



Employers Guide to Salary Sacrifice Pension





National Insurance Savings

Mintago helps you save thousands by upgrading to the HMRC-approved salary sacrifice pension scheme

Salary Sacrifice Pension

Salary sacrifice (also known as salary exchange) is an agreement between you and your employees.

Employees can give up part of their future gross salary or bonus in return for a non-cash benefit, like a pension contribution. With the reduction of cash pay, both employers and employees can save on National Insurance (NI) contributions, becoming more tax-efficient.

Potential Company Savings

£4k

with 25 employees
and average salary of
£30,000.

£8k

with 50 employees
and average salary of
£30,000.

£16k

with 100 employees
and average salary of
£30,000.

Employee Savings

Not only do employers spend less on NI contributions, but so do employees. This means they can save up to 13.25% of the amount exchanged on earnings above the primary threshold (£12,570 from July 2022).

The table below provides an example of the potential savings your employees can make.

	Before Salary Sacrifice	After Salary Sacrifice	Increase in take-home pay p.a.
Employer pension	£713	£1,901	
Gross pay	£30,000	£28,812	
Tax paid	(£5,936)	(£5,556)	
Employee pension	(£950)	-	
Take-home pay	£23,114	£23,256	£142

By sacrificing part of their salary, their overall gross pay is lower, so they pay less NI and their take-home pay actually increases.

Contributions

By boosting pension contributions with guidance on what employees should be contributing for the retirement lifestyle they want, this will save an employer around a further £131* per year - considering a contribution boost from 8% to 12% (*based on salary of £30,000 per annum in a salary sacrifice pension scheme set up).

By using salary sacrifice pension the employer will save more.

Getting Started with Salary Sacrifice Pension Set Up

Firstly, we need to get your team's accounts set up. This will ensure when you are ready to go live with Mintago, they will instantly have access to their dedicated Pension Dashboard as well as our financial app, experts and wellbeing library.

We'll also do a final check to ensure that the changes required for salary sacrifice pension are only implemented for the employees that are eligible.

What we need to Get Started

All we need from you to get things started is:

1. your team's information using a template file from us,
2. an introduction to your payroll administrator so we can work with them to implement the changes in the future payroll runs,
3. some basic whitelisting to ensure our communications reach your team.

Your account manager will be able to support you through this small list of to-dos, and will of course be there to support you as your journey with Mintago continues.

Going Live

On the go live date, the team will also receive the first communication marking the change to their contracts that will allow for salary sacrifice, as well as the start of the 30 day recommended consultation period to ensure they have time to understand the changes.

Consultation period

We make sure every employee has a chance to understand the benefits of salary sacrifice by implementing a consultation period, during which they have access to our wellbeing platform, salary sacrifice education and experts to whom they can direct any personal or more involved questions.

The consultation period-start is marked by our communication to the team that this change will be taking place. Employees have a chance to opt out if they wish, but by default will be moved across if eligible. Any new joiners will be enrolled in the workplace pension under salary sacrifice going forward.

Payroll run

When the consultation period has come to an end and it's time for the first payroll run under salary sacrifice, Mintago will help you run the payroll live. This will ensure your payroll software is set up to realise the NI savings from this payroll run onwards.

Ongoing Support

Under the salary sacrifice mechanism, you will realise a basic level of savings after implementation. As a reminder, Mintago will support your payroll administrator through your first payroll run under salary sacrifice pension, but we don't stop there. We will always be accessible to answer any questions you might have, and will manage any changes to pension contributions for your team.

All information in this document is for general guidance only and does not constitute specific advice. While we have made every effort to ensure the information is accurate and up-to-date, no liability can be accepted, including for any inaccuracies or omissions.



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Start supporting your employees'
financial wellbeing with Mintago today.

www.mintago.com

