

Impact of £2,000 cap on salary sacrifice exemption. Checklist



Short term actions

- ✓ Communicate with employees to clarify position
- ✓ Financial modelling of potential impact
- ✓ Initial review of alternative benefit structures
- ✓ Other pre-2029 considerations e.g. increasing contributions prior to cap

Medium to long term

Payroll and HR systems adjustments

- ✓ Track and enforce caps, with consideration to diverse employee groups
- ✓ Update payroll systems for cap validation, pro-ration, switch to net pay, payslip adjustments

Contracts & Compliance

- ✓ Update employment contracts and benefit handbooks
- ✓ Maintain NMW compliance
- ✓ Issue variations for employees sacrificing >£2,000.

Bonus Sacrifice schemes

- ✓ Bonus sacrifice limited by cap – review process
- ✓ Calculators to understand available amount pre-NIC charge
- ✓ Data back into monthly pension contributions

Ongoing Communications and support

- ✓ Notify employees of change
- ✓ Question and query management

Flexible Benefit Schemes

- ✓ Update rules engines, enrolment journeys, payroll codes
- ✓ Consider flexible contributions

Compliance & Governance

- ✓ Employee impact statements.
- ✓ Update policies and governance committees.

Legal

- ✓ Ensure compliance with Employment Rights Act, TUPE, FCA rules.
- ✓ Amend provider contracts.

Finance & Audit

- ✓ Employer NI cost rises; update budgets.
- ✓ Audit checks for compliance and minimum wage.
- ✓ Wider consideration on overall benefit spend

Pension Scheme rules and provider support

- Administration process assessment
- Scheme rules checks
- AE calculation review and update communication templates

Please note guidance is subject to final publication of rules and specific employer scheme set up.