

## Cambridge University Assistants' Contributory Pension Scheme (CUACPS)

### Career Revalued Benefits (CRB) Section

#### Factsheet 4 - Salary Sacrifice

When you make contributions to CUACPS, you may be able to use your employer's salary sacrifice arrangement.

This factsheet provides details on what salary sacrifice is, how it works and how it affects you.

#### WHAT IS SALARY SACRIFICE?

Salary sacrifice is just a way to pay contributions to a pension arrangement, it is not a separate pension scheme. If your employer has a salary sacrifice arrangement for pension contributions you will normally be enrolled in this automatically under the terms of your employment. Under a salary sacrifice arrangement your employer pays your contribution to the pension scheme on your behalf and reduces your salary by the same amount. The salary sacrifice arrangement is subject to rules which are separate from those of the Scheme.

#### National Insurance Savings

The main benefit of any approved salary sacrifice arrangement is the savings you, and your employer, will make on National Insurance Contributions. Since your salary no longer includes your pension contribution, which is paid by your employer, a lower salary is used to determine your National Insurance Contributions. As a result, this leads to an increase in your take home pay.

Salary sacrifice schemes are widely used by UK employers as an effective way of letting employees pay for pension and other benefits (including nursery vouchers and 'bike to work' schemes) because it leads to an increase in take home pay for most employees.

#### WILL MY BENEFITS BE AFFECTED?

You will not see a reduction in your benefits if you pay your contribution to CUACPS through the salary sacrifice arrangement. Your salary before any salary sacrifice deduction will be the salary used to calculate your retirement, death and any other benefits payable under the Scheme.

#### AVCs

If you pay Additional Voluntary Contributions (AVCs) into CUACPS these cannot normally be included in the salary sacrifice arrangement, but your employer may permit this.

#### REFUND RESTRICTIONS ON LEAVING CPS

If you are part of the salary sacrifice arrangement, and you leave CUACPS with less than 2 years' service, any refund of contributions will not include those paid on your behalf by your employer under the salary sacrifice arrangement.

This may result in no refund or a very small refund so, if you know you may be leaving the CUACPS after a short period of time, you may wish to consider opting out of the salary sacrifice arrangement.

#### IMPORTANT NOTE

This factsheet provides a summary of how Salary Sacrifice for CUACPS pensions works. However, your legal rights are governed by the Trust Deed and Rules of CUACPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the Rules can be found using the following link:

<http://www.pensions.admin.cam.ac.uk/cps>

Version 6: January 2021 (Reviewed August 2023)