



# AUTO-ENROLMENT EMPLOYER GUIDE

## 3. USING POSTPONEMENT

### How does postponement work?

You can choose to postpone automatic enrolment for a period of up to three months. This could be helpful for a number of reasons.

#### a) Smooth the process of AE duties for:

- Workers with rare spikes in earnings
- Short-term workers who leave soon after starting work
- Workers who trigger AE just before ceasing employment

#### a) Smooth the process of staging

- For example, automatically enrolling different groups of workers at different points in the three month period

#### a) Align AE with existing payroll processes

- Such as to fit in with an existing probation period, or to avoid calculating contributions on part-period earnings.

### Fluctuating earnings

An employer may use postponement a number of times. If on assessment at the deferral date the workers earnings do not reach the trigger level for that pay reference period, they will not be auto-enrolled. When the earnings in the relevant pay reference period next reach the trigger level, the employer may use the 3 month postponement option again. If on the deferral date the worker does qualify, then that is the automatic enrolment date for the individual. Contributions must be accrued and scheme membership must take effect from that date.

Workers who are found to be eligible jobholders after being assessed on the deferral date must be automatically enrolled within one month. The Pensions Regulator has a useful [flowchart](#) for employers assessing a worker on the deferral date.

#### EXAMPLE 1: Roger works for ABC Ltd, he earns £25,000 and will turn 22 on 14 September

The 22nd birthday is an assessment date, but it falls right in the middle of ABC Ltd's monthly pay reference period which runs from 1 September to 30 September. To ease administration, ABC Ltd decides to postpone Roger's automatic enrolment date until day one of the next pay reference period (1 October) and gives him notice of the postponement and the deferral date of 1 October. On 1 October, ABC Ltd must run the assessment again and it identifies Roger as an eligible jobholder. This becomes Roger's automatic enrolment date - the date from which he must be automatically enrolled and from which the calculation of contributions starts.

### When can you postpone?

An employer can choose to use postponement in respect of an individual only on certain dates:

- Their staging date, in respect of any workers employed on the staging date.
- The first day of employment, in respect of any workers starting employment after the employer's staging date.
- The date a worker employed by them meets the criteria to be an eligible jobholder, after the employer's staging date.

All workers have the right to opt-in to the pension scheme during the waiting period, they are not obliged to wait for the deferral date.

#### EXAMPLE 2: Anna is 23 and works for XYZ Holidays Ltd, whose staging date is 1 May. She'll earn £700pm but is employed for just 10 weeks during the summer peak, and starts work on 1 June

The first day of employment is an assessment date, but her employer knows that she will have left by 1 September. They decide to postpone until this date and give Anna notice of postponement and the deferral date of 1 September. On 1 September XYZ Holidays Ltd must run the assessment again, they find that Anna is not an eligible worker because she has now left the company and has no relevant earnings in the 1 September to 30 September pay reference period.