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Detailed guidance for employers

Postponement: An explanation of how to
apply postponement

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Accompanying resources



Information to workers

Summary of information requirements in a quick-reference table format



The different types of worker

Diagram of the different categories of worker and the criteria for each category



Employer duties and safeguards

At-a-glance summary of the duties and safeguards

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About this guidance

This guidance is aimed at professional advisers and employers with in-house pensions professionals. Trustees, managers and pension scheme providers should also familiarise themselves with how postponement operates.

This guidance is the second in a subset of guidance on the assessment of a worker. The process of making the assessment is described in **Detailed guidance no. 3 – Assessing the workforce**. To understand the content in this guidance, employers should have already read the following guidance in this series:


- Detailed guidance no. 1 – Employer duties and defining the workforce
- Detailed guidance no. 2 – Getting ready
- Detailed guidance no. 3 – Assessing the workforce.

If an employer has an existing defined benefit pension scheme or hybrid scheme with defined benefits and the worker meets certain conditions, the employer can choose to defer assessment of that worker until the end of a transitional period. An employer considering using this transitional period should read the next guidance in this subset **Detailed guidance no. 3b – Transitional period for schemes with defined benefits**.

Regardless of when the assessment is carried out, an employer will know, as a result of the assessment, whether the worker is an eligible jobholder, non-eligible jobholder or entitled worker. **Detailed guidance no. 3c – Having completed the assessment** describes the next steps for an employer once they have completed the assessment process. Employers should read 3c in conjunction with this guidance.

We recognise that many employers will already have pension provision for their workers, and that this will often match or exceed the minimum requirements contained in the duties. In these cases, such employers may just need to check that the minimum requirements are covered in their existing processes.


‘One month’ means ‘one calendar month’ throughout this guidance.



Many workers will already have pension provision

It will be helpful to employers to be familiar with the different categories of workers. These are explained in detail in **Detailed guidance no. 1 – Employer duties and defining the workforce** and a quick reminder is available in the Key terms.

This guidance forms part of the latest version of the detailed guidance for employers (published April 2015). The Department for Work and Pensions (DWP) recently introduced some technical changes to the legislation which came into effect on 1 April 2015 to simplify the information requirements for employers. This included reducing the number of options for postponement notices from four to one. This guidance has been updated with those legislative changes. The section Changes from last version provides details of significant alterations made to this guidance.



There are a number of decisions an employer should make

Introduction

1. An employer must assess each member of their workforce to identify into which category of worker they fall. This will determine what duties the employer will have in relation to each of those workers. The different categories of workers and the employer duties are set out in **Detailed guidance no. 1 – Employer duties and defining the workforce**.
2. Postponement is optional for an employer. Postponement is described as 'postponement of automatic enrolment', and sometimes referred to as a 'waiting period'. Essentially, postponement is the postponement of the assessment of the worker at certain dates and therefore a postponement of whichever employer duty may apply, depending on the category of worker. The assessment is postponed until a date of the employer's choosing known as the 'deferral date'.
3. Postponement does not affect the steps an employer must take in carrying out the assessment. The process of assessing the workforce is explained in detail in **Detailed guidance no. 3 – Assessing the workforce**. Employers should read this in conjunction with this guidance.
4. The way an employer exercises the choice to use postponement in relation to a worker is to give that worker a written notice that they are using postponement.
5. An employer can only choose to use postponement on certain dates. These are:
 - a. their staging date, in respect of any workers employed on their staging date
 - b. the first day of employment, in respect of any worker starting employment after the employer's staging date
 - c. the date a worker employed by them meets the criteria to be an eligible jobholder after the employer's staging date.
6. In addition, an employer can use postponement where they have applied the transitional period for schemes with defined benefits to a worker. For more information on the transitional period, see **Detailed guidance no. 3b – Transitional period for schemes with defined benefits**.
7. Postponement is not available at automatic re-enrolment.
8. As a result of the assessment, the employer will know whether the worker is an eligible jobholder who must be automatically enrolled. **Detailed guidance no. 3c – Having completed the assessment** describes the next steps for an employer as a result of the assessment.



It is
important
employers
understand
the process

Before using postponement

9. There are a number of decisions for an employer to make before using postponement.
10. The first of these is to decide from which of the dates set out in paragraph 5 they wish to use postponement.
11. They should make this decision in advance. This is because the deadline for issuing the postponement notice is six weeks and a day from which they wish to use postponement. If the notice is not issued, postponement cannot be applied.
12. When making this decision, an employer should consider the outcome they wish to achieve through using postponement. Postponement gives an employer the flexibility to align the administration of the employer duties to their existing business and payroll processes.
13. This flexibility means an employer could use postponement to:
 - smooth the process of staging, eg automatically enrol groups of workers at different points in the three-month period
 - align automatic enrolment with their existing payroll processes, eg to avoid calculation of contributions on part-period earnings, or to maximise the amount of the opt-out period that falls before payroll is run
 - smooth the process of the automatic enrolment duty in respect of workers with rare spikes in earnings
 - smooth the process of the automatic enrolment duty in respect of short-term workers who leave soon after starting work, or workers who trigger automatic enrolment just before ceasing employment
 - facilitate contractual joining into a salary sacrifice arrangement
 - smooth the process of fulfilling the information requirements, eg use the postponement notice to fulfil a number of the different information duties for a worker in one go.
14. In addition, an employer can choose to use postponement in respect of one worker, some workers or all of their workforce.

15. Having decided that they are going to use postponement, the employer now needs to decide on:
 - the 'deferral date' and
 - if using postponement at their staging date, whether they want to use postponement in respect of one, some or all of their workers.

The deferral date

16. The deferral date is the last day of the postponement period. It is key for the employer as it is the date on which they must assess the worker and it must be included in the postponement notice.
17. The deferral date is a date of the employer's choosing up to three months and a day after:
 - the employer's staging date, if they are choosing to use postponement on their staging date in respect of any workers employed on their staging date
 - the first day of employment, if they are choosing to use postponement on the first day of employment in respect of any worker starting employment after the employer's staging date
 - the date the criteria to be an eligible jobholder are met, if they are choosing to use postponement on the day a worker employed by them meets the criteria to be an eligible jobholder after the employer's staging date
 - the date with effect from which arrangements for active membership fall to be made under the transitional period for schemes with defined benefits. This is only applicable if the employer has applied the transitional period for DB and hybrid schemes with defined benefits to the worker.
18. Employers should note that 'months' means calendar months. For example, if the employer's staging date is 1 October, the latest possible deferral date they can choose is 1 January.

Choosing a deferral date

19. An employer can choose their deferral date to suit their existing processes and their reason for choosing postponement.
20. If, for example, an employer is using postponement to avoid part-period calculation of contributions, they should ensure the deferral date is the first day of a pay reference period.
21. If, however, they are choosing to use postponement for short-term workers who leave soon after starting work, they may wish to choose the latest possible deferral date.

The workers to postpone

22. Generally, postponement is in respect of a single worker. However, if an employer chooses to use postponement at their staging date, they can choose to use it in respect of one worker, or groups of workers, or all their workers in employment at the staging date.
23. This can be done to stagger the introduction of the employer duties over a three-month period in order to help with the administration of a large number of new joiners to a pension scheme. To do this, an employer may postpone different groups of workers for different periods of time, up to three months and a day after the staging date.
24. Where an employer is postponing groups of workers in this way, they will need to decide on the different deferral dates for each group.
25. On some occasions, an employer may have groups of workers starting employment on the same date and on these occasions, they can use postponement for a group of workers. Again, this could be used to help with the administration of the new duties for these workers.
26. Where an employer is using postponement in respect of a group of workers, each individual worker must be provided with a postponement notice. It is not possible for one notice to cover several workers.
27. If the employer plans to use postponement for all their workers on their staging date, they still need to ensure that they are taking the necessary steps explained in **Detailed guidance no. 2 – Getting ready**, to ensure they are ready for the new duties at the end of the postponement period.

Carrying out postponement

28. The first step for an employer in carrying out postponement is to give the worker or workers a postponement notice.

The notice

29. The postponement notice tells a worker:
 - that automatic enrolment has been postponed
 - the deferral date
 - that on the deferral date, if they meet the criteria to be an eligible jobholder, they will be automatically enrolled, and
 - about the right to opt in to an automatic enrolment scheme for jobholders and the right to join a pension scheme for entitled workers.

30. The information the employer must give is as follows:

Mandatory information to be included in a postponement notice

- A statement that the employer has deferred automatic enrolment until the deferral date (and the deferral date must be given)
- A statement that the employer will automatically enrol the worker into an automatic enrolment scheme if, on the deferral date, the worker is aged 22 or more but less than state pension age and earnings of more than the earnings trigger for automatic enrolment are payable to the worker
- A statement that by giving written notice to the employer, the worker who is aged at least 16 and under 75 and:
 - a. who earns more than the qualifying earnings lower threshold and is a not an active member of a qualifying scheme, may opt in to an automatic enrolment scheme and will be entitled to employer's contributions; or
 - b. who earns not more than the qualifying earnings lower threshold and is a not an active member of a pension scheme, may require the employer to make arrangements for the worker to become an active member of a pension scheme

A statement that a written notice from the worker must be signed by the worker or, if it is given by means of an electronic communication, must include a statement that they personally submitted the notice.

31. A template for the postponement notice is available on our website at www.tpr.gov.uk/letter-postpone. This template is one way that an employer may chose to communicate the information. An employer may add their own wording or use their own templates as long as the underlying requirements in the table above are met.
32. The postponement notice contains the information about the right to opt in to an automatic enrolment scheme for jobholders and the right to join a pension scheme for entitled workers, so if an employer has given the worker a postponement notice they will have discharged this information requirement as well. There is no need to give a separate communication about these rights.

33. Prior to 1 April 2015 information about the right to opt in and the right to join was included in some but not all of the postponement notices available to an employer. If an employer chose to use the tailored postponement notices the requirement was to give information about the right relevant to the particular worker at the time they were being postponed i.e. only information about the right to opt in or only information about the right to join. However, under the amended requirements, an employer can choose to give either:
- only information about the right which is relevant to the worker being postponed, or
 - information about both the rights, irrespective of which one is relevant to the worker.
34. This choice is available to allow an employer with a staging date before 1 April 2015, using the tailored postponement notices under the previous requirements, to minimise the change to their existing systems and processes and continue to give information about the right relevant to the worker.
35. Where an employer makes use of this facility and the worker is a jobholder who is not an active member of a qualifying scheme, then the statement required in the fourth bullet in the table above is substituted with:

A statement that the jobholder may, by giving written notice to the employer, require the employer to make arrangements for them to become an active member of an automatic enrolment scheme and that the jobholder will be entitled to employer's contributions.

36. Where the employer makes use of this facility and the worker is an entitled worker who is not an active member of a qualifying scheme, then the statement required in the fourth bullet in the table above is substituted with:

A statement that the worker may, where they are working or ordinarily work in the UK and are aged at least 16 and under 75, by giving written notice to the employer, require the employer to make arrangements for the worker to become an active member of a pension scheme.

37. Nothing prevents an employer including the enrolment information that must be issued to an eligible jobholder who is being automatically enrolled, in a combined notice, so that all the information requirements are discharged in one go (unless opt in or re-enrolment occurs). More information about the process of automatic enrolment can be found in **Detailed guidance no. 5 – Automatic enrolment**.
38. In this instance, an employer should consider the appropriateness of adding this information to the postponement notice for their workers. This includes a judgement about the ability of the workforce to absorb the level of detail in one go, and about the relevance of the information to the worker. In making the judgement about the relevance of the information, an employer should consider:
- how sure they are that the worker is or will be in the future an eligible jobholder, and
 - the length of time between the planned giving of the information and the likely automatic enrolment date – the date information will become relevant, (see example 1 below).

Example 1

Deliver to You Ltd has recruited a new operations manager, Amir, who is 42 years old. Amir will be starting work on 21 September. His basic salary will be £24,000. John runs the HR department at Deliver to You Ltd and knows that the first day of employment is one of the assessment dates and that he must assess to see if Amir is an eligible jobholder.

Deliver to You Ltd has chosen to use the definition of a pay reference period aligned to the period by reference to which a worker is paid their regular wage or salary for the purposes of the assessment of the worker. Deliver to You Ltd pays its staff monthly in respect of the work done in the calendar month. The relevant pay reference period for Amir is the pay reference period from 1 September to 30 September.

In this period, because Amir only starts work on 21 September, the qualifying earnings payable to him are £600. This is below the monthly earnings trigger for automatic enrolment. In his first full pay reference period (1 October to 31 October) his qualifying earnings will be his usual monthly salary of £2,000, which is above the monthly earnings trigger for automatic enrolment.

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John knows that if he were to assess him on 21 September, Amir would be a non-eligible jobholder and he would be required to provide him with information about the right to opt in to an automatic enrolment scheme for jobholders and the right to join a pension scheme for entitled workers and assess him again on 1 October. On this date, Amir would be an eligible jobholder and automatic enrolment would be triggered shortly after providing Amir with information about the right to opt in or join a pension scheme.

John decides to use a short postponement period. He decides on the deferral date of 1 October. On 21 September, he issues Amir with the postponement notice (which includes the information for a jobholder about their right to opt in) together with the enrolment information for automatic enrolment. On 1 October, Amir is an eligible jobholder and John has six weeks in which to complete the steps for automatic enrolment (see **Detailed guidance no. 5 – Automatic enrolment**).

Giving the notice

39. The notice must be given in writing. 'Giving' information, in the regulator's view includes:
 - sending hard copy information by post or internal mail
 - handing over hard copy information by hand
 - sending information in the body of an email
 - sending information in pdf attachments or other attachments by email.
40. 'Giving' information does not include merely signposting to an internet or intranet site, attaching a URL or displaying a poster in the workplace. In these circumstances the employer is merely providing the worker access to the information about the duties but is not giving the actual information.
41. Someone acting on the employer's behalf, such as an independent financial adviser, benefit consultant, accountant or bookkeeper can send the information, but it remains the employer's responsibility to make sure it is given, on time, is correct and is complete.
42. Where an employer is giving information to a worker by post, they should allow sufficient time for the delivery of the letter in the ordinary course of post, in order that the information can be given before the end of the specified time limit for giving information.

43. The notice must be given by no later than six weeks and a day after:
- the employer's staging date, if they are choosing to use postponement on their staging date in respect of any workers employed on their staging date
 - the first day of employment, if they are choosing to use postponement on the first day of employment in respect of any worker starting employment after the employer's staging date
 - the date the criteria to be an eligible jobholder were met, if they are choosing to use postponement on the date that the worker meets the criteria to be an eligible jobholder
 - the date with effect from which arrangements fall to be made under the transitional period for schemes with defined benefits.
44. It can be given ahead of the staging date or worker's first day of employment. It cannot be given if the date the criteria to be an eligible jobholder falls on an occasion on or before the deferral date of a postponement period that the employer has applied to the same worker at their staging date or the worker's first day of employment (see paragraphs 48 to 51).

Making the assessment on the deferral date

45. On the deferral date, the employer must assess each member of their workforce to identify into which category of worker they fall. This will determine what duties the employer will have in relation to each of those workers.
46. As part of this assessment, the key criteria the employer must identify are:
- the worker's age
 - whether the worker is working or ordinarily works in the UK under their contract, and
 - whether qualifying earnings are payable in the relevant pay reference period.
47. The process of making the assessment is explained in **Detailed guidance no. 3 – Assessing the workforce**.
48. An employer should note however, that if they also intend to use the transitional period for defined benefit and hybrid schemes in respect of any workers at their staging date, they may also need to assess their workers on their staging date. **Detailed guidance no. 3b – Transitional period for schemes with defined benefits** has more information.

49. As a result of the assessment, the employer will know whether the worker is an eligible jobholder who must be automatically enrolled (see example 2 below). **Detailed guidance no. 3c – Having completed the assessment** describes the next steps for an employer at the end of the assessment process. There are also a number of flowcharts that show the assessment process and postponement.
50. It is important to note that if on the deferral date the worker meets the criteria to be an eligible jobholder, the employer must automatically enrol the worker. It is not possible to apply a further postponement period to that eligible jobholder.
51. If the worker does not meet the eligible jobholder criteria on the deferral date, the employer must continue to assess the worker on the first day of each subsequent pay reference to identify the next time that the eligible jobholder criteria are met.

Example 2: Postponement at staging date

Rivets Steel Ltd employs 3,200 workers. They already have pension provision for their workers and take up of membership is about 40%.

The staging date for Rivets Steel Ltd is 1 November. This is a busy time of year for them as their financial year ends on 31 December. They have chosen to use postponement in respect of all their workers until 1 February when there will be more time and resource available to focus on the new duties they will have in respect of their workers.

On 1 November, they issue a postponement notice to all their workers.

On 1 February, Rivets Steel Ltd assesses all of its workers. As a result of that assessment, they know which of their workers are eligible jobholders, which are non-eligible jobholders and which are entitled workers. Rivets Steel Ltd must automatically enrol their eligible jobholders with effect from 1 February.

As they have given a postponement notice, they do not have to provide information to workers not being automatically enrolled about the jobholders' right to opt in to an automatic enrolment scheme or the entitled workers' right to join a pension scheme. They will need to continue to assess these workers to identify if the criteria to be an eligible jobholder are met.

Using postponement more than once

52. If the worker does not meet the eligible jobholder criteria on the deferral date, then the next time that they do, the employer can choose to:
- automatically enrol the eligible jobholder, or
 - apply another postponement period of up to three months, or
 - if any of the conditions for the four exceptions from the automatic enrolment duty are met, exercise their discretion to not automatically enrol the worker. (More information on the exceptions can be found in **Detailed guidance no. 3c – Having completed the assessment**).
53. The same rules for postponement apply in any subsequent application of postponement as they do in the first application. So if the worker meets the criteria to be an eligible jobholder on a deferral date, the employer must automatically enrol the worker. It is not possible to apply a further postponement period to that eligible jobholder. However, if they do not meet the criteria then the employer must continue to assess the worker and may choose to apply a postponement period the next time the eligible jobholder criteria are met.
54. It is important to note that postponement cannot be used more than once if those periods were to overlap. The employer cannot give a postponement notice if the date the criteria to be an eligible jobholder are met falls on an occasion on or before the deferral date of a postponement period that the employer has applied to the same worker at their staging date or the worker's first day of employment.
55. In other words, where an employer has used postponement at their staging date or the worker's first day of employment, and the worker meets the criteria to be an eligible jobholder during the postponement period (including the deferral date), they cannot use postponement again to extend the postponement period (see example 3).

Example 3

SED Publishing's staging date is 1 April and it decides to use postponement in respect of all of its workers to defer automatic enrolment until 1 July.

On 27 May, one of its workers, Darren, who earns £25,000, turns 22. This is the first date that Darren meets the criteria to be an eligible jobholder.

SED Publishing cannot issue another postponement notice on this date that would postpone automatic enrolment for three months to 27 August 2014.

What next?

Having completed the assessment on the deferral date, the employer will know what category of worker or workers they have. **Detailed guidance no. 3c – Having completed the assessment** contains the next steps for an employer and should be read in conjunction with this guidance.

The process of making the assessment is explained in **Detailed guidance no. 3 – Assessing the workforce**.

Changes from last version

This version has been updated as a result of the changes in legislation which have reduced the four different options available for an employer to choose as their postponement notice to one. This has resulted in the deletion of much content about those different options and the choice available to the employer:

- Paragraphs 22 to 59 of the last version have been removed except paragraphs 23, 52 and 54 (and example), which have been moved to the section titled Carrying out postponement
- Paragraphs 83 to 105 (and examples) of the last version have been removed except paragraphs 96 and 97, which have been moved to a new section titled using postponement more than once
- Appendix A which was a flowchart including these options when using postponement has also been deleted. The flowcharts in **Detailed guidance no. 3c – Having completed the assessment** which illustrate the assessment process when using postponement remain available for employers to use.

Paragraph numbers have consequently changed since the last version.

The table below lists the other changes since the last version. This list is not exhaustive. It does not include minor editorial changes.

Location	Change
About this guidance	Paragraph updated with reasons for update.
Paragraph 4	Amended as there are no longer different options for the postponement notices
Paragraph 8	Amended as the changes to the information requirements mean that an employer no longer has to separately identify the non-eligible jobholders and entitled workers on the deferral date as they have discharged their information duties to these workers in the postponement notice they gave
Paragraph 11	The legislative deadline for giving the notice is six weeks after the day after the employer's staging date, the worker's first day of employment, the date the eligible jobholder criteria are met or the date arrangements must be made under the Transitional period for schemes with defined benefits. For greater clarity we have amended this to read six weeks and a day after the staging date, first day of employment, the date the eligible jobholder criteria are met or the date arrangements must be made under the transitional period for schemes with defined benefits

continued...

Location	Change
Paragraph 15	Amended as the employer no longer needs to decide on which option of postponement period they wish to use
Paragraph 17	As above the deferral date is up to three months after the day after the employer's staging date, the worker's first day of employment, the date the eligible jobholder criteria are met or the date arrangements must be made under the transitional period for schemes with defined benefits. For greater clarity we have amended this to read three months and a day after the staging date, first day of employment, the date the eligible jobholder criteria are met or the date arrangements must be made under the transitional period for schemes with defined benefits
Paragraphs 29 to 34	Content added on the new notice requirement. Includes paragraphs 23, 52 and 54 (and example) from last version
Paragraphs 48 to 51	A new section for paragraphs 96, 97 and example from the last version. New paragraphs 48 and 49 added as introductory content

Key terms

Summary of the different categories of worker

Category of worker	Description of worker
Worker	An employee or someone who has a contract to perform work or services personally, that is not undertaking the work as part of their own business.
Jobholder	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• has qualifying earnings.
Eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 22 and state pension age• has qualifying earnings above the earnings trigger for automatic enrolment.
Non-eligible jobholder	A jobholder who: <ul style="list-style-type: none">• is aged between 16 and 21 or state pension age and 74• has qualifying earnings above the earnings trigger for automatic enrolment or <ul style="list-style-type: none">• is aged between 16 and 74• has qualifying earnings equal to or below the earnings trigger for automatic enrolment.
Entitled worker	A worker who: <ul style="list-style-type: none">• is aged between 16 and 74• is working or ordinarily works in the UK under their contract• does not have qualifying earnings.

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