



Pace

pension
scheme

Salary sacrifice Factsheet

This factsheet explains what salary sacrifice is and how it works. Salary sacrifice is a cost effective way of making contributions to Pace DC. This arrangement reduces the cost of saving for retirement by making national insurance savings and boosting your take-home pay.

April 2020

The **co-operative** bank

Most people will automatically pay into Pace DC using salary sacrifice when they become a member of Pace DC, but you can stop using this arrangement if you want to.

This factsheet is for members of The Co-operative Bank Section of Pace. If you're a member of The Co-op Section, you should visit the Co-op's pensions website at coop.co.uk/pensions for pension information that's relevant to you.

This is how salary sacrifice saves you money:

The table shows how much you save each year by taking part in salary sacrifice, assuming you pay 3%, 5% or 8%. (If you pay more than 8%, your AVCs will be deducted from your Pay, rather than being paid through salary sacrifice.)

	Your Pace DC contribution rate		
	3%	5%	8%
Your basic pay	Annual national insurance savings		
£10,000	£36.00	£60.00	£60.00
£15,000	£54.00	£90.00	£144.00
£20,000	£72.00	£120.00	£192.00
£30,000	£108.00	£180.00	£288.00
£40,000	£144.00	£240.00	£384.00
£50,000	£180.00	£300.00	£480.00
£75,000	£45.00	£75.00	£120.00

Important

Most employees will benefit from salary sacrifice. However, there are some people for whom salary sacrifice is not suitable; this includes people who earn close to the National Minimum Wage and people who earn close to the national insurance threshold (around £182 per week for the 2020/21 tax year). If you fall into either of these two categories, The Bank will assess your earnings levels and if salary sacrifice is unsuitable for you, you will automatically be taken out of salary sacrifice and you will pay your pension contributions by payroll deduction. You will, however, automatically be included in salary sacrifice should salary sacrifice become suitable for you in the future.

Salary sacrifice is a change to your terms and conditions of employment because your Pay will be reduced by an amount equivalent to the contributions that you would otherwise make to Pace DC, through the normal payroll deduction. This change is permanent and any further variations will only be considered if you have a lifestyle event. You may opt out; however, before you decide, you should consider seeking independent advice (for example, by contacting Citizens Advice or by speaking to an independent financial adviser. You can find one local to you on this website: www.unbiased.co.uk).

All of the examples are based on the tax and national insurance rates for 2020/21.

How it works

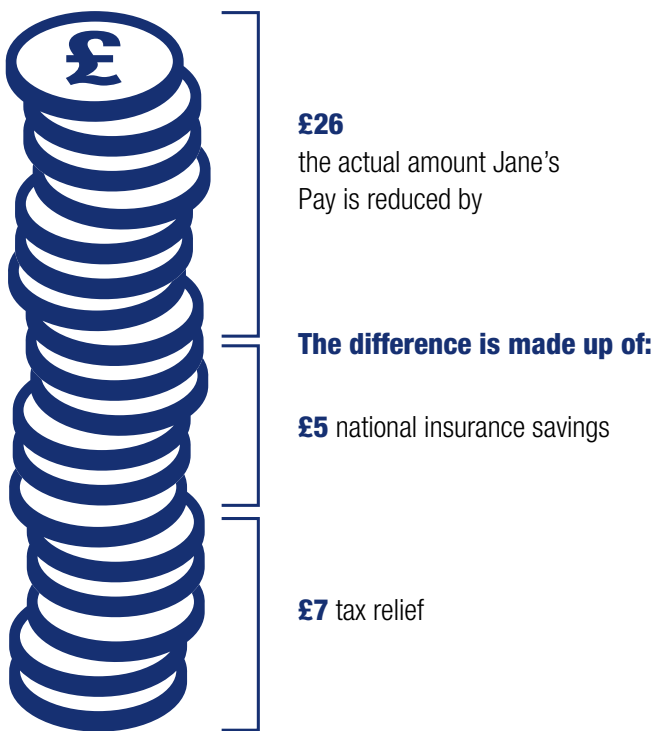
Example

Jane earns £15,000 a year. She is a member of Pace DC and has a contribution rate of 3% of her Pay. Jane pays her tax at the standard rate (20%).

3% of Jane's Pay = £450 a year, which is a contribution of around £38 each pay period.

£38

the pension contribution shown on Jane's payslip



This example is based on the tax and national insurance rates for 2020/21.



At a glance

- Salary sacrifice is the way in which contributions are made to Pace DC. It is not a separate pension arrangement.
- Salary sacrifice operates automatically to make contributions to your pension more cost effective.
- Pension contributions receive tax relief so they cost you less.
- In addition to the tax relief you receive on all your pension contributions, under salary sacrifice you may also benefit from national insurance savings.
- If you wish, you may opt out of salary sacrifice.

This factsheet is not intended to be a legal promise to members, as it is only a summary of the terms and conditions of Pace. If there is any conflict between this factsheet and the Rules, the Rules (as amended from time to time) will be overriding. If you want to see a copy of the Rules, or have any questions concerning the contents of this factsheet, please contact Legal & General.