



FINANCIAL PLANNING TIPS FROM HEB WEALTH & EMPLOYEE BENEFITS



TIP 1 - Furlough and Pension Contributions

We know that many employers are using the Government Job Retention Scheme for at least some of their workforce and where pension contributions are based on minimum automatic enrolment levels then these will continue without change and contributions will be calculated using the band of qualifying earnings paid during the Furlough period.

If you are an employer that pays contributions greater than the auto enrolment minimums for at least some of your workforce and you are considering reducing the amount you pay it is not possible to change the basis without considering normal employment law.

You will need to make sure that your employment contracts allow this, and such a reduction may require the agreement of each affected furloughed employee.

Furloughing requires the agreement of each furloughed employee and so if you have less than 50 employees and are thinking about reducing pension contributions you could potentially make it a condition of that agreement, that the employer pension contributions be reduced to the minimum employer automatic enrolment contribution rate during the furlough period.

If you decide you want to explore reducing your contribution basis to the automatic enrolment minimum and you have more than 50 employees you would normally have to go through the proper consultation process however this has been relaxed in certain situations for a period to 30 June 2020. The rules are not straightforward and are subject to amendment by the Regulator. Please call your usual HEB contact if you need help in understanding how they apply to you.

Want to find out more?

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"Money is a terrible master but an excellent servant"
P.T. Barnum



Would you like us to help you with Furlough?
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