



Having completed the assessment

The next steps for an employer after the assessment

February 2012 v3.0

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The Pensions
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About this guidance

- This guidance is aimed at employers and professional advisers who will support employers to comply with their new duties.
- This guidance is the third in a subset of guidance on the assessment of a worker. It describes the next steps for an employer once they have completed the assessment process.
- 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 chooses to use postponement, they postpone the assessment of their worker for a period of up to three months. An employer considering using postponement should read **Detailed guidance no. 3a – Postponement**.
- If an employer has an existing defined benefit or hybrid pension scheme 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 **Detailed guidance no. 3b – Transitional period for defined benefit and hybrid schemes**.
- We have identified **7 steps to prepare for automatic enrolment** which summarises the main steps towards achieving compliance. Employers may find this helpful when navigating this guidance: www.tpr.gov.uk/7-steps
- 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.
- 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 **Key terms** on page 18.
- We will be updating this guidance when the revised figures for the lower level of qualifying earnings and the earnings trigger for automatic enrolment are published.



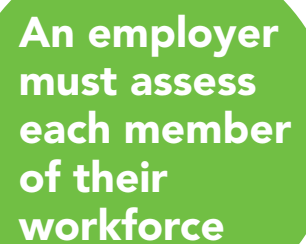
Many employers will already have pension provision

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Key points

- An employer must assess each member of their workforce to identify into which category of worker they fall. This is to determine what duties the employer will have to carry out for that worker.
- After completing the assessment, an employer will know whether the worker is an eligible jobholder, non-eligible jobholder or entitled worker.
- The next steps for an employer are to automatically enrol, apply a postponement period, or provide information to the worker, depending on the category of worker.



**An employer
must assess
each member
of their
workforce**

Introduction

1. An employer must assess each member of their workforce to identify into which category of worker they fall, in order to determine the duties they will have in relation to each worker.
2. By identifying the worker category, the assessment therefore also identifies whether the employer must do one, some or all of the following:
 - Automatically enrol the worker
 - Provide the worker with information about the pension scheme, applicable to workers who are active members of an employer's existing pension scheme
 - Provide the worker with information about the right to opt in to an automatic enrolment scheme
 - Provide the worker with information about their right to join a pension scheme.
3. An employer must assess their worker at particular points in time, or when particular events occur – the 'assessment date'. The process of making the assessment is explained in **Detailed guidance no. 3 – Assessing the workforce**, which employers should read ahead of this guidance.
4. An employer who is considering using postponement should have read **Detailed guidance no. 3a – Postponement** and **Detailed guidance no. 3 – Assessing the workforce** ahead of this guidance.
5. The first time an employer makes an assessment to determine which of the requirements listed in paragraph 2 they will have for their workers is on one of the following dates:
 - Their staging date
 - The worker's first day of employment
 - If they have chosen to use postponement:
 - on the deferral date, or
 - on the date an opt-in notice is received from a worker during the postponement period. (The first assessment of a worker on receipt of an opt-in notice is explained in **Detailed guidance no. 6 – Opting in, joining and contractual enrolment.**)
6. The first assessment on an employer's staging date is either in respect of all their workers, if they have chosen not to use postponement, or in respect of workers who are active members of a qualifying scheme that they provide, if they are using postponement.
7. Regardless of whether the first assessment is carried out on the staging date, the worker's first day of employment, or the deferral date, an employer will know, as a result of the assessment, whether the worker is an eligible jobholder, non-eligible jobholder, a jobholder who is an active member of a qualifying scheme or an entitled worker.
8. This guidance is the last in a subset of guidance on the assessment of a worker and details the next steps for an employer once they know the result of the first assessment.

The result of the first assessment

9. The worker is an **eligible jobholder** if, at the end of the assessment, the employer has identified that:
 - the worker is aged between 22 and state pension age
 - they are working or ordinarily work in the UK under their contract¹
 - qualifying earnings are payable in the relevant pay reference period, that are above the earnings trigger for automatic enrolment.
10. The worker is a **non-eligible jobholder** if, at the end of the assessment, the employer has identified that:
 - the worker is working or ordinarily works in the UK under their contract¹
 - they are either:
 - aged between 16 and 74 with qualifying earnings payable in the relevant pay reference period that are below the earnings trigger for automatic enrolment, or
 - aged between 16 and 21 or state pension age and 74, with qualifying earnings payable in the relevant pay reference period that are above the earnings trigger for automatic enrolment.
11. The worker is an **entitled worker** if, at the end of the assessment, the employer has identified that:
 - the worker is aged between 16 and 74
 - they are working or ordinarily work in the UK under their contract¹
 - they do not have qualifying earnings payable by the employer in the relevant pay reference period.
12. The worker is a **jobholder** if, at the end of the assessment, the employer has identified that:
 - the worker is aged between 16 and 74
 - they are working or ordinarily work in the UK under their contract¹
 - they have qualifying earnings payable by the employer in the relevant pay reference period.
13. The next steps for an employer are to automatically enrol, apply a postponement period or provide information to the worker, depending on the category of worker.
14. The action required for each category of worker is described below. In addition, there are a number of flowcharts in the appendices that detail the entire assessment process.
15. These flowcharts illustrate different scenarios depending on whether the employer is assessing one worker or a group of workers, or is using postponement.

¹ Except workers in offshore employment for whom the employer does not have to consider whether they are working or ordinarily work in the UK. A worker in offshore employment is a person who works under a worker's contract in the territorial waters of the UK, or in connection with the exploration of the sea-bed or subsoil, or the exploitation of their natural resources, in the UK sector of the continental shelf (including the UK sector of a cross-boundary petroleum field).

Eligible jobholders

16. If this first assessment of the worker identifies that the worker is an eligible jobholder, then unless the eligible jobholder is already an active member of a qualifying scheme with that employer, the employer:
- can choose to either automatically enrol the eligible jobholder or apply a postponement period of up to three months, if the assessment date is not the deferral date
 - **must** automatically enrol the eligible jobholder if the assessment date is the deferral date. The considerations and action for an employer choosing to use postponement are described in **Detailed guidance no. 3a – Postponement**.
17. If the eligible jobholder is an active member of qualifying scheme with that employer on the assessment date, the employer must tell them about their active membership of the scheme. We explain this further in paragraphs 50-54.

Automatic enrolment

18. If the employer is automatically enrolling the eligible jobholder, they must make arrangements so that the eligible jobholder becomes an active member of an automatic enrolment scheme with effect from their automatic enrolment date.
19. The employer must therefore identify the eligible jobholder's automatic enrolment date.
20. The automatic enrolment date is:
- the first day that the criteria to be an eligible jobholder are met, or
 - if an employer has chosen to use postponement, the deferral date, where the assessment of the worker identified that they were an eligible jobholder on that date.
21. In practice, the automatic enrolment date will be the same date as the assessment date, if the assessment of the worker on that date identifies that the worker is an eligible jobholder.

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Some examples of automatic enrolment dates

Nicola's pay reference period is monthly, from the 1st to the end of the month. She turned 22 on 10 August (her 'assessment date').

Her employer assessed whether qualifying earnings were payable above the earnings trigger in the period 1-31 August, and identified that they were.

Automatic enrolment was triggered from 10 August. Nicola's automatic enrolment date is 10 August.

Phillip's first day of employment with his employer is Wednesday 4 October (his 'assessment date'). He will be paid weekly. Payday is Friday in respect of the period Friday to Thursday.

His employer assessed whether qualifying earnings were payable above the earnings trigger in the period Friday 29 September to Thursday 5 October, and identified that they were.

Automatic enrolment was triggered from 4 October. Phillip's automatic enrolment date is 4 October.

Barrett's Farm's staging date is 1 May 2015 (the 'assessment date'). They have five people working for them on that date. They are paid monthly and their monthly pay reference period is from the 1st to the end of the month.

Barrett's Farm has decided to use postponement for their five workers and has decided on a deferral date of 1 August. They issued a general postponement notice (general notice A) to their workers on 2 May.

On 1 August, Barrett's Farm assessed whether qualifying earnings were payable above the earnings trigger to their five workers in the period 1-31 August 2015, and identified that they were for one of their workers, Hugh.

Automatic enrolment for Hugh was triggered from 1 August. Hugh's automatic enrolment date is 1 August.

Automatic enrolment continued...

22. The automatic enrolment date is a key piece of information for the employer. It is:
- the date from which active membership of a pension scheme must start
 - the start date of the joining window (the one-month period during which automatic enrolment must be completed)
 - the start date for the calculation of contributions due to the pension scheme.
23. Having identified the automatic enrolment date, the employer must complete the process of automatic enrolment. The process for automatic enrolment is described in **Detailed guidance no. 5 – Automatic enrolment**.

Non-eligible jobholders

24. If this first assessment of the worker identifies that the worker is a non-eligible jobholder, then unless the non-eligible jobholder is already an active member of a qualifying scheme with that employer, the employer must provide the non-eligible jobholder with prescribed information about their right to opt in to an automatic enrolment scheme.
25. If the non-eligible jobholder is an active member of qualifying scheme with that employer on the assessment date, the employer must tell them about their active membership of the scheme. We explain this further in paragraphs 50-54.
26. The employer is only required to provide this information once, on the first occasion that the worker meets the criteria to be a non-eligible jobholder.

27. Therefore, this requirement does not apply if the employer has previously issued this information to the non-eligible jobholder because the assessment date is the deferral date and the employer had used general notice A, general notice B or the tailored notice for a jobholder as the postponement notice.
28. The information the employer must provide is listed in the table below.
29. The employer must give the non-eligible jobholder the information no later than one month after the date their right to opt in first applies.

Mandatory information the employer must give to the non-eligible jobholder

- 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.
- 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 the worker personally submitted the notice.
- Where to obtain further information about pensions and saving for retirement.

30. The information must be provided in writing. This can include information sent by email, but does not include merely signposting to an internet or intranet site or displaying a poster in the workplace.
31. Someone acting on the employer's behalf, such as an independent financial adviser or benefit consultant can send the information, but it remains the employer's responsibility to make sure it is provided, on time, and is correct and complete.
32. Guidance (including templates) will be available on: www.businesslink.gov.uk/workplacepension in 2012 to help employers communicate with their workers in advance of automatic enrolment being introduced.

After providing the information

33. The employer must be able to identify the receipt of an opt-in notice from the non-eligible jobholder. Because this may be received some time after the information has been issued, the employer should ensure that they are ready to manage the receipt and action of such notices.
34. The employer must continue to assess the non-eligible jobholder on the first day of each pay reference period, to track if they meet the criteria to be an eligible jobholder. If they do the employer can choose to either automatically enrol the eligible jobholder or apply a postponement period of up to three months.
35. The employer may also need to assess the earnings of the non-eligible jobholder to identify if the worker changes category to an entitled worker. This is necessary to identify when the requirement to provide information about their right to join applies. They will only need to do this if they have not previously issued the information about the right to join, for example as part of a postponement notice.

Entitled workers

36. If this first assessment of the worker identifies that the worker is an entitled worker, the action the employer must take depends on whether they are a member of a pension scheme with that employer on the assessment date.
37. Employers should note that in this instance, the scheme is not required to be a qualifying scheme. The pension scheme must be a UK tax-registered scheme and, where it is a personal pension scheme, direct payment arrangements must be in place. (Broadly, this means that the employer must deduct the entitled worker's contributions to the scheme from their remuneration and pay it across to the pension scheme on the worker's behalf.)

Entitled worker is not an active member of a pension scheme

38. If the entitled worker is not an active member of a pension scheme with that employer, the employer must provide them with prescribed information about their right to join a pension scheme.
39. The employer is only required to provide this information once, on the first occasion that the worker meets the criteria to be an entitled worker. Therefore, this requirement does not apply if the employer has previously issued this information to the entitled worker because the assessment date is the deferral date and the employer had used general notice A, general notice B or the tailored notice for an entitled worker as the postponement notice.

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40. The information the employer must provide is as follows:

Mandatory information the employer must give to the entitled worker

- 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.
- A statement that a written notice from the entitled worker must be signed by the entitled worker or, if it is given by means of an electronic communication, must include a statement that they personally submitted the notice.
- Where to obtain further information about pensions and saving for retirement.

41. The employer must give the entitled worker the information no later than one month after their right to join first applies. It must be provided in the same manner as described in paragraphs 30-31.

After providing the information

42. The employer must be able to identify the receipt of a joining notice from the entitled worker. Because this may be received some time after the information has been issued, the employer should ensure that they are ready to manage the receipt and action of such notices.
43. The employer must continue to assess the entitled worker on the first day of each pay reference period, to track if they meet the criteria to be an eligible jobholder. If they do, the employer can choose to either automatically enrol the eligible jobholder or apply a postponement period of up to three months.
44. The employer may also need to assess the earnings of the entitled worker to identify if the worker changes category to a non-eligible jobholder. This is necessary to identify when the requirement to provide information about their right to opt in to an automatic enrolment scheme applies. They will only need to do this if they have not previously issued the information about the right to opt in, for example as part of a postponement notice.

Entitled worker is an active member of a pension scheme

45. There is no requirement for the employer to provide information to an entitled worker who is an active member of a pension scheme that they provide.
46. If the pension scheme that the entitled worker is a member of is not a qualifying scheme, the employer must continue to assess the entitled worker on the first day of each pay reference period, to track if they meet the criteria to be an eligible jobholder.
47. They may also need to assess the earnings of the entitled worker to identify if the worker changes category to a non-eligible jobholder, in order to identify when the requirement to provide information about their right to opt in to an automatic enrolment scheme applies. They will only need to do this if they have not previously issued the information about the right to opt in, for example as part of a postponement notice.
48. If the pension scheme of which the entitled worker is a member is a qualifying scheme, the employer does not need to take any further action in respect of non-eligible jobholders who are active members of a qualifying scheme, unless any of them should cease membership of that scheme.
49. In the event that active membership ceases, the employer will need to assess the worker at the point that membership ceases, and on the first day of each subsequent pay reference period, to identify if there is an automatic enrolment, re-enrolment or information duty in relation to the worker.

Jobholders who are already active members of a qualifying scheme

50. If this first assessment of the worker identifies that the worker is a jobholder (an eligible or non-eligible jobholder) and they are an active member of a qualifying scheme, the employer must provide them with prescribed information.
51. The employer is only required to provide this information once, on the first occasion that the worker meets **both** the criteria to be a jobholder and is an active member. This applies unless the reason the criteria has been met for the first time is because it is also the eligible jobholder's automatic enrolment date and the employer is automatically enrolling them.
52. Because they are only required to provide the information once, this requirement does not apply if the employer has previously issued this information to the eligible jobholder because the assessment date is the deferral date and the employer had used general notice A as the postponement notice to the eligible jobholder.
53. The information that must be provided to an eligible jobholder who is an active member of a qualifying scheme is in the table on the right.
54. The employer must provide the information no later than two months after the first occasion the worker meets both the criteria to be a jobholder and is an active member of a qualifying scheme with that employer. It must be provided in the same manner as described in paragraphs 30-31.

Mandatory information the employer must give to a jobholder who is an active member of a qualifying scheme

- Confirmation that the jobholder is an active member of a qualifying scheme.
- A statement that if the jobholder, on a date, ceases to be an active member of a qualifying scheme (without the jobholder ceasing to be employed by the employer), by reason of something other than an action or omission by the jobholder, the employer must make arrangements by which the jobholder becomes an active member of an automatic enrolment scheme with effect from the day following that date.
- Where to obtain further information about pensions and saving for retirement.

The employer must continue to assess the non-eligible jobholder

What next?

Now that an employer knows what categories of workers they have, the next step is to complete the relevant employer duties for those workers.

Every employer who is likely to have any enrolment duties should read the following guidance:

- **Detailed guidance no. 4 – Pension schemes**
Explains the criteria that pension schemes must meet to be able to be used in relation to the new duties.
- **Detailed guidance no. 5 – Automatic enrolment**
Detailed information on the entire automatic enrolment process.
- **Detailed guidance no. 6 – Opting in, joining and contractual enrolment**
- **Detailed guidance no. 7 – Opting out**
What to do if a jobholder chooses to opt out of the pension scheme after being enrolled.

Employers who are likely to have workers with a right to join a pension scheme outside the automatic enrolment process, should read **Detailed guidance no. 6 – Opting in, joining and contractual enrolment**.

Employers must also be aware of the legal safeguards that have been put in place to protect the rights of individuals under the pensions reform. These safeguards apply to all employers from the date the law becomes effective in July 2012. For many, this will be some time ahead of their staging date, so it is vital that employers gain familiarity with these safeguards to ensure compliance from July 2012. **Detailed guidance no. 8 – Safeguarding individuals** has full details.



**Employers
must be aware
of the legal
safeguards**

Appendix A

Assessing a worker

Where an employer has not used postponement

This flowchart is intended as supporting material for Detailed guidance no. 3c – Having completed the assessment.

It's best viewed as A3 size. Before you print, you'll need to ensure that the A3 paper tray is selected on your printer. If your printer doesn't have an A3 tray, the document will print on A4 but you may find the text size too small to read comfortably.

Download the flowchart: www.tpr.gov.uk/docs/pensions-reform-having-completed-assessment-appendix-a.pdf

Appendix B

Assessing groups of workers on an employer's staging date

Where an employer has not used postponement

This flowchart is intended as supporting material for Detailed guidance no. 3c – Having completed the assessment.

It's best viewed as A3 size. Before you print, you'll need to ensure that the A3 paper tray is selected on your printer. If your printer doesn't have an A3 tray, the document will print on A4 but you may find the text size too small to read comfortably.

Download the flowchart: www.tpr.gov.uk/docs/pensions-reform-having-completed-assessment-appendix-b.pdf

Appendix C

Assessing groups of workers on the deferral date after using postponement at the employer's staging date

This flowchart is intended as supporting material for Detailed guidance no. 3c – Having completed the assessment.

It spans two pages and is best viewed in A3 size. Match up the dots on your print out to read the whole flowchart. Before you print, you'll need to ensure that the A3 paper tray is selected on your printer. If your printer doesn't have an A3 tray, the document will print on two pages of A4 but you may find the text size too small to read comfortably.

Download the flowchart: www.tpr.gov.uk/docs/pensions-reform-having-completed-assessment-appendix-c.pdf

Appendix D

Assessing a worker on the deferral date after using postponement at the worker's first day of employment

This flowchart is intended as supporting material for Detailed guidance no. 3c – Having completed the assessment.

It's best viewed as A3 size. Before you print, you'll need to ensure that the A3 paper tray is selected on your printer. If your printer doesn't have an A3 tray, the document will print on A4 but you may find the text size too small to read comfortably.

Download the flowchart: www.tpr.gov.uk/docs/pensions-reform-having-completed-assessment-appendix-d.pdf

Appendix E

Assessing a worker on the deferral date after using postponement on the date that the criteria to be an eligible jobholder are met

This flowchart is intended as supporting material for Detailed guidance no. 3c – Having completed the assessment.

It's best viewed as A4 size.

Download the flowchart: www.tpr.gov.uk/docs/pensions-reform-having-completed-assessment-appendix-e.pdf

Key terms

Summary of the different categories of worker

Category of worker	Description of worker
Worker	<ul style="list-style-type: none">• An employee or <ul style="list-style-type: none">• 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 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.

How to contact us

PO Box 16314
Birmingham
B23 3JP

T 0845 600 1011
F 0845 606 9970
E customersupport@autoenrol.tpr.gov.uk

www.thepensionsregulator.gov.uk
www.trusteetoolkit.com

Detailed guidance no. 3c

Having completed the assessment

How to identify the different categories of workers

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