



Automatic enrolment Adjusting your payroll system

Now that you're ready to set up your Royal London pension scheme there are a few things you may wish to consider. This will include some adjustments you might need to make to your payroll system.

Your implementation manager is on hand to give you lots of information and below, you'll find the answers to some of the common questions about making contributions. If you have specific questions about your payroll system, you'll need to refer these to your payroll provider.

Will Royal London calculate the exact contributions I need to deduct?

No – you'll need to do these calculations on your payroll system.

I'm using a salary exchange arrangement (salary sacrifice) – how will this affect the contributions?

If you're using a salary exchange arrangement, then you'll need to adjust your payroll to reflect the salary being exchanged before tax and National Insurance are deducted. You'll submit your contribution as an employer only amount. You can find out more about salary exchange [here](#).

What if I'm not using salary exchange?

If you're not using salary exchange, then contributions should be deducted each pay day on a **relief at source basis**.

This means contributions should be calculated as a net percentage of the pensionable gross pay and deducted after tax and National Insurance.

Here's an example of how it's calculated:

Gross worker contribution to the scheme	5%
Deduction on payroll (calculated on pensionable gross pay but deducted after tax and NI deductions)	4%

Royal London adds basic tax relief once the **4%** is paid - making the total contribution **5%**.

We'll reclaim the basic tax relief element back from HMRC. If the employee is in a higher tax regime the employee will claim the balance of the tax relief through **their** self-assessment **tax return**.

Your payroll provider may ask for additional information. We've detailed some frequently asked questions below.

Question	Answer
Is this a qualifying scheme?	Yes. If the scheme is being set up for automatic enrolment and/or meets the requirements set out by The Pensions Regulator then it should be marked as a qualifying scheme.
Are the worker and employer contributions based on a fixed amount or a percentage of salary?	Percentage of salary.
Is the scheme set up using qualifying earnings?	Yes, if you're using qualifying earnings as the definition of pensionable pay. You don't need to select this if all earnings, basic pay or any other alternative pensionable salary definition is being used.
When do I need to pay contributions?	You need to pay these on a monthly basis. The contributions must be paid to Royal London at the latest by the 22nd of the month following the pension contribution deductions.
What type of pension scheme is being set up?	Your scheme will most likely be set up as a Group Personal Pension (GPP).
What is the scheme reference number?	This is the scheme number commencing RGPxxxxx. Your implementation manager will supply you with this once your scheme has been set up.
What are the bank account details for Royal London?	These are not required as you'll use a flexible direct debit to pay your contributions to Royal London.



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