

Employment E-Brief No 88

PENSIONS AND TUPE

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The Government's consultation on whether pension benefits should transfer under TUPE closes today.

If the result of it is that they should, the impact TUPE has on business purchases will be significantly increased, since employers will have to ensure employees transferred are offered pension benefits equivalent to those they had before (ie with the Company being bought). This could be costly if the benefits were particularly good with the previous employer (as is often the case with the public sector).

Questions should be asked about this during the due diligence exercise before any decision to purchase a business is made.

With regard to time scales, regulations could be in place as early as April 2005. Further E-briefs will keep you informed.

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