The essential guide to the test data pack

Testing automatic enrolment software

Information for software developers

automatic enrolment

The Pensions Regulator

Contents

1. Introduction

Since October 2012, employers have had new legal duties to automatically enrol certain members of staff into a pension scheme and make contributions towards it. Employers need to accurately assess their workers' earnings to comply with their duties, as well as calculate and pay the pension contributions. Software providers are instrumental in helping employers comply with their new duties.

We have produced a test data pack designed to help software developers update their products to support their employer customers in complying with their new pension duties. It provides data for developers who are achieving the necessary functions within their systems and want to test the accuracy of their automatic enrolment solution against the legislative requirements. The pack includes a descriptive version of 185 scenarios which allow users to execute tests manually, using the information provided through the user interface of their software.

2. The test data pack (TDP)

The TDP provides a number of fictitious test scenarios and is intended to be used by developers who have developed automatic enrolment solutions and want to test their accuracy against the legislation.

Users of this TDP should already be familiar with the rules and requirements for the different employer duties and the technical terminology used in the tests. More information about the employer duties and the automation of the assessment process can be found in the employers' detailed guidance available on our website at **www.tpr.gov.uk/detailed-guidance**.

The TDP includes scenarios on:

▶ the assessment of eligibility for automatic enrolment

▶ opt-out and refunds of contributions

▶ processing opt-in and joining requests

▶ cyclical automatic re-enrolment

Test scenarios have been made available for both categories of pay reference period (PRP) used for worker assessment purposes:

▶ where the definition of the PRP is aligned with tax weeks or months (tax period-based PRPs)

▶ where the PRP is defined as the 'period by reference to which the worker is paid their regular wage or salary' (calendar-based PRPs)

Most test scenarios are available for both PRP types, but there are a few scenarios which are specific to tax period-based PRPs.

Any areas of the legislation which require the employer to use their reasonable judgement or choice to determine whether the automatic enrolment legislation is applicable to a specific situation will be outside the scope of the TDP. This will include (but may not be limited to):

▶ what constitutes qualifying earnings (QE)

▶ who is a worker

▶ pension scheme selection

▶ TUPE or any other employment legislation

In addition, immediate automatic re-enrolment is also out of scope. Immediate automatic re-enrolment is required when a jobholder ceases active membership of a qualifying pension scheme, or the scheme ceases to be a qualifying scheme and it is not of the jobholder's own account (or when the employer and worker agree that a notice to end employment is withdrawn). An automated system is unlikely to recognise the reason why active membership has ceased and so tests for this are not included. For more information on immediate automatic re-enrolment see 'Detailed guidance no.11 – Automatic re-enrolment'.

2.1 Pension contributions calculation

The actual process of calculating and paying contributions is unchanged by any of the new employer duties. The employer is not obliged to calculate and deduct contributions according to any formula set out in the legislation.

As the mechanics of calculating contributions are unchanged by the new duties, the rules (or other governing documentation) of a pension scheme will, as now, specify:

▶   what components of pay the pension contribution is calculated on ('pensionable pay').This may include a disregard of some components of pay; for example if pensionable pay in the scheme rules uses QE, or disregards other earnings, perhaps as an offset against the state pension

▶   the rate of contributions to be applied to that pensionable pay

▶   when the first contribution is due

▶   when the last contribution is due, for example some scheme rules provide that the last contribution is due on the pay in the period before the period in which a worker reaches state pension age (SPA)

▶   the due date for paying those contributions

However, the legislation does set a minimum contribution requirement. Under the pension scheme rules for a qualifying scheme:

▶   the employer must make contributions in respect of the jobholder

▶   a employer's minimum contribution, however calculated, must be at least 1%[*] of the jobholder's QE in the relevant PRP

▶   a total minimum contribution, however calculated, must be at least 2%[*] of the jobholder's QE in the relevant PRP

[*]
See table on following page.

These contribution levels are being gradually increased in three steps over the period 1 July 2012 to 6 April 2019. This is known as 'phasing'.

Phasing: DC scheme minimum contributions

Phase period	Minimum employer contribution	Minimum total contribution
Phase 1: Oct 2012 – 5 Apr 2018	1% of QE	2% of QE
Phase 2: 6 Apr 2018 – 5 Apr 2019	2% of QE	5% of QE
Phase 3: 6 Apr 2019 onwards	3% of QE	8% of QE

The minimum contribution requirement, therefore, is that the pension scheme must have provisions in their governing documentation that give an entitlement to contributions of at least this amount. There are various ways that the entitlement to contributions may meet or exceed the minimum contribution requirement. One way is if the scheme rules or governing documentation explicitly define pensionable pay as the amount of the jobholder's QE in the relevant PRP (something we will refer to as a 'minimum requirement pension scheme').

In the TDP, the test scenarios assume the pension scheme being used is a minimum requirement pension scheme (unless the scenario expressly provides otherwise). Further, they assume that the definition of PRP (contribution entitlement) defined in the scheme rules or governing documentation is the same as the definition the employer is using for the purposes of the assessment of the worker.

Different pension providers with minimum requirement pension schemes may adopt different approaches to the calculation and collection of pension contributions for PRPs which include 6 April and any change in the QE thresholds. For any test scenarios where the PRP includes 6 April, the scenario assumes that the pension scheme rules state the threshold in operation at the date of deduction should be used to calculate the contribution amount.

There are 38 test scenarios where the purpose of the test is to illustrate the pro-ration calculation of pension contributions. In these cases, the scenarios assume the pension scheme being used is not a minimum requirement pension scheme and a different definition of pensionable pay and contribution rates are used. In these scenarios, the definition of pensionable pay and contribution rates are described in the test scenarios.

Pension contribution amounts have been rounded up to two decimal places (ie to a whole number of pence), but where the scheme is not a minimum requirement scheme, payroll administrators may adopt their normal rounding convention, as long as the rounding allows the scheme to collect the minimum contributions that the rules require.

2.2 Restrictions on the test scenarios

The TDP scenarios are not intended to test the interface between payroll software, middleware and pension software or prove that the software produces data in any particular third party format. They are not intended to be used as a tool or template to produce data to send to pension providers or any other third party. Therefore, it is possible that a product could pass all tests but does not meet the specific requirements of different pension providers or other third parties. Employers should ensure data requirements of specific pension schemes are discussed with the pension provider in good time to ensure their processes are followed.

All data contained in the TDP is entirely fictitious and while fields where format validation is typically a feature of software (eg postcodes, National Insurance numbers and email addresses) will have valid formats, they are not genuine.

> **Note**
>
> This TDP is designed to assist business software providers in developing software to enable their customers (employers) to comply with their duties. Achievement of the expected results within a software product does not confer on that product any form of approval/accreditation by The Pensions Regulator that the product will support compliance with the duties.

3. Using the TDP

This TDP features a broad set of test scenarios spanning multiple pay cycles. Each scenario has a unique six character identifier (the scenario ID).

We have written 185 scenarios which allow users to execute tests manually using the information provided through the user interface of their software.

The test scenarios are arranged into two separate Excel files depending on the PRP definition being used in the scenario. These are provided at **www.tpr.gov.uk/scenarios**. The Excel files are named:

▶ Calendar_PRP_Scenarios: These are scenarios where the employer has chosen to use the definition of a PRP aligned to the period by the reference to which the worker is paid their regular wage or salary.

▶ Tax_PRP_Scenarios: These are scenarios where the employer has chosen to use the definition of a PRP aligned to tax weeks or months.

Each scenario is presented across two consecutive worksheets – a sheet describing the test conditions for the scenario and the corresponding expected outcome sheet providing the anticipated results. The layout of these pages is described in more detail in section 4 of this guide.

The calendar PRP and tax PRP scenarios cover the same four modules. The modules reflect different aspects of an employer's automatic enrolment duties and include the following:

▶ The basic module (Scenario IDs prefixed with BAS) containing scenarios covering:

- pro-ration of pension contribution calculations

- opt-ins

- opt-outs

- transitional period

- multiple pension schemes

- multiple contracts

▶ Re-enrolment module (Scenario IDs prefixed with REE)

▶ Director/worker status module (Scenario IDs prefixed with DIR)

▶ Corrections module (Scenario IDs prefixed with COR)

4. Layout of test scenarios

4.1 Scenario description and input data sheet

The input sheet for each scenario is presented using the segments described below.

Scenario ID	The unique identifier for the scenario which can be used to identify the corresponding expected outcome sheet.
Module	The name of the module the scenario is included in.
Scheme data	Holds the scheme rules for the pension scheme selected by the employer in the scenario. Where more than one scheme is in use in the scenario, this section is repeated. This section is completed giving consideration as to how the user, having interpreted/established the scheme rules, will then set up the pension scheme within the software.
Employer data	Contains the employer's name, staging date and postponement rules if applicable.
Worker data	Contains the date of birth and gender for the worker in the scenario. Where there is more than one worker in the scenario (Director/worker status module), the fields in the table are repeated and also include the employment start date (normally held in the Event table section).
Event table	Provides information about specific events relevant to the scenario. For some scenarios, events that would typically be determined by software need to occur on specific dates for the outcome of the test to be valid. For example, in an opt-out test, the date active membership was achieved and the date enrolment communications were sent will be included here as they are relevant to the start and end of an opt-out period. Other events such as opt-in request received and opt-out notice received will also be included here if they are relevant to a scenario.
Additional scenario information	Where necessary provides any supplementary relevant information to the scenario.
Earnings table	The header of the Earnings table details the pay date and the pay frequency for the scenario. The remainder of the table gives details of key dates and the QE in each PRP. Where necessary the Earnings table is repeated to cover multiple contracts. The table is extended to show QE for each worker in an organisation for the Director/worker status module.

Threshold table	The frequency-specific threshold table for all tax years covered in a scenario will be provided. Please note that the 2017-18 thresholds are fictional and for illustrative purposes. Thresholds are reviewed on an annual basis and may be amended. Any necessary changes to the annual thresholds in this TDP will be updated once available.

4.2 Expected outcome sheet

The expected outcome sheet for each scenario is presented using the segments described below.

Scenario ID	The unique identifier for the scenario.
Module	The name of the module the scenario is included in.
Description of outcome	Contains an overall text summary of the anticipated outcome, based on the input information for each specific test.
Table of outcomes	This table provides the expected outcome(s) for each PRP. Typically the table will contain results of assessments, communication requirements, and contribution calculations and/or refunds for each PRP with either an anticipated effective date, or a deadline (for communications).

5. Additional information

The tester should be aware of the following issues, as it may impact the way they use the TDP and/or interpret the results.

Re-enrolment

As a general rule an employer will only have a cyclical automatic re-enrolment duty once the eligible jobholder has had an automatic enrolment date. The automatic enrolment date is the date on which the worker becomes an eligible jobholder for the first time. Developers should be aware however that in exceptional circumstances an employer may have a re-enrolment duty in respect of a worker who has not yet had an automatic enrolment date. This can only occur where the employer is exempt from the automatic enrolment duty and up to the cyclical re-enrolment date the worker has never met the eligible jobholder criteria but then is an eligible jobholder for the first time on the cyclical automatic re-enrolment date.

Scenarios where the test begins after the staging date

Where a scenario has PRPs starting after the staging date, it is assumed that appropriate communication requirements have been addressed in earlier PRPs.

Salary sacrifice

Salary/wage is defined as a QE and therefore where a salary sacrifice is in operation (eg for childcare vouchers) the total QE for the PRP are reduced by the amount being sacrificed. This lower amount is the amount on which to assess the worker and determine their category. However, where the worker has agreed to have a reduced salary in exchange for an employer contribution, the amount of salary sacrificed by the worker, if enrolled, is not taken into account when assessing their category, ie the QE before being enrolled is used for worker assessment. Therefore, a situation could occur where the QE is just above the trigger and the worker is automatically enrolled into the pension scheme – but a salary sacrifice arrangement is in place and when the salary sacrifice amount is deducted, the worker's QE is now below the trigger. The worker is still automatically enrolled, as it is the QE before the pension-related salary sacrifice is deducted that is used for assessment (whereas, it is the post-sacrifice level that is assessed for all other salary sacrifice types).

Pension contributions will be calculated in accordance with the pension scheme rules.

Glossary of codes used in test scenarios

EJH   Eligible jobholder

EL   Enrolment letter to be issued (when a worker has been automatically enrolled, re-enrolled, or as a result of an opt-in)

EW   Entitled worker

NEJH   Non-eligible jobholder

OJL   Opt-in/joining rights letter

PN   Postponement notice

TPL   Transitional period letter

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