

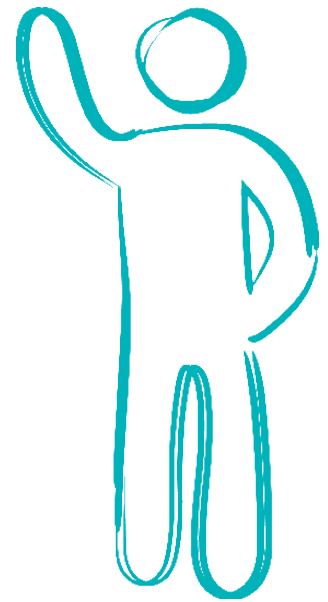
BBC HR



LifePlan

Additional Contributions Information Guide - Smart Pensions





Smart Pensions

Contributions through Smart Pensions

As a member of LifePlan – the BBC’s defined contribution plan contributions will be met through a salary sacrifice arrangement. This is called “Smart Pensions”. Your basic salary will be reduced by the amount you have chosen to be contributed to LifePlan and as a result you pay less National Insurance contributions.

How does it work?

- You do not pay contributions into LifePlan
- Instead, your basic salary (contractual pay) is reduced by an amount equivalent to the gross amount you choose to be paid into LifePlan
- The BBC will pay to LifePlan a contribution equal to the amount of salary you have sacrificed through Smart Pensions, plus the BBC may make a further contribution on your behalf
- Because your basic salary is lower, you pay lower National Insurance contributions so your take home pay increases
- You will retain a base salary (for example your basic salary before adjustment for Smart Pensions) as a reference point for increases with pay reviews

Under Smart Pensions you agree to a contractual change to your terms and conditions of employment which results in a reduction to your salary. As a result, you pay less NI and your tax position is the same as if you had paid the pension contributions.

The following example shows how Smart Pensions works and assumes a salary of £30,000 a year and a contribution to LifePlan of 6%.

Example

Payments	Without Smart Pensions	With Smart Pensions
Basic pay	£30,000	£28,200
Employee pension contributions	£1,440 (from net pay)	£0 (£1,800 contribution paid by BBC)
Tax relief added by Aviva (20%)	£360	£0 (tax relief is now provided through payroll)
Total contribution to LifePlan	£1,800	£1,800
Pay after pension contributions	£28,560	£28,200
NI contributions	£2,452 (based on basic salary of £30,000)	£2,235 (based on basic salary of £28,200)
Pay after pension contribution, tax and NI	£22,622	£22,838

In this example a member saves £216 a year in NI contributions through Smart pensions.

This example is based on the National Insurance/tax rates for 2021/22. The NI saving will vary according to an individual's salary.

You choose the contribution rate that suits you and you can increase, decrease or stop the contributions to LifePlan at any time subject to certain limits. To participate in SMART pensions, your basic pay cannot be reduced to a level lower than the National Minimum Wage (NMW). If you elect a high contribution rate we will tell you if you are affected and restrict your contribution rate so that your salary remains above the NMW. The pensions team will only know this when you join LifePlan or vary your contribution rate. If you elect other Salary Sacrifice benefits during the year or during the myChoices window and they, combined with your pension deduction, reduce your basic pay to below the NMW, payroll will automatically take you out of SMART pensions so it is important to check your payslip and keep your contribution rate under review.

There may be some LifePlan members (i.e. those on low pay or receiving State benefits) for whom Smart Pensions may be disadvantageous. If you are one of them, you will be excluded automatically and alternative arrangements will be made to collect contributions.

CAB 2011 additional contributions

For CAB 2011 members only, the BBC will match additional contributions paid on **pensionable pay** up to a maximum of £25 per month (i.e. up to £300 each year). If you contribute £15 a month of **pensionable pay**, the BBC will also contribute £15 a month. If you contribute £40 a month of **pensionable pay**, the BBC contribution is capped at £25 per month. Through Smart Pensions all the contributions will be paid by the BBC and you will have a reduction to the salary you are paid, equivalent to the contributions that you would have paid.

Your pensionable pay is your basic pay including any other earnings as may be recognised by the BBC as pensionable before Smart Pensions where applicable.

Are my BBC benefits affected?

Although Smart Pensions represents a contractual change to your salary it will not reduce the benefits that you receive from LifePlan. Your base salary (your basic salary before adjustment for Smart Pensions) is the amount used to calculate contributions to LifePlan. Your base salary is also used to work out BBC salary-related benefits (for example, salary increases, overtime, group life assurance). It is also the amount used in mortgage letters. This means that Smart Pensions has no effect on future pay reviews or other benefits you receive from working at the BBC.

Are my State benefits affected?

Smart Pensions **will not** normally reduce these tax credits:

- Child tax credit
- Working tax credit

(See further information section for details of the Tax Credit helpline that can provide further information) Smart Pensions **may** affect the following State benefits:

- Statutory Maternity Pay (SMP)
- Statutory Adoption Pay (SAP)
- Statutory Sick Pay (SSP)
- Statutory Paternity Pay (SPP)

If you receive these benefits you will not be included in Smart Pensions. You will remain out of Smart Pensions until the first pay date after you stop receiving these benefits. Your basic salary will then be tested against the criteria for State benefits. If your salary is sufficient and State benefits are not affected, you will be automatically included in Smart Pensions.

If your earnings are less than £6,000 a year the following State benefits could be affected:

- Basic State pension
- Incapacity benefit
- Jobseekers allowance

For this reason, anyone earning less than £6,000 a year will not be included in Smart Pensions.

Participating in Smart Pensions cannot reduce your salary to below the National Minimum Wage.

Will Smart pensions affect my State pension?

The Government introduced the new flat rate State pension for those reaching their State pension age on or after 6 April 2016. To receive any State pension you will need to have paid National Insurance for a minimum of 10 years. While you are a member of LifePlan you pay the full rate of National Insurance so your new State pension is unaffected. If you have previously been a member of a contracted out pension arrangement then this may affect the amount of State pension you will receive.

What happens if I go on Maternity Leave?

LifePlan members who go on family leave (maternity) and receive statutory maternity pay, will automatically be taken out of Smart Pensions and contribute to LifePlan via traditional contributions (not Smart Pensions) on their statutory maternity pay. LifePlan members will automatically be opted back in once returned to work and receiving full pay.

Further information:

Tax Credit Helpline

For more information about whether Smart Pensions would affect any of your tax credits call **0345 300 3900**

State Pension Advice Helpline

For more information visit **thepensionsservice.gov.uk** or call The Pension Service on **0800 731 7898**

Independent financial advice

You can find an independent financial adviser in your area by visiting **unbiased.co.uk**.