

ETASSUM34140 – Temporary postponement of contributions

Schedule 3 SAYE option schemes: Linkage to Savings (Arrangement): Temporary postponement of contributions

From the 1st September 2018 the terms of the Prospectus allow an employee to delay the payment of up to twelve monthly contributions, by up to twelve months in total, without causing the savings contract to be cancelled prematurely. But if the participant fails to make a contribution on the due date for a thirteenth time the employee is treated as if they had given notice of intention to stop making contributions permanently.

Employees with savings contracts that started before 1st September 2018 can also delay the payment of up to twelve monthly contributions in total.

Temporary postponement of contributions will put back the 3 or 5 year maturity date of the savings contract, and the rights of option exercise linked to it, by up to twelve months.

If companies grant options at the same time each year, an employee's temporary postponement of contributions under an existing savings contract may affect the extent to which he can enter into a new savings contract, and therefore the extent to which he may apply for options under the next offer of options.

Current guidance:

<https://www.gov.uk/hmrc-internal-manuals/employee-tax-advantaged-share-scheme-user-manual/etassum34140>

SAYE prospectus

Effect of Postponement of Contributions on Bonus and Interest

20. Whenever a person fails to pay any monthly contribution under a savings contract on the due date, then, unless he has, before the due date for payment of that contribution, given notice to the bank that he intends to stop paying contributions (in which case paragraph 11 or 12 will apply) –

- (a) the due dates for payment of that contribution and all the other contributions which remain to be paid under the savings contract shall be postponed by one month;
- (b) for the purposes of paragraphs 9 and 10, the bonus date shall be postponed by one month;
- (c) for the purpose of calculating the interest to which a person is entitled under paragraph 11, 12, 14 or 16, the first anniversary and the third/fifth anniversary (whichever is appropriate) of the starting date shall be deemed to be postponed by one month;
- (d) for the purpose of calculating interest in accordance with paragraph 18, the starting date and due date of each contribution which he has paid shall be deemed to have been postponed by one month;

but the foregoing provisions of this paragraph shall apply on not more than twelve occasions on which a person fails to pay a contribution as aforesaid. If he fails to pay a contribution on or before the due date on a thirteenth occasion, he shall be deemed to have given notice that he intends to stop paying contributions, and accordingly the provisions of paragraphs 11 and 12 shall, subject to the foregoing provisions of this paragraph, apply. Where a person who has entered into a savings contract dies, the provisions of this paragraph shall apply only to contributions falling due before his death.

Current prospectus:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387467/saye-prospectus.pdf