## Salary sacrifice and pension contributions

### 1. What is salary sacrifice?

Paying contributions via salary sacrifice is a way to make your pension saving more tax-efficient and could mean your take home pay is higher than if you paid employee contributions through a relief-at-source arrangement.

With salary sacrifice, your salary will be reduced, and AECOM will then pay the difference into your pension, along with its own contribution to the Plan.

As your contractual salary is reduced, in most cases both you and AECOM will pay lower National Insurance Contributions (NICs), which may mean your take-home pay will be higher (although there are exceptions, such as where you are over state pension age, and it is your responsibility to decide whether salary sacrifice is right for you). Other examples of salary sacrifice arrangements in common use in the UK include childcare vouchers and cycle to work.

### 2. Would salary sacrifice affect my salary increases or death-in-service benefits?

No. AECOM retain a notional salary so that you will continue to receive pay increases on your pre-sacrificed salary. Death-in-service benefits are also calculated on your pre-sacrificed salary.

### 3. Would salary sacrifice be an issue if I apply for a mortgage?

We would not expect this to be a problem. Lenders tend to be pragmatic and understand that you could opt out of the salary sacrifice if required to meet mortgage repayments. If your lender needs further details, you can ask the **Employee Center** to provide a letter confirming your pre-sacrificed salary.

### 4. How would National Insurance-based benefits be affected?

Your entitlement to some State benefits (e.g., State Pension, Statutory Maternity/Paternity Pay, Statutory Sick Pay, Employment and Support Allowance and Jobseeker’s Allowance) can depend on your National Insurance record and/or your contractual pay. Despite this, we would expect most employees to be better off paying pension contributions via salary sacrifice, taking account of AECOM’s enhanced maternity/paternity/sick pay policies. However, you should consider your position considering your individual circumstances and decide whether salary sacrifice is right for you, particularly if you are new to AECOM, a low earner or you have significantly reduced your contractual salary through your benefit selections on MyFlex.

### 5. Is there anything to stop me paying my contributions via salary sacrifice?

Salary sacrifice must not take your salary below the National Living Wage (if you’re age 23 or over) / National Minimum Wage (if you’re under age 23). If necessary, we will not collect your pension contributions via salary sacrifice to prevent your gross pay falling below these minimum levels.

Please note that you can choose other salary sacrifice benefits as part of your remuneration package (for example, the dental plan). When calculating whether your gross salary meets the requirements of the National Living Wage or National Minimum Wage, we will look at all your salary sacrifice benefits – including your pension contributions. If your gross salary would otherwise fall below the minimum levels, we will adjust your benefit selections and, if necessary, will not collect your pension contributions via salary sacrifice.

**6. I have reached State Pension Age, how would I be affected?**

If you have reached State Pension Age (SPA), you don't pay NICs and so you will not be saving NICs, however this does not mean that you cannot pay contributions via Salary Sacrifice. An advantage to you of paying via this method is if you pay tax at more than 20% you will automatically receive tax relief at your highest marginal rate, without the need to contact HMRC to make a claim.

The State Pension Age for both men and women is currently 66 and will increase to 67 between 2026 and 2028. You can check your SPA here**:** **SPA calculator**

**7. How would Universal Credit and Child Benefit be affected?**

Universal Credit and Child Benefit are payments from the Government. Those on low incomes may be eligible for Universal Credit, whilst those responsible for a child under 16 (or under 20 if they stay in approved education or training) may be eligible for Child Benefit.

As you're earning a lower contractual salary when you use salary sacrifice, it could mean you are entitled to higher Universal Credit or Child Benefit payments.

**8. How would Student loans be affected?**

Repayment of student loans is dependent on pay and can therefore be affected by exchanging salary. The level of repayments may reduce, and in consequence the length of the repayment period (and any interest owed) may increase.

**9. How do I opt out of Salary Sacrifice and pay pension contributions on a non-salary sacrifice basis?**

Please email the *Employee Center* and ask to pay your pension contributions via the non-salary sacrifice method. In this case, your pension contributions would be paid using the relief at source method. With relief at source if you pay tax at more than 20% you will need to take action to claim tax relief.