

Clydesdale Housing Association

Policy name & number

**03 - Finance
Salary Sacrifice Policy**

Date approved

31 January 2024

Date for review

January 2027

Policy by

Eileen Wilson

Responsible Officer

Finance Manager

Clydesdale Housing Association will provide this policy on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.



SALARY SACRIFICE POLICY

JANUARY 2023

Introduction

Clydesdale 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 in line with HMRC guidelines.

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 contributions and the employer pays less National Insurance contributions.

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

This policy and subsequent procedure does 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 Clydesdale 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.
- The amount of salary sacrificed is in line with the pension contribution made within the confines of the amounts detailed at the point above.
- Employees can opt in/out of the salary sacrifice scheme once per year on 1 April. 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 1 April.
- Clydesdale Housing Association will pay employer contributions of 10% (including life assurance) regardless of the amount the employee chooses to sacrifice.
- 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 Clydesdale 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 the existing Clydesdale Housing Association standard pension option already in place.
- Employer National Insurance savings (if any) will be retained by Clydesdale Housing Association.

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.

Policy Monitoring and Review

The Finance Manager will monitor and evaluate the policy from time to time in line with HMRC guidance. The policy will be assessed with regard to the effectiveness within Clydesdale 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.