients/employers meet deadlines**

The main perceived challenges for IFAs in helping their clients comply with automatic enrolment included lack of understanding, cost and lack of time.

- As found in Spring 2014, IFAs remained pessimistic about their clients' ability to deal with the administration of automatic enrolment, with four in ten (39%) agreeing that their clients will be able to deal with the additional administrative demands.
- However, IFAs were less likely to believe that their clients would leave it until the last minute before seeking advice (59%, down by 18 percentage points compared to 77% in Spring 2014).

## 4 Business advisers

Business advisers have been defined as those generally providing a range of business services to employers, including automatic enrolment. These include:

- HR professionals and payroll administrators ie those carrying out payroll services either as part of a payroll bureau, other service provider or as an independent
- small/micro business advisers (accountants and bookkeepers)

These four audiences will be covered in the next two sections of the report.

**Note that given the small sample size for HR professionals in the survey (27), survey findings for these are expressed as numbers of the total as opposed to percentages.**

### 4.1 Key findings among payroll administrators and HR professionals

HR professionals and payroll administrators provide services to a range of employers; they service the needs of all sizes of employer.

While half of HR professionals (14 out of 27) and two-thirds of payroll administrators interviewed (65%) said that most of their clients were micros (ie had between one and four employees) or small employers (between five and 49 employees), both also provided services to medium (those with between 50 and 249 employees) and large employers (those with more than 250 employees).

A majority of both payroll administrators and HR professionals were themselves micro or small employers (74% of payroll administrators and 20 out of 27 HR professionals).

Most payroll administrators said that they worked for a payroll bureau (89%).

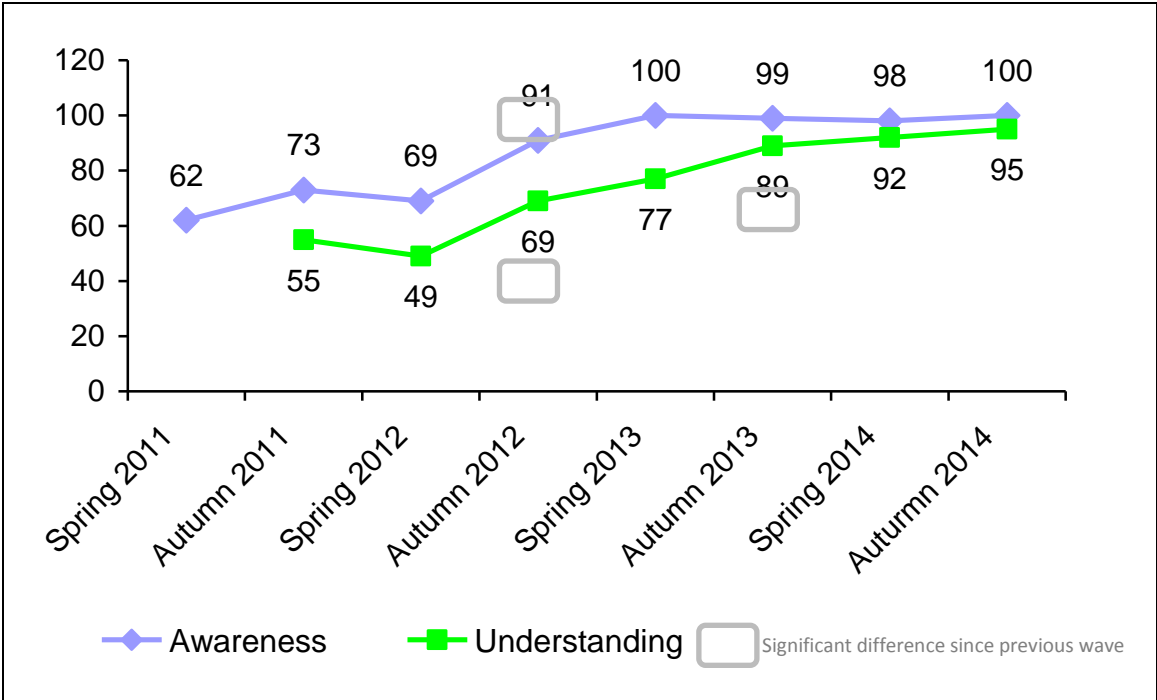
Nine in ten of both payroll administrators and HR professionals had regular contact with their clients, with 91% of payroll administrators and 18 out of 20 HR professionals saying that they had either daily, weekly or monthly contact.

### 4.1.1 Awareness and understanding of reforms

Awareness and understanding of the reforms was high among both payroll administrators and HR professionals.

- Almost all were aware of the changes (100% of payroll administrators and 26 out of 27 HR professionals), and most understood the changes (95% of payroll administrators and 22 HR professionals).

**Figure 2: Awareness and understanding of automatic enrolment – payroll administrators**



**Table 7: Awareness and understanding of automatic enrolment – HR professionals**

	HR professionals					
	Spring 2012 (Base: 49)	Autumn 2012 (Base: 36)	Spring 2013 (Base: 17)	Autumn 2013 (Base: 50)	Spring 2014 (Base: 50)	Autumn 2014 (Base: 27)
Awareness of automatic enrolment	84%	97%	17 respondents	90%	100%	27 respondents
Understanding of automatic enrolment	57%	<b>81%</b>	13 respondents	64%	<b>86%</b>	26 respondents

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

Note: Given the small sample size for HR professionals in autumn 2014 the results are expressed as numbers of the total as opposed to percentages, therefore caution should be taken when comparing results against the Spring 2014 results. No statistical testing is possible.

- There continued to be high levels of awareness of all the key components of automatic enrolment among both payroll administrators and HR professionals.
- As with all other audiences, the least well known element was the need for employers to complete a declaration of compliance (registration<sup>11</sup>) with the appropriate government body to confirm they have complied with their duties (95% of payroll administrators and 23 out of 27 HR professionals).
- Among those aware of the need to complete a declaration of compliance, payroll administrators (79%, in line with 71% in Spring 2014) were aware of the need for employers to complete a declaration of compliance (registration) with the regulator. Among HR professionals, based on the small sample size, awareness of the need for employers to complete a declaration of compliance with the regulator was broadly in line with Spring 2013 (15 out of 23 respondents, compared with 56% in Spring 2014).

<sup>11</sup> In June 2014, the term 'registration' was renamed as a 'declaration of compliance'.

**Table 8: Payroll administrators' and HR professionals' awareness and understanding of changes in pensions law**

	Payroll administrators/ HR professionals					
	Payroll administrators			HR professionals		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 131)	Autumn 2013 (Base: 50)	Spring 2014 (Base: 50)	Autumn 2014 (Base: 27)
Employers will have to automatically enrol UK workers	100%	98%	100%	98%	100%	27 respondents
Employers will have to provide a pension scheme for automatic enrolment	99%	98%	100%	98%	100%	26 respondents
Employers will have to contribute to their workers' pensions	100%	98%	100%	92%	100%	26 respondents
Employers will have to complete a declaration of compliance (registration) with the appropriate govt. body to confirm they have met their duties <sup>12</sup>	<b>94%</b>	92%	95%	70%	86%	23 respondents
Employers will need to communicate to UK workers on an individual basis	95%	98%	98%	90%	<b>100%</b>	26 respondents

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

Note: Given the small sample size for HR professionals in autumn 2014 the results are expressed as numbers of the total as opposed to percentages, therefore caution should be taken when comparing results against the Spring 2014 results. No statistical testing is possible.

<sup>12</sup>

<sup>12</sup> Change of wording in Autumn 2014 from: "Employers will have to complete registration with the appropriate government body to confirm they have met their duties"

#### **4.1.2 Knowledge of more detailed aspects of automatic enrolment**

When asked about the more detailed aspects of automatic enrolment, based on small sample sizes for HR professionals, it seems that the pattern continues in terms of payroll administrators knowing slightly more about the detail of automatic enrolment than HR professionals.

- One in four payroll administrator and six out of 27 HR administrators were able to correctly identify that employers would need to consider three types of workers for automatic enrolment when they were read out scenarios which included the example types of workers:
  - Full time permanent member of staff
  - Part time permanent sales assistant
  - Freelance IT specialist, contracted personally by the employer for three months to overhaul the office PC system
- Respondents were also asked about the written communications that employers need to provide in writing to their staff, namely:
  - That the worker has been automatically enrolled
  - That the employer has postponed automatic enrolment
  - That the worker is already a member of the employer's pension scheme
  - That the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme

Three in four payroll administrators (74%) and 22 out of 27 HR professionals were able to correctly identify that employers need to provide these four written communications to their staff.



**Table 9: Proportion of payroll administrators and HR professionals who knew each of the more detailed aspects of automatic enrolment**

	Payroll administrators			HR professionals		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2013 (Base: 50)	Spring 2014 (Base: 50)	Spring 2014 (Base: 27)
<b>Understanding of eligibility criteria</b>						
Eligible workers will need to be identified	97%	97%	99%	92%	96%	27 respondents
Types of worker eligible include full time permanent members of staff, part time permanent sales assistants and freelance IT specialists contracted personally	N/a	N/a	26%	N/a	N/a	6 respondents
Key eligibility factors are age, earnings and whether they work in the UK	83%	86%	92%	52%	<b>74%</b>	21 respondents
Salary, commission and bonus are to be included in earnings for assessment	52%	57%	63%	28%	36%	15 respondents
Staff should receive written information that the worker has been automatically enrolled, that the employer has used postponement, that the worker is already a member of the employer's pension scheme and that the worker has not been automatically enrolled but may choose to opt in to the employer's pension	N/a	N/a	74%	N/a	N/a	22 respondents

scheme						
Need to identify workers who can opt in to a pension scheme to which employer contributes	92%	94%	93%	88%	82%	23 respondents
Need to identify 'entitled workers'	68%	74%	79%	54%	62%	19 respondents

Note: Given the small sample size for HR professionals in autumn 2014 the results are expressed as numbers of the total as opposed to percentages, therefore caution should be taken when comparing results against the Spring 2014 results. No statistical testing is possible.

	Payroll administrators			HR professionals		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2013 (Base: 50)	Spring 2014 (Base: 50)	Spring 2014 (Base: 27)
<b>Understanding of postponement</b>						
Employer has to enrol workers who choose to opt in during the postponement period	<b>76%</b>	69%	<b>81%</b>	56%	68%	18 respondents
Employer needs to communicate to all workers they are using postponement	87%	87%	94%	76%	84%	26 respondents
<b>Understanding of other aspects</b>						
Employer contribution is 3%	84%	89%	95%	62%	68%	15 respondents
Employers will need to keep records of their workers and scheme(s) used for automatic enrolment	99%	100%	100%	92%	100%	26 respondents

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

Note: Given the small sample size for HR professionals in autumn 2014 the results are expressed as numbers of the total as opposed to percentages, therefore caution should be taken when comparing results against the Spring 2014 results. No statistical testing is possible.

- Nearly all were aware that eligible workers needed to be identified (99% of payroll administrators and 27 out of 27 HR professionals) and that employers will need to keep records of their workers (100% of payroll administrators and 26 out of 27 HR professionals).
- Almost all HR professionals were aware that the employer needs to communicate in writing with all workers that a worker has been automatically enrolled (27 out of 27), that a worker has not been enrolled but may choose to opt in to the employer's pension scheme (26 out of 27), that a worker is

already a member of the employer's pension scheme (25 out of 27) and that the employer has postponed automatic enrolment (23 out of 27).

- Significantly more payroll administrators were aware that the employer has to enrol workers who choose to opt in during the postponement period, up by 12 percentage points from 69% to 81% in autumn 2014.
- Both payroll administrators and HR professionals had lower awareness of the three types of workers that need to be assessed for automatic enrolment (26% and six out of 27 respectively) and the types of earnings that need to be assessed (63% and 15 out of 27 respectively) than other aspects.

#### **4.1.3 Awareness of clients' staging date**

Payroll administrators' claimed awareness of their clients' staging was unchanged compared to Spring 2014.

- Most payroll administrators claimed they were aware of their clients' staging dates, with three-quarters aware of all or most of their clients' staging dates (86%). Seventy-seven percent of payroll administrators were aware that they could look up their clients' staging dates on the regulator's website.
- Eight of the 27 HR professionals interviewed claimed they knew all or most of their clients' staging dates, compared with half in Spring 2014; four said they did not know any of their clients' staging dates; and four were unable to give a view. 13 out of 27 HR professionals were aware that they could look up their clients' staging dates on the regulator's website.

#### **4.1.4 Sources of information**

HR professionals and payroll administrators found out about automatic enrolment from a wide range of sources.

- Television advertising was the main source of information for both audiences (51% of payroll administrators and 11 out of 27 HR professionals), with press advertising and the internet also being key sources. Payroll administrators were likely to rely on press advertising. The internet was mentioned by half of the payroll administrators (45%) and by ten of the HR professionals as being a source of information. Radio advertisements were also mentioned as a source

of information by one in four payroll administrators (23%) and by five HR professionals. Software providers were also important for payroll administrators (18%).

- A minority of payroll administrators (27%) and HR professionals (nine out of 27) had visited any trade body websites to find out about automatic enrolment. The trade body website visited most by payroll professionals was the CIPP (56%). All nine HR professionals had visited the CIPD website.
- Most payroll administrators (70%) and HR professionals (19 out of 27) claimed to have seen or heard recent advertising relating to automatic enrolment. Most had seen the advertising on television (72% and 12 out of 19 respectively).
- 11 percent of payroll administrators and four out of 27 HR professionals recalled seeing the press advertising campaign featuring differently coloured sticky notes.
- One in four payroll administrators (24%) and five out of 27 HR professionals had heard the radio campaign about workplace pensions, which asked listeners to note down a website address.

#### **4.1.5 Knowledge of the regulator and use of its website as an information source**

As found in autumn 2013, the majority of payroll administrators (93%) and 18 of 27 HR professionals knew at least a little about the regulator, with their knowledge coming primarily from various websites, television advertising and their dealings with the regulator.

- Among those who had heard of TPR, the majority of payroll administrators (93%, an increase of 11 percentage points compared to Spring 2014) and 14 out of 20 HR professionals had consulted the regulator's website to find out information on automatic enrolment.
- Among those who had used it, over nine in ten payroll administrators (95%) and all 14 HR professionals found the information on the regulator's website useful.

#### **4.1.6 Current and expected provision of help for clients**

The majority of both payroll administrators and HR professionals believed that they would be engaged in automatic enrolment.

- The majority of payroll administrators (95%) and 18 out of 27 HR professionals expected to help their clients with automatic enrolment.
- Seven in ten payroll administrators (69%) and 11 out of 27 of HR professionals had already helped their clients.
- However, nine of the 27 HR professionals did not believe that they would have any involvement in automatic enrolment.
- Two in three payroll administrators (67%, an increase of 17 percentage points compared with 52% in Spring 2014) thought that automatic enrolment would increase their business. Ten of the 27 HR professionals agreed that it would increase their business.
- The majority of payroll administrators (94%) and 11 of the 17 HR professionals planning to be involved in automatic enrolment, intended to offer their services to all their clients, including those with fewer than 50 employees and those with fewer than five employees.

**Table 10: Level of engagement among payroll administrators and HR professionals**

	Payroll administrators			HR professionals		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 131)	Autumn 2013 (Base: 50)	Spring 2014 (Base: 50)	Autumn 2014 (Base: 27)
<b>Engagement</b>						
Already helping	44%	<b>59%</b>	69%	34%	<b>56%</b>	11 respondents
Planning to help	29%	24%	15%	18%	18%	3 respondents
Expect to be involved	21%	<b>11%</b>	10%	16%	8%	4 respondents
Not involved/ don't know	6%	6%	5%	32%	18%	9 respondents

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

Note: Given the small sample size for HR professionals in autumn 2014 the results are expressed as numbers of the total as opposed to percentages, therefore caution should be taken when comparing results against Spring 2014 results. No statistical testing is possible.

- Four in five payroll administrators (85%) and 14 of the 27 HR professionals reported that clients had asked them about automatic enrolment, generally a year or longer in advance of their staging date.
- Of those who had been contacted by clients about automatic enrolment, half of payroll administrators said their clients had contacted them because they had seen some advertising (49%), they had received some communications from the regulator (47%) or they had realised they were coming close to their staging date (41%). Nine out of 14 HR professionals thought their clients had contacted them because of television advertising, with other reasons less prevalent.

- Among intermediaries who had discussed automatic enrolment with their clients, four in five payroll administrators (78%) had referred clients to the regulator's website for further information, an increase of 15 percentage points compared to 63% in Spring 2014. 11 of the 14 HR professionals had done so.
- When asked whether they were able to fully answer their clients' questions, two in three payroll administrators (68%, an increase of 19 percentage points) said that they could, either on their own or with the help of colleagues. Eight of the 14 HR professionals reported this.
- Half of payroll administrators (53%) and 12 out of 27 HR professionals were confident that their clients will have done everything they need to do, by the deadline set for them. This is very similar to the proportions in the last wave.

#### **4.1.7 Levels of service being provided or likely to be provided**

The level of service in relation to automatic enrolment that payroll administrators and HR professionals planned to provide to their clients is very similar to that found in Spring 2014.

- Two in three payroll administrators (66%) planning to be engaged with automatic enrolment, said they would either act on behalf of their clients or provide technical advice.
- Five of the 18 HR professionals planning to be involved in automatic enrolment said they would either act on behalf of their clients or provide technical advice, while ten planned to only make their clients aware of automatic enrolment.
- A fifth (18%) of payroll administrators planned to make clients aware only of automatic enrolment, very similar to last wave's findings. Qualitative research carried out by the regulator indicates that this will involve making their clients aware of all the different stages involved in meeting their duties.



**Table 11: Planned main service among those planning to be engaged in automatic enrolment**

	Payroll administrators			HR professionals		
	Autumn 2013 (Base: 123)	Spring 2014 (Base: 123)	Autumn 2014 (Base: 124)	Autumn 2013 (Base: 34)	Spring 2014 (Base: 41)	Autumn 2014 (Base: 18)
<b>Planned main service</b>						
Make aware	33%	<b>20%</b>	18%	62%	46%	10 respondents
Provide technical advice	19%	20%	16%	18%	22%	2 respondents
Act on behalf of	35%	46%	50%	21%	17%	3 respondents
Other/don't know	14%	14%	16%	-	14%	3 respondents

- Four in ten payroll administrators (43%) felt their clients would rely on them completely to help them through the process. Just one of the 27 HR professionals believed that this would be the case.
- Half of payroll administrators (54%) and 15 of the 17 HR professionals who knew which service they will be providing said they intended to refer clients to other intermediaries for some of these services, with financial advisers / IFAs / brokers and pension providers being the most commonly mentioned adviser type.
- The activities that most payroll administrators were undertaking or planning to undertake were to find out their client's staging date (92%), identify eligible workers (90%), working out a timetable for implementation (83%), understanding how the legislation applies to their clients (82%) and assessing the impact on their clients' payroll system (81%). The aspect that most

payroll administrators had carried out so far was finding out their clients' staging dates (88%, an increase of 12 percentage points compared with 76% in Spring 2014), understanding how the legislation applied to their clients (62%) and identifying eligible workers (59%).

- The activities that payroll professionals were most likely to refer to another intermediary included reviewing or choosing a pension scheme (32% and 31% respectively), and completing a declaration of compliance (registering) with the appropriate government body (15%).
- The activities that payroll professionals were planning to neither offer nor refer elsewhere included reviewing or choosing a pension scheme (31% and 28% respectively), and completing the declaration of compliance (registering) (21%).
- HR professionals were more likely to be undertaking or planning to understand how the legislation applies to their client's company (15 out of 27), finding out their clients' staging dates (14 out of 27) and working out a timetable to implement the changes (13 out of 27).
- HR professionals were most likely to be already engaged in finding out staging dates (11 out of 27) and understanding the legislation (nine out of 27) than other aspects of automatic enrolment.
- The activities that HR professionals were likely to refer elsewhere included choosing or reviewing pension schemes (ten and nine of 27 respectively) and providing or configuring software (ten of 27). Those activities that HR professionals were likely to neither offer nor refer elsewhere included providing or configuring software (seven out of 27) and completing the declaration of compliance (registration) (seven out of 27).

#### **4.1.8 Main challenges in helping clients/employers meet deadlines**

The main perceived challenges for both payroll administrators and HR professionals remained very similar to Spring 2014, namely a lack of understanding, a lack of time, the cost, and a perception among their clients that the reforms are not relevant to their business and that they therefore do not need to participate.

- Three in four payroll administrators (73%) and 17 out of 27 HR professionals) believed that their clients would wait until the last minute to seek advice on their new duties.

## **4.2 Key findings among small/micro business advisers**

The majority of accountants (94%) and bookkeepers (95%) reported that most of their clients were micro or small employers.

The majority of accountants (91%) and bookkeepers (95%) were themselves micro or small employers.

The types of organisation that most accountants and bookkeepers advised or worked for were private sector employers (accountants 100%, bookkeepers 96%) and charities or voluntary sector organisations (accountants 41%, bookkeepers 38%).

Most accountants and bookkeepers interviewed provided a range of services for their clients including bookkeeping, payroll services, taxation and company accounts. For the purposes of the research an accountant was defined as someone who spent most of their time on company accounts, while bookkeepers spent most of their time providing bookkeeping and VAT services.

Bookkeepers were more likely to have more regular contact with clients than accountants, with 81% of bookkeepers saying that they had daily, weekly or monthly contact with their clients, compared with 59% of accountants.

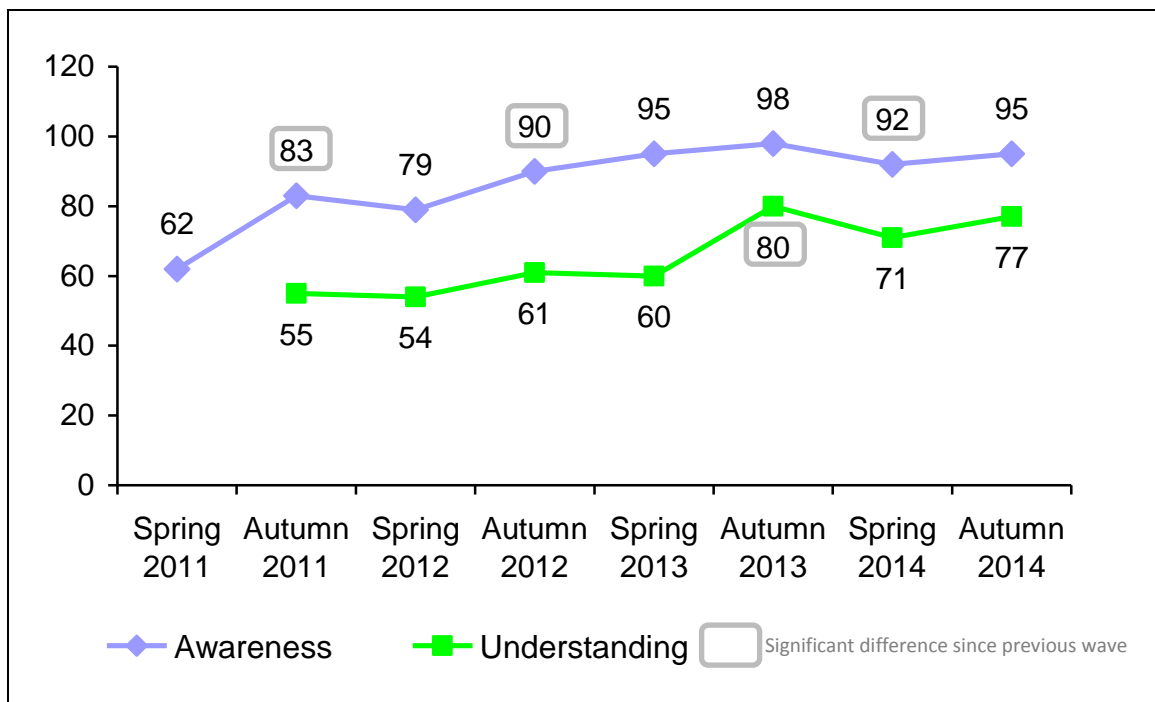
### **4.2.1 Awareness and understanding of reforms**

Levels of awareness and understanding remained high among small/micro business advisers. However, levels of understanding remained lower than for other intermediary types, possibly reflecting the types of clients they have and their likely staging dates (ie small and micro employers, many still with some time before staging).

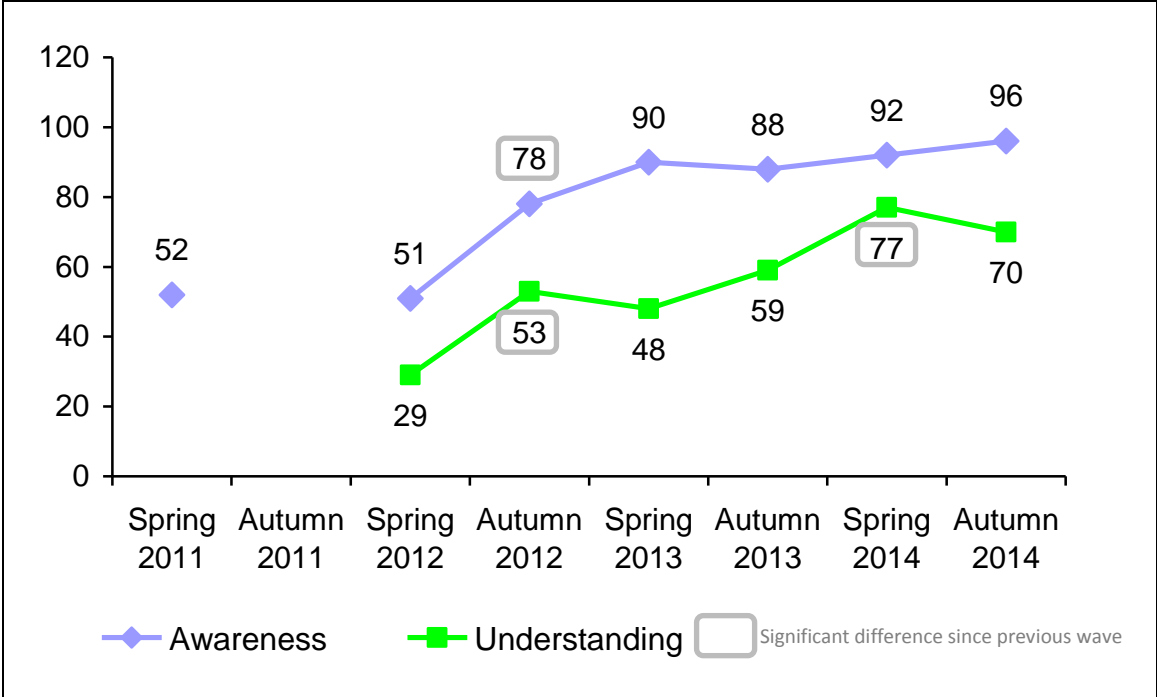
- Awareness levels remained high among both accountants (95%) and bookkeepers (96%).
- Levels of understanding of the reforms also remained high, with more than seven in ten accountants (77%) aware of the five key aspects of the reforms, although

they remain lower than for other advisers. There was a slight decrease in the levels of understanding among bookkeepers (70%) compared with Spring 2014 (77%); this may be due to the change in wording of the question for one of the aspects.

**Figure 3: Awareness and understanding of automatic enrolment – accountants**



**Figure 4: Awareness and understanding of automatic enrolment – bookkeepers**



- Despite this change, the aspect that remained least well known among both accountants and bookkeepers was the need for employers to complete a declaration of compliance (registration<sup>13</sup>) with the appropriate government body, with 83% of accountants and 77% of bookkeepers aware of this requirement.
- Among those aware of the need to complete a declaration of compliance, significantly more accountants (55%) were aware that employers would need to complete a declaration of compliance (registration) with the regulator than in Spring 2014 (40%).
- Half of bookkeepers (51%) were aware that employers would need to complete a declaration of compliance (registration) with the regulator, similar to Spring 2014 (44%).
- A significant minority of both accountants and bookkeepers believed that a declaration of compliance (registration) needed to be completed with HMRC (32% and 40% respectively).

<sup>13</sup> In June 2014, the term 'registration' was renamed as a 'declaration of compliance'.

- Three in ten accountants (31%) and two in ten bookkeepers (18%) were unable to say with which government body they believed the declaration needed to be completed.

**Table 12: Micro/small business advisers' awareness and understanding of changes in pensions law**

	Small/micro business advisers					
	Accountants			Bookkeepers		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 147)	Autumn 2013 (Base: 131)	Spring 2014 (Base: 132)	Autumn 2014 (Base: 132)
Employers will have to automatically enrol UK workers	100%	100%	99%	97%	98%	99%
Employers will have to provide a pension scheme for automatic enrolment	98%	95%	97%	92%	95%	98%
Employers will have to contribute to their workers' pensions	100%	95%	97%	94%	95%	98%
Employers will have to complete a declaration of compliance (registration) with the appropriate government body to confirm they have met their duties <sup>14</sup>	<b>83%</b>	81%	83%	<b>76%</b>	83%	77%
Employers will need to communicate to UK workers on an individual basis	92%	90%	94%	80%	<b>91%</b>	92%

<sup>14</sup> Change of wording in autumn 2014 from: 'Employers will have to complete registration with the appropriate government body to confirm they have met their duties'

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

#### **4.2.2 Knowledge of more detailed aspects of automatic enrolment**

When asked about the more detailed aspects of automatic enrolment, there were some notable improvements compared with Spring 2014, although there remained some key gaps in small/micro business advisers' knowledge, especially with regard to the types of worker who need to be assessed for automatic enrolment and the types of earnings that need to be included in the assessment.

- Most were aware that eligible workers needed to be identified (97% of accountants and 96% of bookkeepers) and that employers will need to keep records of their workers and the scheme(s) used for automatic enrolment (98% of accountants and 99% of bookkeepers).
- There were also high levels of awareness of what needs to be communicated to workers in writing (67% of accountants and 73% of bookkeepers), including information that:
  - the worker has been automatically enrolled
  - states that the employer has postponed automatic enrolment
  - the worker is already a member of the employer's pension scheme
  - the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme
- Significantly more accountants (73%) and bookkeepers (73%) were aware of the eligibility criteria (age, earnings and whether they work in the UK) than in Spring 2014 (60% and 56% respectively).
- Understanding of the employers' duties and responsibilities increased significantly among micro/small business advisers compared with Spring 2014.
  - Understanding that the employer needs to enrol staff who choose to opt in during the postponement period increased by 15 percentage points to 69% for accountants and by 17 percentage points to 72% for bookkeepers.

- Similarly, understanding that the employer needs to communicate to all postponed staff that they are using postponement has increased by 18 percentage points to 76% among accountants and by 17 percentage points to 81% among bookkeepers.
- Respondents were read out three employment scenarios which included:
  - Full time permanent member of staff
  - Part time permanent sales assistant
  - Freelance IT specialist, contracted personally by the employer for three months to overhaul the office PC system

Most accountants and bookkeepers were aware that full time permanent members of staff (99% and 100%) respectively and part-time permanent sales assistants (91% and 86% respectively) needed to be considered for automatic enrolment. But few were aware that those on the personal services contracts, for example a freelance IT specialist, contracted personally by the employer for three months, would need to be considered for automatic enrolment (10% of accountants and 11% of bookkeepers).

- Respondents were also asked about the written communications that employers need to provide in writing to their staff, namely:
  - That the worker has been automatically enrolled
  - That the employer has postponed automatic enrolment
  - That the worker is already a member of the employer's pension scheme
  - That the worker has not been automatically enrolled but may choose to opt in to the employer's pension scheme
- Seven in ten accountants (67%) and bookkeepers (73%) were able to correctly identify that employers need to provide these four written communications to their staff.



**Table 13: 2: Proportion of small/micro business advisers who knew each of the more detailed aspects of automatic enrolment**

	Small/micro business advisers					
	Accountants			Bookkeepers		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 147)	Autumn 2013 (Base: 131)	Spring 2014 (Base: 132)	Autumn 2014 (Base: 132)
<b>Understanding of eligibility criteria</b>						
Eligible workers will need to be identified	95%	95%	97%	85%	90%	96%
Types of worker eligible include full time permanent members of staff, part time permanent sales assistants and freelance IT specialists contracted personally	N/a	N/a	10%	N/a	N/a	9%
Key eligibility factors are age, earnings and whether they work in the UK	59%	60%	<b>73%</b>	51%	56%	<b>73%</b>
Salary, commission and bonus are to be included in earnings for assessment	53%	44%	44%	27%	32%	34%
Staff should receive written information that the worker has been automatically enrolled, that the employer has used postponement, that the worker is already a member of the employer's pension scheme and that the worker has not been automatically enrolled but may choose to opt in to the employer's pension	N/a	N/a	67%	N/a	N/a	73%

scheme						
Need to identify workers who can opt in to a pension scheme to which employer contributes	82%	79%	78%	73%	79%	79%
Need to identify 'entitled workers'	<b>52%</b>	50%	54%	37%	47%	58%

<b>Understanding of postponement</b>						
Employer has to enrol staff who choose to opt in during the postponement period	65%	54%	<b>69%</b>	<b>61%</b>	55%	<b>72%</b>
Employer needs to communicate to all postponed staff that they are using postponement	69%	58%	<b>76%</b>	63%	64%	<b>81%</b>
<b>Understanding of other aspects</b>						
Employer contribution is 3%	75%	73%	78%	44%	<b>61%</b>	67%
Employers will need to keep records of their workers and scheme(s) used for automatic enrolment	95%	97%	98%	94%	95%	99%

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

Accountants were more likely than in Spring 2014 to be aware that the key eligibility factors for automatic enrolment are age, earnings and whether the employee works in the UK (73%, an increase of 13 percentage points). Accountants were also more likely to understand the elements of postponement, namely that the employer must enrol staff who choose to opt in during the postponement period (69%, up from 54% in Spring 2014), and that the employer needs to communicate to all postponed staff that they are using postponement (76%, up from 58%).

Similar to the accountants, bookkeepers were also more likely to be aware of the key eligibility factors (73%, up from 56% in Spring 2014). Bookkeepers were also more likely than in Spring 2014 to understand the elements of postponement, that the employer must enrol staff who choose to opt in during the postponement period (72%, an increase of 17 percentage points) and that the employer needs to

communicate that they are using postponement to all postponed staff (81%, an increase of 17 percentage points).

Nearly all accountants and bookkeepers were aware that eligible workers need to be identified (97% of accountants and 96% of bookkeepers) and that employers will need to keep records of their workers and the scheme(s) used for automatic enrolment (98% and 99% respectively).

However, both accountants and bookkeepers had lower awareness of the three types of employee that need to be assessed for automatic enrolment (10% and nine percent respectively), of the types of earnings that need to be included in the assessment (44% and 34% respectively) and of the need to identify 'entitled' workers, that is staff who can join a pension scheme but whose employer does not have to pay a contribution (54% and 58% respectively).

### **4.2.3 Awareness of clients' staging date**

In line with the findings in Spring 2014, a significant minority of small/micro business advisers were unaware of any of their clients' staging dates.

- A significant number of accountants (18%) and bookkeepers (25%) were unaware of any of their clients' staging dates.
- Over six in ten of both accountants and of bookkeepers were aware of the staging dates of all or most of their clients (62% and 67% respectively).
- Significantly more accountants were aware that they could look up their clients' staging dates on the regulator's website compared to Spring 2014 (up by 20 percentage points to 44%). Four in ten bookkeepers (44%) were aware that they could look up this information on the regulator's website.

### **4.2.4 Sources of information**

Small/micro business advisers found out about automatic enrolment from a wide range of sources.

- Press advertising remained the main source among accountants (44%), while television advertising was significantly less important among bookkeepers,

compared to Spring 2014 (a decrease of 24 percentage points to 27%). The internet is increasingly important in informing small/micro business advisers about automatic enrolment, with one in three accountants (34%) and half of bookkeepers (54%, up significantly compared to 28% in Spring 2014) becoming aware from online sources.

- Around six in ten accountants (62%) and half of bookkeepers (49%) claimed to have seen or heard advertising relating to automatic enrolment, with most having seen it on the television (63% of accountants and 66% of bookkeepers).
- Just less than one fifth of accountants (16%) and bookkeepers (19%) had visited trade body websites to find out information on automatic enrolment. The main trade body websites visited among accountants included ICAEW (71%) and ACCA (21%), and for bookkeepers ICB (24%).
- Around one in five accountants and bookkeepers had heard local radio advertisements<sup>15</sup>, (18% of accountants and 14% of bookkeepers), while a similar proportion recalled seeing the campaign in the press, featuring a question mark (15% of accountants and 10% of bookkeepers).
- Very few micro/small business advisers had seen the online advertising (one percent of both accountants and bookkeepers).
- Four in ten of the accountants (38%) and one in three bookkeepers (34%) were aware that the radio and press advertising was on behalf of the regulator, but half of both adviser types (47% of accountants and 50% of bookkeepers) were unable to say.

#### **4.2.5 Knowledge of the regulator and use of its website as an information source**

Compared with the Spring 2014 survey, more small/micro business knew at least a little about the regulator.

---

<sup>15</sup> Described to them as “asking them to get a pen and paper and note down a website address”.

Significantly more small/micro business advisers knew at least a little about the regulator than in Spring 2014 (81% of accountants compared with 69% in Spring 2014, and 80% of bookkeepers compared with 65% in Spring 2014).

- Among those who have heard of the regulator, over half of accountants (56%, an increase of 14 percentage points compared to 42% in Spring 2014) and bookkeepers (57%) had consulted its website to find out information on automatic enrolment.
- Overall, four in ten of all accountants (39%) and bookkeepers (39%) had visited the regulator's website to find out information on automatic enrolment. For the accountants, this was an increase of 15 percentage points, compared to Spring 2014 (24%).
- Most of those who had used the regulator's website found the information useful (87% of accountants and 90% of bookkeepers who had used the website).

#### **4.2.6 Current and expected provision of help for clients**

- As found in Spring 2014, most small/micro business advisers expected to be involved in automatic enrolment, with significantly more accountants now helping clients with automatic enrolment. Most accountants and bookkeepers expected to have some involvement in automatic enrolment (90% of accountants and 89% of bookkeepers).
- Three in ten small/micro business advisers had already helped their clients (35% of accountants, an increase of 13 percentage points since Spring 2014, and 29% of bookkeepers).
- However, fewer than half of small/micro business advisers thought that automatic enrolment would increase their business (48% of accountants, up from 36% in Spring 2014, and 42% of bookkeepers, respectively).

**Table 14: Level of engagement among small/micro business advisers**

	Small/micro business advisers					
	Accountants			Bookkeepers		
	Autumn 2013 (Base: 131)	Spring 2014 (Base: 131)	Autumn 2014 (Base: 147)	Autumn 2013 (Base: 131)	Spring 2014 (Base: 132)	Autumn 2014 (Base: 132)
<b>Engagement</b>						
Already helping	24%	22%	<b>35%</b>	15%	19%	29%
Planning to help	43%	44%	33%	35%	36%	41%
Expect to be involved	<b>20%</b>	21%	22%	25%	29%	20%
Not involved/don't know	<b>14%</b>	13%	10%	26%	17%	11%

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

- However, fewer accountants anticipated offering their services to all clients, including those with fewer than 50 employees and those with fewer than five employees (55% of accountants, down from 68% in Spring 2014). Most bookkeepers (73%) intended to offer their services to all their clients.
- In line with the Spring 2014 survey, just under half of small/micro business advisers said that clients had asked them about automatic enrolment (48% of accountants and 42% of bookkeepers). As found in Spring 2014, the main reason for this contact was because their clients had seen some advertising about automatic enrolment, although fewer accountants mentioned this (55% down from 74% in Spring 2014), compared with three quarters of bookkeepers (74%).

- A sizeable minority gave as their reason the fact that they had received communications from the regulator (32% of accountants, 22% of bookkeepers).
- More small/micro business advisers felt able to fully answer their clients' questions than in Spring 2014, either on their own or with advice from colleagues (53% of accountants, an increase of 23 percentage points compared to Spring 2014, and 57% of bookkeepers, an increase of 25 percentage points over the same time period).
- Among small/micro business advisers who had discussed automatic enrolment with their clients, half of the accountants (51%) and four in ten bookkeepers (38%) referred their clients to the regulator's website. However, a third of accountants (32%) and two-fifths of bookkeepers (38%) had not referred their clients to any government website.
- One in four small/micro business advisers said that they personally needed more information about all elements of automatic enrolment (23% of accountants and 27% of bookkeepers).

#### **4.2.7 Levels of service being provided or likely to be provided**

A significant proportion of small/micro business advisers who planned to be engaged with automatic enrolment, said they would either act on behalf of their clients or provide technical advice.

- In line with Spring 2014, around half of small/micro business advisers said they would either act on behalf of their clients or provide technical advice (53% of accountants and 52% of bookkeepers).
- Around a third of both accountants (38%) and bookkeepers (35%) said they intended to make their clients aware of the reforms. Qualitative research carried out by the regulator indicates that this will involve making their clients aware of all of the different stages involved in meeting their duties.



**Table 15: Planned main service among small/micro business advisers planning to be engaged in automatic enrolment**

	Small/micro business advisers					
	Accountants			Bookkeepers		
	Autumn 2013 (Base: 113)	Spring 2014 (Base: 114)	Autumn 2014 (Base: 133)	Autumn 2013 (Base: 98)	Spring 2014 (Base: 111)	Autumn 2014 (Base: 118)
<b>Planned main service</b>						
Make aware	<b>31%</b>	43%	38%	44%	36%	35%
Provide technical advice	27%	23%	21%	20%	19%	21%
Act on behalf of	<b>35%</b>	25%	32%	24%	<b>39%</b>	31%
Other/don't know	7%	9%	9%	11%	<b>3%</b>	<b>13%</b>

Numbers in bold font in tables are significantly different from the corresponding finding in the previous wave at the 95% level of confidence.

- One in five accountants (21%) and bookkeepers (25%) were planning to provide a software system that can be used by their clients to administer automatic enrolment. Such a system is likely to include the following functionality:
  - Payroll functionality, including calculations of contributions
  - Reporting for employer
  - Interface with pension provider
  - Assessment of workers
  - Generation of communications to different types of worker

- Consistent with Spring 2014, one in three micro/small advisers felt their clients would rely on them completely to help them through the process (33% of accountants and 33% of bookkeepers).
- Two in three accountants (69%) and bookkeepers (68%) said they intended to refer clients to other intermediaries to offer some of the automatic enrolment services to their clients. These partners were most likely to be financial advisers or brokers (57% of accountants and 42% of bookkeepers who intend to refer clients to another intermediary for some services).
- The activities that most small/micro business advisers planned to offer included:
  - finding out staging dates (86% of accountants and 87% of bookkeepers);
  - understanding how the legislation applies to their clients' company (75% of accountants and 79% of bookkeepers);
  - assessing the impact on their clients' payroll (76% of accountants and 78% of bookkeepers);
  - working out a timetable to implement the changes (76% of accountants and 78% of bookkeepers); and
  - identifying eligible workers to enrol (71% of accountants and 81% of bookkeepers).
- The aspects that most small/micro business advisers reported having undertaken to date included finding out staging dates (67% of accountants and 61% of bookkeepers) and understanding how the legislation applies to their clients (36% of accountants and 36% of bookkeepers).
- The aspects that most small/micro business advisers reporting planning to refer to other intermediaries included reviewing their clients' pension schemes (47% of accountants and 42% of bookkeepers) and choosing a pension scheme (46% of accountants and 37% of bookkeepers).

- The aspects that small/micro business advisers were least likely to offer themselves or to refer to other intermediaries included providing or configuring software (21% of accountants and 20% of bookkeepers), choosing a pension scheme (17% of accountants and 18% of bookkeepers), reviewing a pension scheme (16% of accountants and 18% of bookkeepers) and communicating the changes to workers (14% of accountants and 18% of bookkeepers).

#### **4.2.8 Main challenges in helping clients/employers meet deadlines**

Half of the accountants (54%) and two in three bookkeepers (65%, an increase of 13 percentage points compared to Spring 2014) were confident that their clients will have done everything they need to do by the deadline set for them.

- The main perceived challenges for small/micro business advisers continued to be cost, a lack of understanding, a lack of time and the clients' perception that automatic enrolment was not relevant to their organisation.
- As found in Spring 2014, a minority of small/micro business advisers felt their clients would be able to deal with any additional administrative demands involved in implementing automatic enrolment (34% of accountants and 38% of bookkeepers), with most continuing to believe that their clients would wait until the last minute to seek advice (87% of accountants and 80% of bookkeepers).