

IRIS PAYE-Master

Guide to creating Standard Life pension deductions

27/08/2015



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Introduction

This guide will give you an overview of how to configure your pension deductions depending on your pension scheme in the payroll. Creating the output file is covered in a separate guide, see the Pension Guide for more information.

The guide covers:

- Creating an employee pension deduction
- Creating an employer pension deduction

Standard Life permit employers to calculate the pension deduction based on a percentage of Qualifying Earnings, Basic Pay, Pensionable Pay (at least 85% of Total Pay) or Total Pay; for more information click [here](#).

The tax basis of the pension deduction can be via Salary Exchange (also known as Salary Sacrifice or SMART Pension), or Deduction from after-tax earnings; for more information click [here](#).

For instructions on how to setup the employee and employer pension deduction, select your pension scheme option from the list:

- [Salary Exchange/Salary Exchange/SMART – based Qualifying Earnings](#)
- [Salary Exchange/Salary Sacrifice/SMART – based on Basic Pay, Pensionable Pay or Total Pay](#)
- [Deduction from after-tax earnings – based on Qualifying Earnings](#)
- [Deduction from after-tax earnings – based on Basic Pay, Pensionable Pay or Total Pay](#)

Salary Exchange, Salary Sacrifice or SMART pension - based on Qualifying Earnings

A Salary Exchange (Salary Sacrifice or SMART) pension deduction is deducted from the employee's pay before Tax and NI is calculated, which means the employee is due to pay less Tax and NI.

A Qualifying Earnings pension deduction is calculated as a percentage of the employee's Qualifying Earnings between the lower limit and upper limit. For tax year 2015/16, the lower limit is £5,824 and the upper limit is £42,385.

Add employee and employer pension deductions:

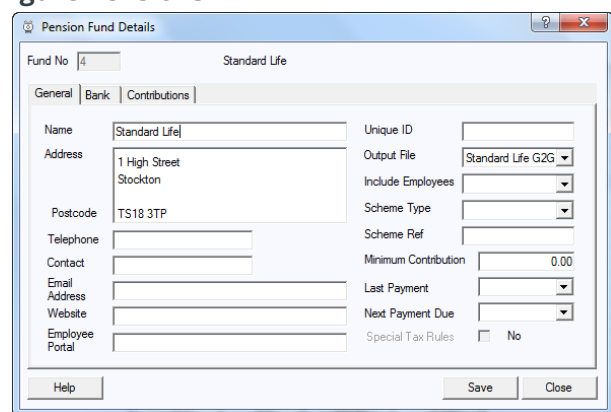
1. Go to the **Pensions** menu and select '**Configure Pensions**'

2. Click on '**Add New**'

3. On the **General** tab, if you haven't configured your Standard Life pension fund already, enter all the details you have for Standard Life

In the **Output File** field, select '**Standard Life G2G**'

In the **Include Employees** field, select '**This fund only**' (unless you have been told a different option by Standard Life)



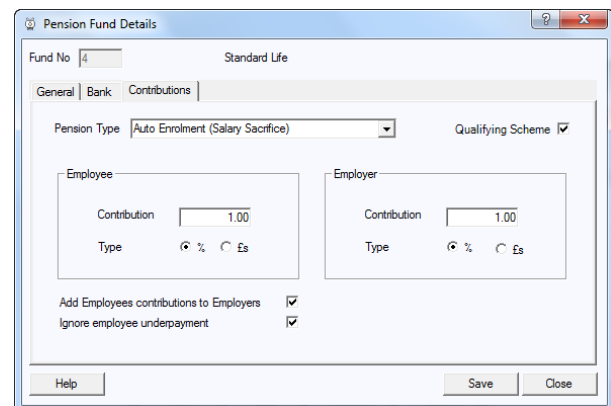
4. Select '**Contributions**' tab

5. In the **Pension Type** field, select '**Auto Enrolment (Salary Sacrifice)**'

6. Tick '**Qualifying Scheme**' box

7. In the **Employee** and **Employer** sections, enter the pension contribution amounts to be applied when an employee is automatically enrolled.

Choose the contribution **Type**, in most cases this will be **%**



8. Tick '**Add Employees contributions to Employers**' box

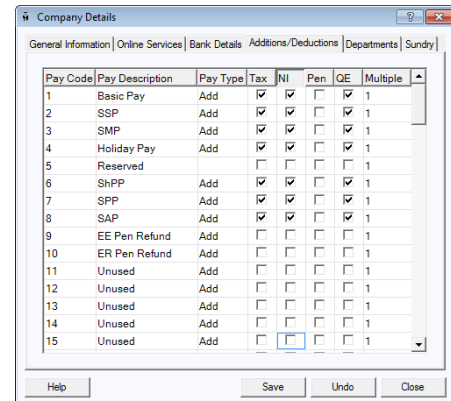
9. Tick '**Ignore employee underpayment**' box

10. Click '**Save**' then '**Close**'

Configure pension deduction pay elements:

1. Go to the **Company** menu and select '**Details**'
2. Select '**Additions/Deductions**' tab
3. Tick '**QE**' box for all pay elements to include in employees' total earnings when payroll assesses employees for automatic enrolment

The employees' pension contribution will also be calculated on these pay elements
4. Click '**Save**' and then '**Close**'



Pay Code	Pay Description	Pay Type	Tax	NI	Pen	QE	Multiple
1	Basic Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
2	SSP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
3	SMP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
4	Holiday Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
5	Reserved		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
6	ShPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
7	SPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
8	SAP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
9	EE Pen Refund	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
10	ER Pen Refund	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
11	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
12	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
13	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
14	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
15	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1

Deduction from after-tax earnings - based on Qualifying Earnings

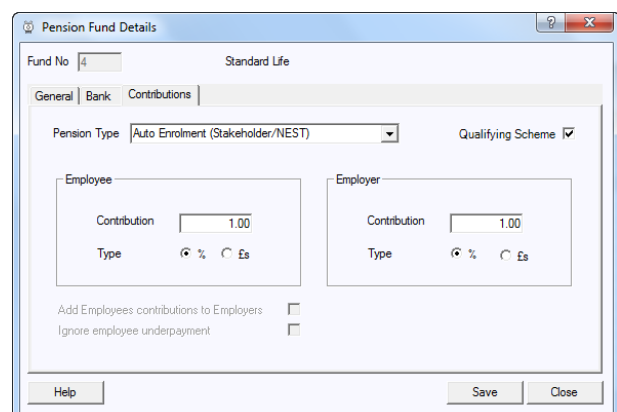
A Deduction from after-tax earnings is deducted from the employee's pay after Tax and NI is calculated, then the employee receives basic rate tax relief on that pension deduction; for tax year 2014/15 the rate is 20%. Higher rate tax payers need to claim the remaining tax relief from HMRC. This method of deducting pension contributions HMRC call relief at source (RAS).

In payroll, if say the employee's pension deduction is 1%, you would be enter 1% % in the employee's pension contribution value but the actual deduction will be 0.8% from their pay.

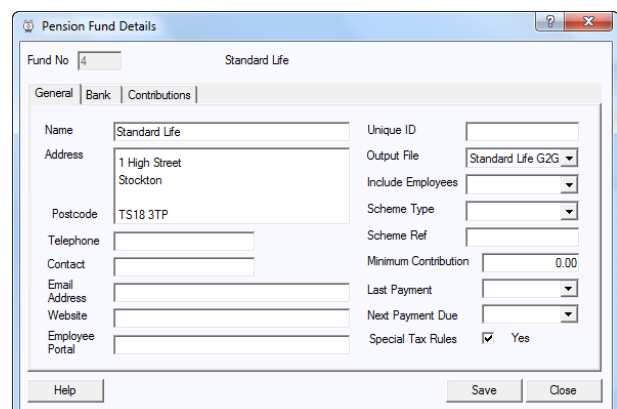
A Qualifying Earnings pension deduction is calculated as a percentage of the employee's Qualifying Earnings between the lower limit and upper limit. For tax year 2015/16, the lower limit is £5,824 and the upper limit is £42,385.

Add employee and employer pension deductions:

1. Go to the **Pensions** menu and select '**Configure Pensions**'
2. Click on '**Add New**'
3. Select '**Contributions**' tab
4. In the **Pension Type** field, select '**Auto Enrolment (Stakeholder/NEST)**'
5. Tick '**Qualifying Scheme**' box
6. In the **Employee** and **Employer** sections, enter the pension contribution amounts to be applied when an employee is automatically enrolled.
Choose the contribution **Type**, in most cases this will be %



7. On the **General** tab, if you haven't configured your Standard Life pension fund already, enter all the details you have for Standard Life
In the **Output File** field, select '**Standard Life G2G**'
In the **Include Employees** field, select '**This fund only**' (unless you have been told a different option by Standard Life)

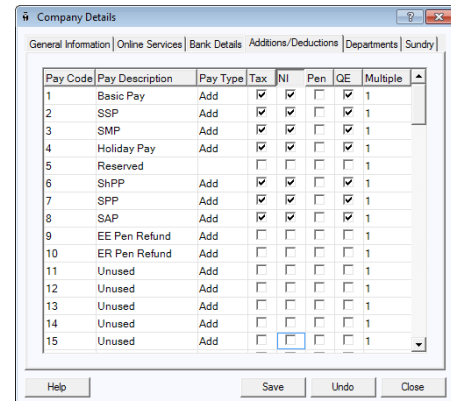


8. Tick '**Special Tax Rules**' box
9. Click '**Save**' and then '**Close**'

Configure pension deduction pay elements:

5. Go to the **Company** menu and select '**Details**'
6. Select '**Additions/Deductions**' tab
7. Tick '**QE**' box for all pay elements to include in employees' total earnings when payroll assesses employees for automatic enrolment

The employees' pension contribution will also be calculated on these pay elements
8. Click '**Save**' and then '**Close**'



Pay Code	Pay Description	Pay Type	Tax	NI	Pen	QE	Multiple
1	Basic Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
2	SSP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
3	SMP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
4	Holiday Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
5	Reserved		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
6	ShPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
7	SPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
8	SAP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
9	EE Pen Refund	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
10	ER Pen Refund	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
11	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
12	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
13	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
14	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
15	Unused	Add	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1

Salary Exchange, Salary Sacrifice or SMART pension - based on Basic Pay, Pensionable Pay or Total Pay

A Salary Exchange (Salary Sacrifice or SMART) pension deduction is deducted from the employee's pay before Tax and NI is calculated, which means the employee is due to pay less Tax and NI.

The pension deduction is calculated as a percentage of earnings you specified when setting up the Standard Life scheme by choosing one of the following options:

- **Basic Pay** – the gross basic wage an employee earns, for example the employee's salary. This doesn't take into account any additional pay elements, such as overtime or bonuses.
- **Pensionable Pay** – must be at least 85% of the employee's Total Pay.
- **Total Pay** – 100% of an employee's gross earnings would be pensionable. This includes any additional pay elements, such as overtime or bonuses.

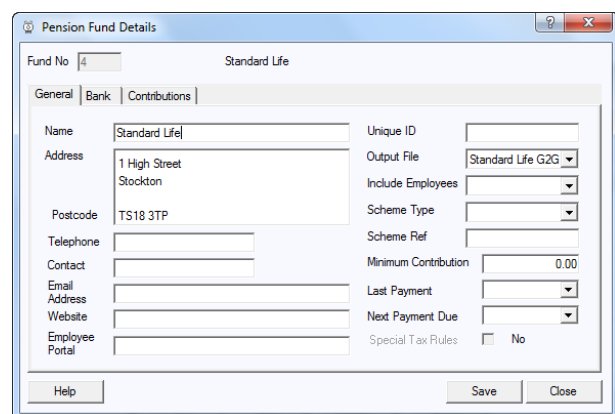
Add employee and employer pension deductions:

1. Go to the **Pensions** menu and select '**Configure Pensions**'
2. Click on '**Add New**'

3. On the **General** tab, if you haven't configured your Standard Life pension fund already, enter all the details you have for Standard Life

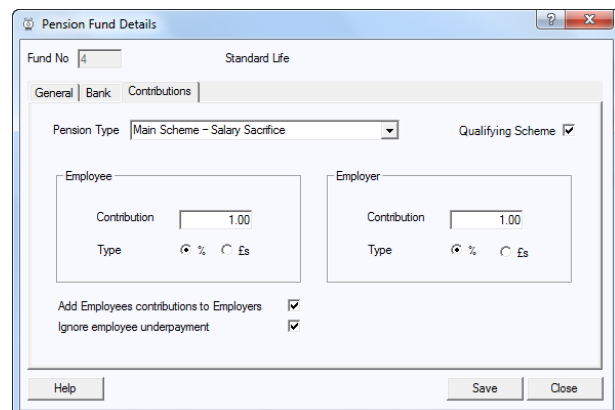
In the **Output File** field, select '**Standard Life G2G**'

In the **Include Employees** field, select '**This fund only**' (unless you have been told a different option by Standard Life)



4. Select '**Contributions**' tab
5. In the **Pension Type** field, select '**Main Scheme – Salary Sacrifice**'
6. Tick '**Qualifying Scheme**' box
7. In the **Employee** and **Employer** sections, enter the pension contribution amounts to be applied when an employee is automatically enrolled.

Choose the contribution **Type**, in most cases this will be **%**



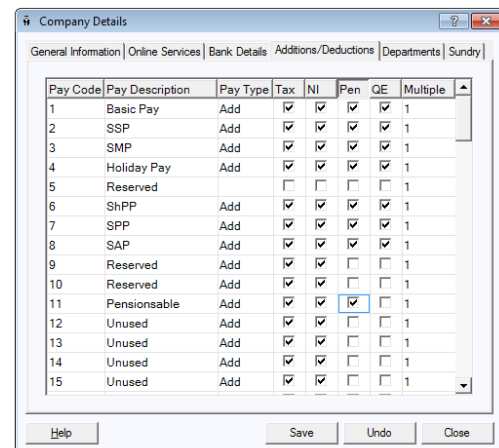
8. Tick '**Add Employees contributions to Employers**' box

9. Tick '**Ignore employee underpayment**' box
10. Click '**Save**' then '**Close**'

Configure pension deduction pay elements:

1. Go to the **Company** menu and select '**Details**'
2. Select '**Additions/Deductions**' tab
3. In the **Pen** column, tick all the pay elements you want the pension deduction to be calculated on

Tick '**QE**' box for all pay elements to include in employees' total earnings when payroll assesses employees for automatic enrolment
4. Click '**Save**' and then '**Close**'



Pay Code	Pay Description	Pay Type	Tax	NI	Pen	QE	Multiple
1	Basic Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
2	SSP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
3	SMP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
4	Holiday Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
5	Reserved		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
6	ShPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
7	SPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
8	SAP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
9	Reserved	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
10	Reserved	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
11	Pensionsable	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
12	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
13	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
14	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
15	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1

Deduction from after-tax earnings - based on Basic Pay, Pensionable Pay or Total Pay

A Deduction from after-tax earnings is deducted from the employee's pay after Tax and NI is calculated, then the employee receives basic rate tax relief on that pension deduction; for tax year 2014/15 the rate is 20%. Higher rate tax payers need to claim the remaining tax relief from HMRC. This method of deducting pension contributions HMRC call relief at source (RAS).

In payroll, if say the employee's pension deduction is 1%, you would be enter 1% % in the employee's pension contribution value but the actual deduction will be 0.8% from their pay.

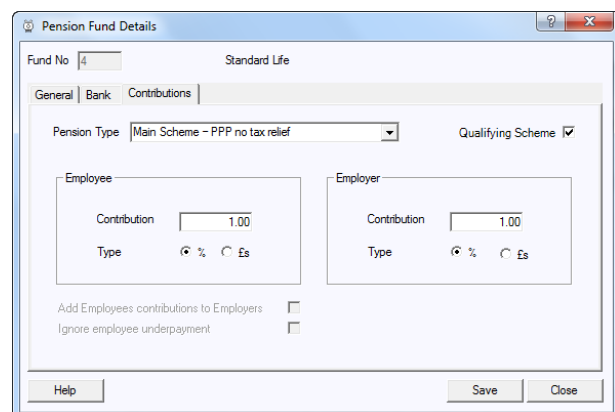
The pension deduction is calculated as a percentage of earnings you specified when setting up the Standard Life scheme by choosing one of the following options:

- **Basic Pay** – the gross basic wage an employee earns, for example the employee's salary. This doesn't take into account any additional pay elements, such as overtime or bonuses.
- **Pensionable Pay** – must be at least 85% of the employee's Total Pay.
- **Total Pay** – 100% of an employee's gross earnings would be pensionable. This includes any additional pay elements, such as overtime or bonuses.

Add employee and employer pension deductions:

1. Go to the **Pensions** menu and select '**Configure Pensions**'
2. Click on '**Add New**'
3. Select '**Contributions**' tab
4. In the **Pension Type** field, select '**Main Scheme – PPP no tax relief**'
5. Tick **Qualifying Scheme** box
6. In the **Employee** and **Employer** sections, enter the pension contribution amounts to be applied when an employee is automatically enrolled.

Choose the contribution **Type**, in most cases this will be **%**



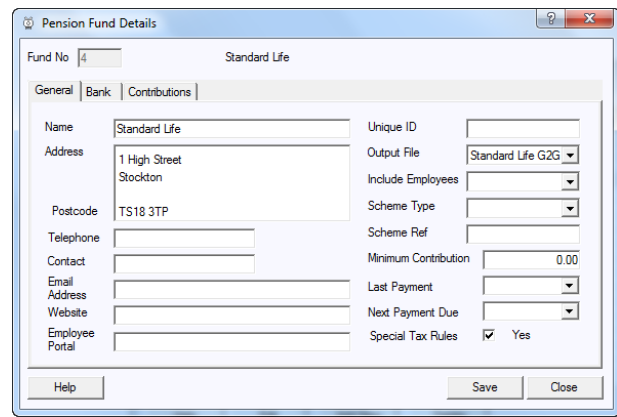
10. Select the **General** tab, if you haven't configured your Standard Life pension fund already, enter all the details you have for Standard Life

In the **Output File** field, select

'Standard Life G2G'

In the **Include Employees** field, select

'This fund only' (unless you have been told a different option by Standard Life)



11. Tick **'Special Tax Rules'** box

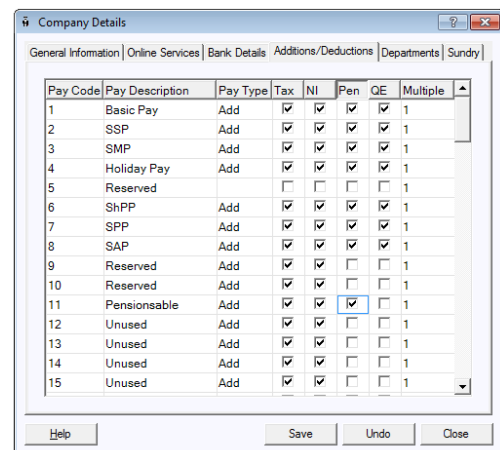
12. Click **'Save'** then **'Close'**

Configure pension deduction pay elements:

1. Go to the **Company** menu and select **'Details'**
2. Select **'Additions/Deductions'** tab
3. In the **Pen** column, tick all the pay elements you want the pension deduction to be calculated on

Tick **'QE'** box for all pay elements to include in employees' total earnings when payroll assesses employees for automatic enrolment

4. Click **'Save'** and then **'Close'**



Pay Code	Pay Description	Pay Type	Tax	NI	Pen	QE	Multiple
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3	SMP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
4	Holiday Pay	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
5	Reserved		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
6	ShPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
7	SPP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
8	SAP	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
9	Reserved	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
10	Reserved	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
11	Pensionsable	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1
12	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
13	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
14	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1
15	Unused	Add	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1

Additional Software and Services Available

IRIS AE Suite™

The IRIS AE Suite™ works seamlessly with all IRIS payrolls to easily manage auto enrolment. It will assess employees as part of your payroll run, deduct the necessary calculations, produce files in the right format for your pension provider* and generate the necessary employee communications.

IRIS OpenPayslips

Instantly publish electronic payslips to a secure portal which employees can access from their mobile phone, tablet or PC. IRIS OpenPayslips cuts payslip distribution time to zero and is included as standard with the IRIS AE Suite™.

IRIS Auto Enrolment Training Seminars

Choose from a range of IRIS training seminars to ensure you understand both auto enrolment legislation and how to implement it within your IRIS software.

Useful numbers

HMRC online service helpdesk	HMRC employer helpline
Tel: 0300 200 3600	Tel: 0300 200 3200
Fax: 0844 366 7828	Tel: 0300 200 3211 (new business)
Email: helpdesk@ir-efile.gov.uk	

Contact Sales (including stationery sales)

For IRIS Payrolls	For Earnie Payrolls
Tel: 0844 815 5700	Tel: 0844 815 5677
Email: sales@iris.co.uk	Email: earniesales@iris.co.uk

Contact support

Your Product	Phone	E-mail
IRIS PAYE-Master	0844 815 5661	payroll@iris.co.uk
IRIS Payroll Business	0844 815 5661	ipsupport@iris.co.uk
IRIS Bureau Payroll	0844 815 5661	ipsupport@iris.co.uk
IRIS Payroll Professional	0844 815 5671	payrollpro@iris.co.uk
IRIS GP Payroll	0844 815 5681	support@gppayroll.co.uk
IRIS GP Accounts	0844 815 5681	gpaccsupport@iris.co.uk
Earnie or Earnie IQ	0844 815 5671	support@earnie.co.uk