

A.F. Blakemore & Son Ltd Money Purchase Pension Scheme

Pension Plus Booklet

Pension Plus explained - how to reduce your National Insurance contributions through joining Pension Plus.

Your Contributions

Pension Plus...



Your contributions to the Pension Scheme will be made via Pension Plus – a salary conversion arrangement.

Your salary will be reduced by the amount of your contribution and the Company will then pay the reduction directly into the Pension Scheme on your behalf.

You save National Insurance on your contributions, and as a result your net pay will increase.

You will automatically be enrolled in Pension Plus (although you can choose to opt out).

What does it mean?

In an attempt to reduce the amount of National Insurance that both you and the Company have to pay, it is proposed that pension contributions will be paid via Pension Plus.

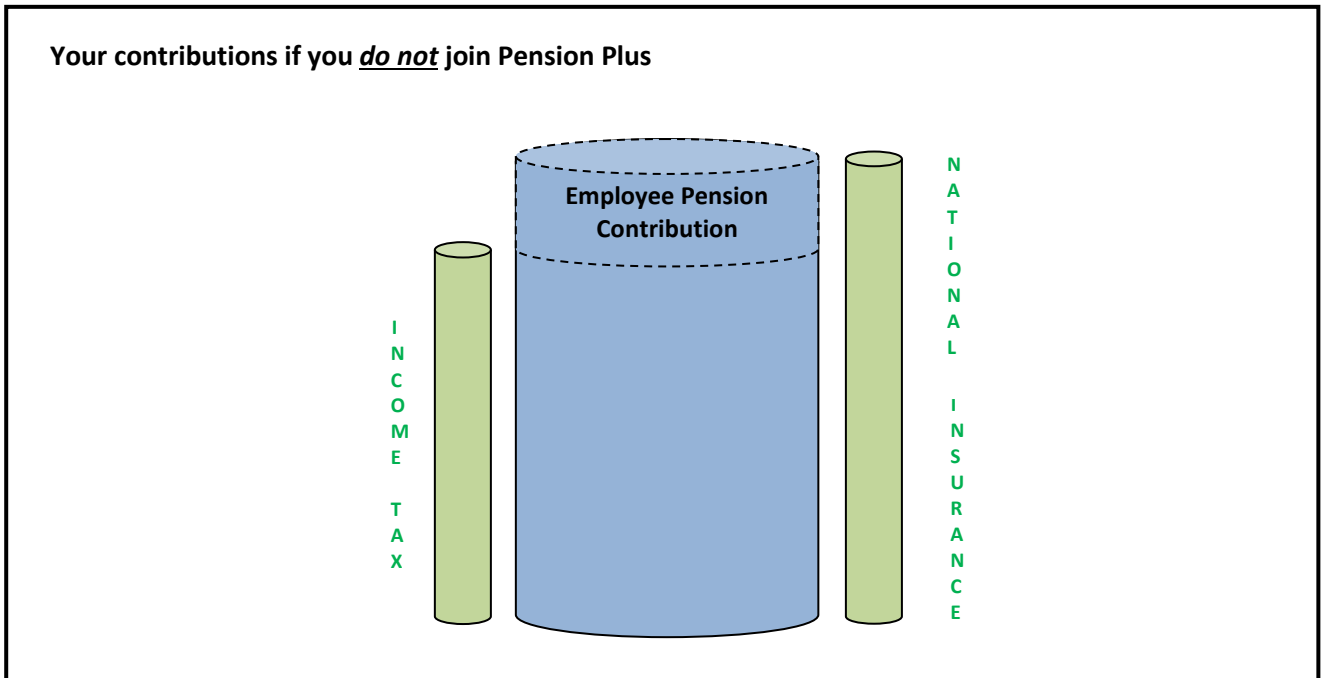
We will have a look at the detail next, but in brief, your contractual pay will be reduced by the amount of your contribution and the Company will then pay this amount into the Pension Scheme.

By doing so, you save National Insurance on your contributions.

The majority of members will automatically be enrolled in Pension Plus. Some members will not be eligible to participate in Pension Plus due to their level of income.

Let's look at the details then of how Pension Plus works...

Pension Plus – How it works



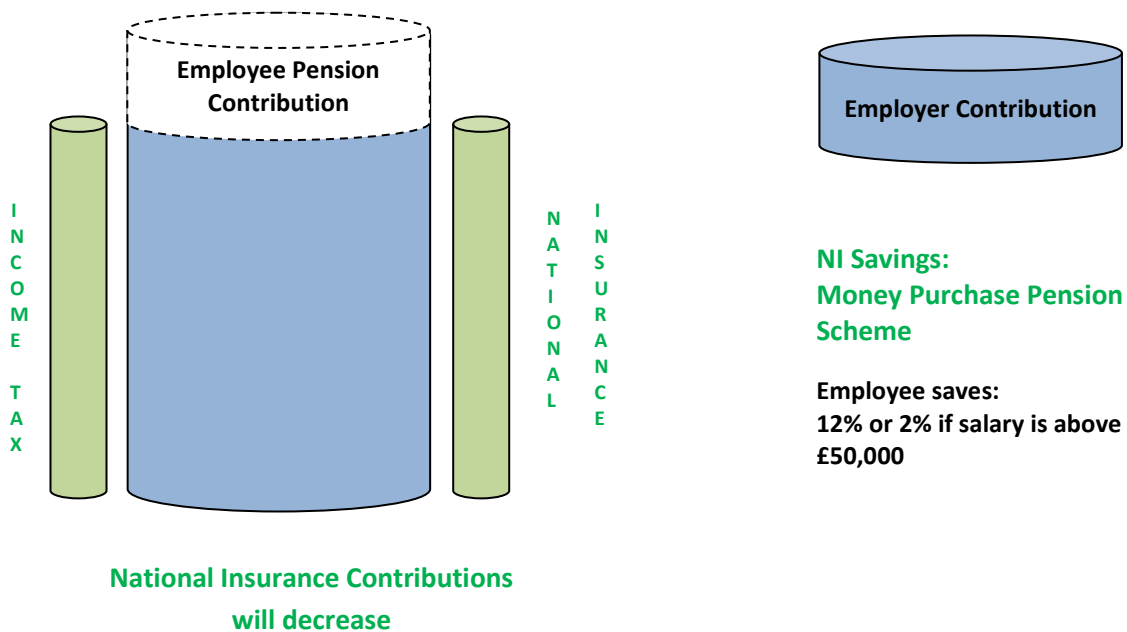
The blue cylinder represents your current pay. Your employee pension contribution is deducted from your pay before income tax, but you pay National Insurance contributions on your total pay, including your pension contribution.

Pension Plus – How it works

Your contributions *if you join* Pension Plus

How it would work...

Pay is reduced...



With Pension Plus, your salary is reduced by the amount of your pension contribution. You therefore pay National Insurance contributions based on a lower salary. The pension contribution that you would have paid will now be paid by the Company into your pension scheme, along with the Company contribution.

The overall effect is that the same amount is paid into your pension as would have been paid without Pension Plus, but your net take home pay is higher because you pay less in National Insurance contributions.

Note that your original (before Pension Plus) salary will show on your payslip, along with the Pension Plus deduction.

Your original salary will still be used for future pay awards, payments on termination of employment and references including mortgage or loan applications.

Let's look at a worked example on page 4.

Pension Plus – What would be paid in?

What would be paid in...?



Our example member has a salary of £14,000 and chooses to contribute at 5%.

In a complete year, the following sums would be paid into the Scheme.

Employer Contribution	£700
Employee Effective Contribution	£700
Total	£1,400

So for a member earning £14,000 and contributing at 5%, the Company contribution is £700 (5% of £14,000). Their contribution would have been £700 but this will now be paid by the Company instead. In this example the Company will now pay into the scheme a total of £1,400 per annum (£700 being original employer contribution + £700 Pension Plus contribution). Please note that the amount of this contribution will change as earnings change.

Pension Plus – Impact of Pension Plus on take home pay

Your Contributions

Pension Plus

Our example member – 5% contribution rate earning £14,000 per annum



Without Pension Plus

Pensionable Salary	£14,000
5% Employee Contribution	£700
Tax	£160
National Insurance	£644
Net Pay	£12,496
Total Employee Contribution to Pension	£700

With Pension Plus

Original Salary	£14,000
Salary Sacrifice	(£700)
Salary after Sacrifice	£13,300
Tax	£160
National Insurance	£560
Net Pay	£12,580
Employer Contribution (on behalf of employee)	£700
Increase in net take home pay	£84

Please note that the calculations are based on current Tax and National Insurance rates as at 6th April 2019, both of which may change in future Tax years.

Please note that should you enter into the salary sacrifice scheme and you subsequently choose to leave the Company Pension Scheme you will not be entitled to a refund of any contributions paid whilst in the salary sacrifice scheme. If you have completed more than 30 days membership of the Scheme all contributions will remain in your Account until you retire or decide to transfer the full value of your Account to another pension fund.

Maternity Leave

If you are in the Pension Plus Scheme, you will automatically be opted out of the salary sacrifice arrangement upon commencement of your maternity leave. The Company is not permitted to make deductions from your Statutory Maternity Pay (SMP) and so opting you out ensures that you are treated fairly and consistently with employees on maternity leave who are not in the Pension Plus Scheme. The Company will pay both the employer and the employee pension contribution during maternity leave (subject to an overall maximum cost of 10% of your normal pay). You will automatically be enrolled back into the Pension Plus Scheme at the end of your maternity leave, unless you notify your Employer that you wish to opt out.

*Please note that for salaries above the £50,000 threshold, the National Insurance saving reduces from 12% to 2%.

You may wish to seek Independent Financial Advice on enrolling into the Pension Plus (Salary Sacrifice) Scheme, or alternatively HMRC has guidance notes at the following website address:
http://www.hmrc.gov.uk/specialist/salary_sacrifice.pdf .