

Collection of Pension Contributions By Direct Debit

Process Guide and FAQs

This guide details how the Direct Debit collection process will operate in practice. Please note that this process takes effect from the **April 2020** monthly salary deductions – with contributions due to be collected by the dates shown in **Table B** on page 2.

1. To enable us to set up the Direct Debits, each individual employer will need to complete the Direct Debit mandate attached and **return it to SYPA prior to the first contribution payment becoming due**. Please note that this requires a ‘wet’ signature so will need to be printed and signed before being returned. If you do not have access to a printer because of remote working arrangements, please provide us with an address to post a hard copy out to.
2. Employer (or their payroll provider) submits the Monthly Data Collection (MDC) file via the SYPA secure online *EmployerWeb* facility. This is the same MDC process that has been in place for two years. The MDC file **must** be submitted by the dates shown in **Table B** on page 2.
3. SYPA’s automated system interrogates the MDC file submitted and produces a **Summary of Monthly Submission Data**. This summarises the total amounts extracted from the data provided on the MDC file as shown in **Table A** below. Note that this is not necessarily the amount that will be recovered by Direct Debit.

Table A – Details on Summary of Monthly Submission Data

Total Employee Basic Contributions	This is the sum of each individual member’s main scheme and 50/50 scheme contributions
Total Employee Additional Contributions	This is the sum of each individual member’s additional contributions (excluding Additional Voluntary Contributions which should be paid direct to the relevant provider)
Total Employer Basic Contributions	This is calculated based on the Total Pensionable Pay for each member multiplied by the appropriate percentage contribution rate set from 1 April 2020 following the fund valuation
Total Employer Additional Contributions	This is the sum of any additional employer contributions paid in respect of individual scheme members
Employer Monthly Deficit or Surplus	This is the amount agreed at the fund valuation to be paid over to the fund (deficit) or deducted from the contributions due (surplus)

4. As soon as the monthly MDC file has been processed, the **Summary of Monthly Submission Data** will be available for viewing on the SYPA secure online facility, *EmployerWeb*.
5. In advance of the actual Direct Debit collection for that month, you will separately receive an email each month (to the email address you specified on the Direct Debit mandate or the primary contact we hold on our system if you didn't provide one) with an **Advance Notice** of the amount to be collected. This **Advance Notice** will specify the actual amount to be collected (allowing for any necessary adjustments from prior months or any other reason) and the actual collection date (as set out in the table below).
6. SYPA will arrange for the amount shown on the **Advance Notice** to be collected from the specified bank account on the collection dates shown in **Table B**.

Table B - Deadline for Submission of MDC File and Collection Dates

<u>2020/21 Schedule</u>	<u>Employer Data Submission</u>		<u>Direct Debit Collection</u>	
		<u>Deadline</u>		<u>Date</u>
April Payroll	Monday	11/05/2020	Tuesday	19/05/2020
May Payroll	Thursday	11/06/2020	Friday	19/06/2020
June Payroll	Thursday	09/07/2020	Friday	17/07/2020
July Payroll	Tuesday	11/08/2020	Wednesday	19/08/2020
August Payroll	Thursday	10/09/2020	Friday	18/09/2020
September Payroll	Friday	09/10/2020	Monday	19/10/2020
October Payroll	Wednesday	11/11/2020	Thursday	19/11/2020
November Payroll	Thursday	10/12/2020	Friday	18/12/2020
December Payroll	Monday	11/01/2021	Tuesday	19/01/2021
January Payroll	Thursday	11/02/2021	Friday	19/02/2021
February Payroll	Thursday	11/03/2021	Friday	19/03/2021
March Payroll	Friday	09/04/2021	Monday	19/04/2021

FAQs

The following is intended to address the most common types of queries we have received from employers regarding the Direct Debit process.

Who can sign the Direct Debit Mandate?

The Direct Debit mandate needs to be signed by the authorised signatory (or signatories if

What happens if I do not submit the MDC file by the date shown above?

Following feedback from employers, we have extended the date by which the MDC file must be submitted from the original date of 5th of the month to the dates shown in **Table B** on page 2. This provides some flexibility to employers whilst still ensuring we can meet the statutory date for the collection of contributions.

We will of course engage directly with employers who are having specific difficulties to try and reach a resolution but ultimately our Administration Strategy permits us to impose financial penalties where employers are not providing timely data. We will apply these penalties on the basis of the amount of additional resource time incurred by our teams as a result of delays/errors in MDC submissions.

On a monthly basis, we will collect a temporary contribution based on the previous month's submission but this will obviously need to be adjusted in the following month.

What do I do if I think the Advance Notice is incorrect?

Please contact us immediately using the contact details on the **Advance Notice** and we will advise on the appropriate course of action, depending on the nature of the issue.

What do I do if I think the Summary of Monthly Submission Data is incorrect?

This would normally indicate there is a problem with some of the data submitted on the MDC file so you should contact your normal MDC contact at SYPA.

We do not wish to use Direct Debits – what do we do?

We consulted formally on the change in policy and the legislation governing the LGPS provides us with the statutory authority to determine the approach to the collection of contributions. We would of course like to engage with any employers who have any specific operational reasons why they feel Direct Debits are not appropriate but, as with previous responses above, ultimately we will apply penalties to any employers who do not comply with this requirement. We will apply these penalties on the basis of the additional resource required outside of this process.

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