



Cloch Housing Association

Salary Sacrifice

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| Policy Name | Salary Sacrifice |
| Policy Category | HR |
| Policy Number | 109 |
| Date Adopted | 24/08/21 |
| Last Review | n/a |
| This Review | 25/07/23 |
| Next Review | July 2026 |
| Equalities Impact Assessment Required | No |
| Link to other policies | No |
| Consultation | No |
| Need for Procedure | No |

Introduction

Cloch Housing Association recognises that maximising pension savings is in the best interests of its employees and is keen to offer different options to accommodate this.

Salary sacrifice is an arrangement where an employee agrees to reduce their earnings by an amount equal to their pension contributions.

In practice, this means that pension contributions would not be deducted from your monthly salary payment. Your annual salary reduces and the difference between the reduced amount and the pre-reduction amount is your pension contribution.

Using salary sacrifice means that the employee pays less National Insurance and Tax. The employer pays less National Insurance contributions.

This policy is designed to outline procedures for the implementation of salary sacrifice for pension contributions in Cloch Housing Association.

This policy and the subsequent procedure do not form part of any employee's contract of employment and it may be amended at any time.

Salary sacrifice arrangements

- Salary sacrifice for pension contributions is an optional benefit for Cloch Housing Association employees.
- Employees can choose the amount of salary to sacrifice, although pay must not drop below the national minimum wage or the lower-level earnings limit as set out by HMRC.
- Employees can change the amount of salary sacrificed no more frequently than once a year in April within the confines of the amounts detailed at the point above. Thus, employees can make changes in April each year, with confirmation of the change being provided to finance by the 1 March, to take effect the 1 April. Changes can be requested outwith the dates above in exceptional circumstances, and each case will be considered separately.
- Employees may opt-in or out of the salary sacrifice scheme if they experience a lifestyle event as defined by HMRC, if this is earlier than the date noted in the point above.

- Cloch Housing Association will pay employer contributions, as applicable to the pension scheme in which you are enrolled, regardless of the amount the employee chooses to sacrifice. If you are unsure of the employer pension contributions relevant to your pension scheme please speak to a member of the finance team who will be able to provide you with this information.
- If an employee opts into the Salary Sacrifice Scheme this change to their terms and conditions of employment will be confirmed by a contract variation.
- An employee's reference salary for calculating contractual / non-contractual benefits e.g. sick pay will be the employee's normal salary before the reduction was applied.
- An employee's reference salary for calculating pay increases will be the employee's normal salary before the reduction was applied.
- An employee's reference salary for the purposes of salary confirmation for mortgage requests will be the employee's normal salary before the reduction was applied, albeit Cloch Housing Association will also state that it permits salary sacrifice for pension contributions.
- A record of staff participating in the salary sacrifice scheme will be retained by payroll.
- Staff members not participating in the salary sacrifice scheme may simply retain one of the existing pension options already in place.
- Employer National Insurance savings will be retained by Cloch Housing Association and reinvested into the Healthcare plan, an employee benefit included within the Association's remuneration package.

Eligibility for Salary Sacrifice

- All employees can access this option for pension contributions on the basis that pay must not drop below the national minimum wage or the lower-level earnings limit as set out by HMRC.
- All employees are advised to seek advice to ensure this is of benefit to their individual circumstances. The cost of such advice is the employee's personal responsibility.



Benefits from the Savings

The savings that the Association makes from the Salary Sacrifice scheme are used to finance the healthcare scheme that is offered to staff; as well as funding any additional wellbeing activities.

Policy Monitoring and Review

The Board will monitor and evaluate the policy from time to time. The policy will be assessed with regard to the effectiveness within Cloch Housing Association. This policy will be reviewed to keep up to date with any changes involved in dealing with all aspects of managing salary sacrifice for pensions.

