



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.

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.

April 2024

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*	-	-	-
£15,000	£36.00	£60.00	£96.00
£20,000	£48.00	£80.00	£128.00
£30,000	£72.00	£120.00	£192.00
£40,000	£96.00	£160.00	£256.00
£50,000	£120.00	£200.00	£320.00
£75,000	£45.00	£75.00	£120.00

*In July 2022, the national insurance threshold increased to £12,570 per year. Members earning less than this do not pay national insurance and therefore do not receive national insurance savings through NICE Pensions.

All of the examples are based on the tax and national insurance rates from 6 April 2024.

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 £242 per week from 6 April 2024). 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). MoneyHelper is a Government service that provides free guidance and information to help you manage your finances, including your pension. You can find an adviser in your area who is regulated by the Financial Conduct Authority (FCA) by searching for 'retirement adviser' on the MoneyHelper website.

moneyhelper.org.uk

(The website offers contact options of live webchat, enquiry form and social media channels).

Call: 0800 011 3797 (Monday to Friday, 9am to 5pm)

From 6 April 2024, if you don't earn enough to pay income tax and you're contributing to Pace DC, HMRC may contact you after the end of the tax year to make a top up payment. This additional payment will be equal to any income tax relief you are eligible to receive from the Government on your pension contributions. If this affects you, HMRC will contact you after the end of the tax year to make the payment direct to your bank account. Please note that HMRC may need you to provide your bank details so that they can make the payment.



How it works

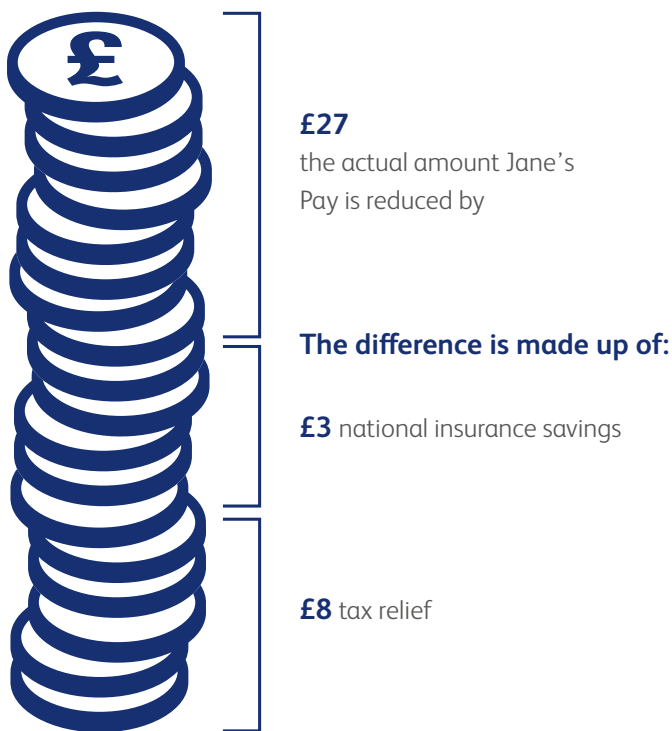
Example

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 from 6 April 2024.

The Pace DC pension modeller at bank.pacepensions.co.uk/dc-modeller/ can show you how much it costs to be in Pace DC, paying through salary sacrifice, and what you could get at age 65.

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.

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.