

## **SALARY SACRIFICE - AFFECTS TO YOUR LOCAL GOVERNMENT PENSION**

### **What is salary sacrifice?**

Salary sacrifice is an agreement between you and your employer in which you give up part of your salary in exchange for extra benefits. The agreement between you and your employer will change the terms of your employment contract, and reduce your entitlement to cash pay. The sacrifice of cash is made in return for some form of non-cash benefit.

As you will be earning a lower salary, you may pay less tax, National Insurance, and pension contributions.

Some salary sacrifice schemes are pensionable - which means that the amount of cash you give up from your pay will still count towards the figure used to calculate your pensionable pay, CARE benefits, and therefore your final pension amount.

Others are not pensionable, so you would need to think carefully about the potential impact on your Local Government pension.

### **Examples of Salary Sacrifice Schemes - Will my Pension be Affected?**

|  |                             |
|--|-----------------------------|
| <b>Child Care - Workplace Nursery Provision</b>                    | <b>Pension Not Affected</b> |
| <b>Child Care Vouchers</b>   | <b>Pension Not Affected</b> |
| <b>Green Schemes - Provision of a Cycle or Cyclist's Equipment</b> | <b>Pension Not Affected</b> |
| <b>Green Schemes - Support for Public Bus Services</b>             | <b>Pension Not Affected</b> |
| <b>Mobile Phones</b>   | <b>Pension Not Affected</b> |

|  |                             |
|--|-----------------------------|
| <b>Workplace Parking</b>   | <b>Pension Not Affected</b> |
| <b>Shared Cost AVC</b>   | <b>Pension Not Affected</b> |
| <b>Cars</b>  | <b>Pension Affected</b>     |
| <b>Salary Sacrifice for Work-Related Training</b>                      | <b>Pension Affected</b>     |
| <b>Salary Sacrifice for Professional Subscriptions</b>                 | <b>Pension Affected</b>     |
| <b>Salary Sacrifice Equivalent to Employee's Pension Contributions</b> | <b>Pension Affected</b>     |
| <b>Sacrificing a Pension in Payment</b>                                | <b>Pension Affected</b>     |

Dorset County Pension Fund (DCPF) have also produced more comprehensive factsheets, dedicated to car Salary Sacrifice schemes, and also shared cost AVCs. These cover a detailed explanation of the affects to your pension, and can be found on our website. If you require a hard copy, please contact DCPF using the details below.

Please contact us: Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ

Telephone: 01305 224845

Email: [pensionshelpline@dorsetcouncil.gov.uk](mailto:pensionshelpline@dorsetcouncil.gov.uk)

Website: [www.dorsetpensionfund.org](http://www.dorsetpensionfund.org)

Published April 2019