



Pensions

Salary Sacrifice

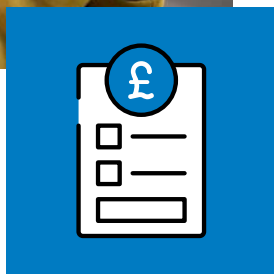
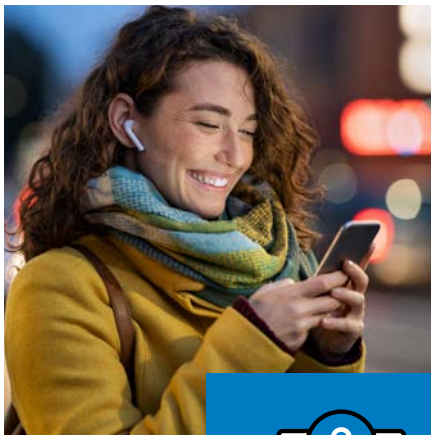
**Health is taking care
of tomorrow**

How salary sacrifice works in brief



Salary sacrifice is an especially tax-efficient way for you to make pension contributions. It involves reducing the amount of salary that you are entitled to receive by an amount equal to the contributions you choose to pay. In return, Bupa pays that amount into My Bupa LifeSight Plan (“LifeSight”) on your behalf.

The result is that the total contributions paid will be the same as if you paid them in the traditional way except that, because your salary is reduced, you’ll pay less income tax and National Insurance contributions.



Change to your terms and conditions

Paying into a pension via salary sacrifice is a change to your terms and conditions of employment because it has the effect of reducing your salary by an amount that exactly equals the contributions you'd otherwise pay. Bupa then pays that amount into LifeSight on your behalf. You'll be deemed to have consented to this change when you join LifeSight.

Salary related benefits including pay reviews, bonuses and contractual maternity pay, along with other benefits such as pension contributions and life insurance, will continue to be based on your Base Pay before any salary sacrifice reduction.

Other things you need to know

Nearly everyone will benefit by participating in salary sacrifice. However, you may not benefit if you're receiving State benefits (e.g. Statutory Sick Pay) or if you're a member of more than one salary sacrifice arrangement such as Electric Vehicles, Cycle to Work or Holiday Buy/Sell). For this reason, if you earn below a minimum level of pay (known as the National Minimum Wage), you will not be eligible to participate via salary sacrifice.

You don't need to monitor your own earnings against this level. An automatic assessment of your earnings against this minimum level is done by payroll each time Bupa pays you. Whilst your earnings are above this level, Bupa will continue to pay your contributions via salary sacrifice (unless you decide otherwise). If your earnings drop below this level, Bupa will automatically deduct contributions in the traditional way. If your pay subsequently increases above this level, salary sacrifice would automatically resume.





So, what will it actually save me?

An example is shown below for a Angela, a Member Service Adviser with a basic salary of £25,000.

Angela has chosen to contribute 3% of basic salary (£750 a year) and Bupa pays 6% of basic salary (£1,500 a year) making a total contribution of £2,250 a year.

Under salary sacrifice, the total contribution is paid by Bupa and Angela's take-home pay is increased by £75 a year.



| | Before Salary Sacrifice | After Salary Sacrifice |
|---|-------------------------|------------------------|
| Salary | £25,000 | £24,250 |
| Taxable income | £12,430 | £11,680 |
| Tax Payable | £2,336 | £2,336 |
| NI Payable | £1,243 | £1,168 |
| Take-home income | £20,671 | £20,746 |
| Total Pension Contribution (Employer & Employee) | £2,250 | £2,250 |

This example is for illustrative purposes only, is based on tax and NI rates in January 2024 and assumes a personal allowance for income tax of £12,570. Figures are shown to the nearest pound.



Frequently Asked Questions

1. How will salary sacrifice affect future increases on my Base Pay and benefits linked to Base Pay?

Pay increases and salary-related benefits (e.g. pension contributions and Life Insurance lump sums) will continue to be calculated based on your pre-sacrifice level of Base Pay.

2. How will salary sacrifice affect any redundancy pay calculation?

Salary sacrifice won't have any effect on any payments that may become due.

3. Will salary sacrifice affect a reference for a mortgage, rental property or a loan?

No, Bupa will confirm the amount of your pre-sacrifice salary, which is your salary before any adjustment under salary sacrifice.

4. How will salary sacrifice affect me if I transfer from full-time to part-time?

Your salary sacrifice adjustment will be recalculated to reflect your change of Base Pay based on your revised working hours.

5. What happens if I go on maternity leave? Will I need to do anything?

No, you'll remain in salary sacrifice (unless your pay drops below the National Minimum Wage – see question 7 below).

6. Will my Sick Pay or Statutory Sick Pay be affected?

No. During periods where you are in receipt of Statutory Sick Pay only, or if your pension salary sacrifice adjustment would bring your salary below the National Minimum Wage, you'll be automatically opted out of salary sacrifice.

7. What happens if my pay falls below the National Minimum Wage?

If your earnings drop below this level, Bupa will automatically revert to deducting contributions in the traditional way. If your pay subsequently increases above this level, salary sacrifice would automatically resume.

8. Can I pay additional contributions by salary sacrifice?

Yes. All your pension contributions will automatically be paid by salary sacrifice (unless you decide otherwise – see question 10 below). However, if your contribution deduction brings your remaining pay below the National Minimum Wage in any given pay period, Bupa will automatically deduct your additional contributions in the traditional way.

9. What happens to my pension if I leave Bupa?

Your pension contributions would automatically stop as you'd no longer be receiving pay from Bupa. Membership via salary sacrifice won't change any of the pension options available to you on leaving.

10. How do I opt-out of paying my pension contributions via salary sacrifice?

If you don't want to pay pension contributions via salary sacrifice, please raise a support ticket to Pensions by clicking on the **pink question mark**.

