

Delivering Good Outcomes

Salary sacrifice solution



The problem

A company in the print, digital and supply chain solutions industry with a well-established pension scheme and governance process wanted to explore the potential National Insurance (NI) savings that could be made by introducing a pension salary sacrifice arrangement.



The issues

The company staged under the automatic enrolment regulations in September 2013, and had c.450 members joining their main Qualifying Workplace Pension Scheme, a group stakeholder scheme with approximately 1,600 existing members.

Salary sacrifice and personal pension contributions had been discussed at annual scheme governance meetings but had always been seen as difficult and expensive to implement.

Following auto enrolment, the potential cost savings as a result of pension salary sacrifice became compelling.



The solution

PS Aspire's analysis revealed that by introducing pension salary sacrifice potential NI savings of £240,000 a year could be made.

In order to drive up member engagement, the employer agreed that 25% of their NI savings would be paid over to the members' pension as an additional employer contribution.

We worked with the HR Director to build a business case for sign off by the Board.

A project team was set up three months in advance of the launch date.

An announcement letter and supporting literature was issued and our consultants ran sessions at the company's major sites.

A special helpline was also set up for the duration of the project.

Say Hello

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How we helped

Due to the clear communications programme, there were minimal opt-outs.

This meant that, after paying part of the NI saving as an extra pension contribution, annual savings of c£180,000 were still made.

By putting the launch date two months before company year end, the company was able to cover the project fees immediately from the initial savings before going into a straight annual saving from their next accounting period.

The pension communications garnered some good publicity for the employer and pension scheme.

The scheme members benefited from an increase in take-home pay and additional pension contributions through the NI savings.

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