Detailed guidance for employers

Appendix B: Assessing a worker where the transitional period ends on 30 September 2017

This document accompanies:
Detailed guidance no. 3b – Transitional period for schemes with defined benefits

If you decide to print it out it’s best viewed at A3 size, so 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.
Appendix B – Assessing a worker where the transitional period ends on 30 September 2017

A flowchart showing the assessment of a worker to whom the transitional period has been applied at the end of the transitional period. The assessment date is 1 October 2017 or the deferral date if postponement was used to extend the transitional period. For illustration the earnings trigger used is that for the 2017–2018 tax year. The earnings trigger for automatic enrolment is reviewed annually by the Department for Work and Pensions (DWP). Where there is a change, the figures for the next tax year after they have been announced by the DWP, as well as the historic and current amounts can be found on our website at www.tpr.gov.uk/earnings-thresholds

1. Identify pay reference period
2. Assess qualifying earnings payable in that pay reference period
3. Compare against the earnings trigger for automatic enrolment (£10,000) appropriate to the pay reference period

** More than £10,000 (pro rata)**

- Assess age
  - Are they aged at least 22 but under State Pensions Age (SPA)?
    - Yes
    - No

- Eligible jobholder
  - Have they previously been paid a Winding Up Lump Sum (WULS) whilst in employment, and during the 12 month period that started on the date the payment was made left employment and then been re-employed?**
    - Yes
    - No
  - Have they previously ceased active membership of a qualifying scheme (or a scheme that would be a qualifying scheme if the worker had been a jobholder) that the employer provides?**
    - Yes
    - No
  - Have they given or been given their notice to end the employment?*
    - Yes
    - No
  - Do they hold office as a director** of the employer?*
    - Yes
    - No
  - Are they a partner in the employer where the employer is an LLP*?
    - Yes
    - No
  - Does the employer have reasonable grounds to believe that the eligible jobholder has Primary, Enhanced, Fixed or Individual tax protection*** on their pension savings?*
    - Yes
    - No

- Non-eligible jobholder or entitled worker
  - The employer must keep assessing the worker on day one of each subsequent pay reference period as usual. On the next occasion that the worker meets the eligible jobholder criteria were met. However, active membership must start from 1 October 2017. Postponement cannot be used.

- Choose not to automatically enrol
  - No automatic enrolment duty applies as either active membership ceased more than 12 months ago or the WULS was paid more than 12 months ago. The employer need assess the worker again at the cyclical automatic re-enrolment date or if they are given an opt-in or joining notice.

- Choose to automatically enrol
  - The employer can choose to automatically enrol the worker or exercise their discretion to not automatically enrol the worker.

** More than £10,000 (pro rata) or below**

- Assess earnings
  - Was the WULS paid in the last 12 months of the assessment date?
    - Yes
    - No
  - Did they cease that membership in the last 12 months of the assessment date?
    - Yes
    - No
  - Is the employer’s first enrolment date within 6 weeks of 30 September 2017?*
    - Yes
    - No
  - Is the assessment date within 6 weeks of employer’s first enrolment date?
    - Yes
    - No

- Choose not to automatically enrol
  - The employer can choose to automatically enrol the worker or exercise their discretion to not automatically enrol the worker.

- Choose to automatically enrol
  - The employer can choose to automatically enrol the worker.

- Automatic enrolment
  - The employer must automatically enrol the worker. The automatic enrolment scheme must be either a: a. defined benefits automatic enrolment scheme**** or b. hybrid automatic enrolment scheme**** where all the benefits accruing in respect of their membership are not money purchase benefits. Active membership must start from 1 October 2017 unless the assessment date is the deferral date. The process for automatic enrolment must be completed by 11 November 2017.

* An employer may have determined a set of business rules around the application of some or all of the exceptions which may mean that this step features earlier in the process.
** Paragraph 32 of Detailed guidance no: 1 – Employer duties and defining the workforce explains what it means to hold office as director.
*** See paragraph 103 of Detailed guidance no: 1 – Employer duties and defining the workforce for the list of the different types of protection from tax charges included in the exception from the employer duties.
**** Certain DB and hybrid automatic enrolment schemes cannot be used. See paragraphs 66 to 72 of Detailed guidance no:3b – Transitional period for schemes with defined benefits.
Detailed guidance for employers no. 3b
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