Detailed guidance for employers

Appendix C: Assessing a worker where the transitional period ends before 30 September 2017 as the conditions stopped being met

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 C – Assessing a worker where the transitional period ends before 30 September 2017 as the conditions stopped being met

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 the day after the conditions stopped being met 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

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

Did they cease that membership in the last 12 months of the assessment date?

Yes

No

The employer needs to assess the worker again at the cyclical automatic re-enrolment date or if they are given an opt-in or joining notice.

Choose not to automatically enrol

Choose to automatically enrol

Was the WULS paid in the last 12 months of the assessment date?

Yes

No

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

Eligible jobholder criteria met
Is the employer's defined benefits scheme a scheme that:

a. the appropriate qualifying requirements for any of the provisions of a hybrid automatic enrolment scheme are the DB qualifying schemes, where the scheme is a hybrid scheme, and
b. meets the conditions so that it is permitted to meet the money purchase qualifying requirements in order to be a qualifying scheme, and
c. those provisions do not meet the last standard or the other alternative qualifying requirements for a DB scheme?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. The assessment date is the date when the eligible jobholder criteria were met.

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

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

Non-eligible jobholder or entitled worker
The employer must keep assessing the worker on day one of each subsequent pay reference period as usual.

Choose to automatically enrol

Choose not to automatically enrol

£10,000 (pro rata) or below

Assess earnings
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

Using postponement
Give the worker a postponement notice. On the deferral date follow the path from here.

Postponement
Does the employer wish to use postponement?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. Postponement cannot be used. The assessment date is the date when the eligible jobholder criteria were met.

No duties

Postponement
Does the employer wish to use postponement?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. Postponement cannot be used. The assessment date is the date when the eligible jobholder criteria were met.

Did they fall within HMRC’s salaried members rules for income tax purposes?

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

Assess earnings
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

Using postponement
Give the worker a postponement notice. On the deferral date follow the path from here.

Postponement
Does the employer wish to use postponement?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. Postponement cannot be used. The assessment date is the date when the eligible jobholder criteria were met.

No duties

Assess earnings
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

Using postponement
Give the worker a postponement notice. On the deferral date follow the path from here.

Postponement
Does the employer wish to use postponement?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. Postponement cannot be used. The assessment date is the date when the eligible jobholder criteria were met.

No duties

Assess earnings
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

Using postponement
Give the worker a postponement notice. On the deferral date follow the path from here.

Postponement
Does the employer wish to use postponement?

Yes

No

Follow the path opposite from the eligible jobholder box on the right hand side. Postponement cannot be used. The assessment date is the date when the eligible jobholder criteria were met.

No duties
Automatic enrolment

What type of scheme does the employer intend to use for automatic enrolment – is it one that provides a defined benefits pension (DB) or one where the benefits are money purchase (DC)?

Automatic enrolment scheme type

Is the scheme a hybrid scheme where all the benefits accruing in respect of the eligible jobholder’s membership are money purchase benefits?

Is the hybrid scheme a scheme that: a. the appropriate qualifying requirements for any of the provisions of a hybrid automatic enrolment scheme are the DB qualifying schemes, and, b. the scheme meets the conditions so that it is permitted to meet the money purchase qualifying requirements in respect of those provisions in order to be a qualifying scheme, and c. those provisions do not meet the test standard or the other alternative qualifying requirements for DB scheme?

Automatic enrolment

The employer must automatically enrol the worker into the automatic enrolment scheme. Active membership must start from the eligible jobholder’s original automatic enrolment date unless the assessment date is the deferral date for postponement that was applied at the end of the transitional period. In this case active membership starts from the deferral date. The process for automatic enrolment must be completed within 6 weeks of the day after the conditions stopped being met.

Automatic enrolment scheme qualifying criteria

Is the defined benefits scheme a scheme that: a. meets the conditions so that it is permitted to meet the money purchase qualifying requirements in order to be a qualifying scheme, and b. those provisions do not meet the test standard or the other alternative qualifying requirements for DB scheme?

Automatic enrolment

The employer must automatically enrol the worker into the automatic enrolment scheme. Active membership must start from the eligible jobholder’s original automatic enrolment date unless the assessment date is the deferral date for postponement that was applied at the end of the transitional period or at the date the eligible jobholder criteria were met. In this case, active membership starts from the deferral date. The process for automatic enrolment must be completed within 6 weeks of the day after the conditions stopped being met. If postponement is not used, if the eligible jobholder would be required under the pension scheme governing documentation to pay any contributions, this does not apply between that original automatic enrolment date and the day the conditions ceased being met. They can choose to pay it in which case the employer must enter into an arrangement to deduct these contributions.

Choose to automatically enrol

Yes

No

Automatic enrolment

The employer must automatically enrol the worker into the automatic enrolment scheme. Active membership must start from the eligible jobholder’s original automatic enrolment date unless the assessment date is the deferral date. In this case active membership starts from the deferral date. Note that both postponement at the end of the transitional period and postponement at the date the eligible jobholder criteria are met can be used. The process for automatic enrolment must be completed within 6 weeks of the day after the conditions stopped being met.

Automatic enrolment

The employer must automatically enrol the worker into the automatic enrolment scheme. Active membership must start from the eligible jobholder’s original automatic enrolment date unless the assessment date is the deferral date. In this case active membership starts from the deferral date. The process for automatic enrolment must be completed within 6 weeks of the day after the conditions stopped being met.

* 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.
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as the conditions stop being met

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