TRUE COST CLARITY · SEGMENT 2: PENSIONS

Pension Postponement: A Client Checklist

What your agency charge rate pays for in a temp's first three months, and the questions to work through with your agency today.

The short version

UK law lets an employer, usually the agency, postpone a temp's workplace pension for up to three months. During that time no employer contributions are paid. If pension is built into your charge rate from day one, it is worth knowing what that part of the rate pays for.

For one warehouse temp on £12.71 an hour, that is around **£150 to £200** over three months. For 250 temps, **£37,869 to £49,569** per intake.

The law in brief

Rule	What it means for you
Postponement: up to three months	Optional for the employer, legal, and widely used for temporary workers. Counted from the worker's start date.
Postponement notice: within six weeks	The worker must be told in writing, including their right to opt in.
Opt in at any time	A worker can ask to join during postponement; contributions then start.
No back-payment	Contributions start from enrolment. Postponed months are not paid in later.
Employer minimum: 3% of qualifying earnings	Qualifying earnings are pay between £6,240 and £50,270 a year (£120 to £967 a week) in 2026/27.
No inducements to opt out	Encouraging workers to opt out is unlawful. The Pensions Regulator warns that charging differently for scheme members can be evidence of it.
Changes from 2027	Auto-enrolment extends to age 18 and the lower earnings limit is removed, so pension applies from the first pound earned.

What it can cost

Example: £12.71 pay, £18.99 charge rate, 40 hours a week, Monday to Friday, 13 weeks of postponement.

Temps	Pension at 3% of qualifying earnings	Pension at 3% of all pay
1	£151	£198
25	£3,787	£4,957
50	£7,574	£9,914
100	£15,148	£19,828
250	**£37,869**	**£49,569**

At peak this matters most: bigger intakes, and temps who finish within three months may never be enrolled at all.

Work through this with your agency today

Print this page, ask each question, and write down the answer. Clear answers to all seven give you genuine clarity on the pension element of your charge rate.

#	Question for your agency	Their answer
1	Do you postpone auto-enrolment for our temps? If so, for how long?	
2	Is pension included in our charge rate from week one?	
3	Is it calculated on qualifying earnings or on all pay?	
4	How many of our temps are enrolled, postponed and opted out right now?	
5	What is in place for postponement and opt-outs: a blended pension charge, or open-book reconciliation?	
6	Do we receive a monthly pension reconciliation: what was billed, what was paid to the pension provider, and the difference?	
7	How is any difference between pension billed and pension paid handled?	

The standard we hold ourselves to

At MCI People, pension is built into our charge rates, and we use postponement where the law allows. What makes the difference is transparency:

Our standard	
Monthly Pension Reconciliation	Every client receives one, every month, as standard: pension billed, pension paid to the provider, and how many temps are enrolled, postponed or opted out.
Personal data protected	Reported in aggregate from payroll and pension records, never individual payslips.
REC member	The REC Code of Professional Practice requires that “all fees, charges and services provided must be explicitly and fully disclosed to clients.”

Part of a bigger service

This checklist is one small part of **True Cost Clarity**, the framework built into MCI People’s commercial agreements with our high-volume clients. It goes deep into what a charge rate actually pays for, especially pensions and holiday pay. Our clients know their holiday year from the outset, and Ben takes part personally in every new client onboarding and every Go Live.

Want a second pair of eyes? A True Cost Clarity review is complimentary. Ben Morton, Director · ben@mcipeople.co.uk · +44 (0)7904 262488 · www.mcipeople.co.uk

Figures are illustrative: £12.71 pay, £18.99 charge, 40 hours a week, 13 weeks, 3% employer minimum, 2026/27 thresholds; excludes holiday pay. Not financial or legal advice. Sources: The Pensions Regulator; GOV.UK; REC Code of Professional Practice. MCI People Ltd · Registered in England No. 7320065 · Registered office: 1 Chapel Court, Holly Walk, Leamington Spa, CV32 4YS.