



SALARY SACRIFICE

BASF UK Group Pension Scheme

Pension Salary Sacrifice (PSS)

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What is Pension Salary Sacrifice (PSS)?

PSS is designed to make contributions to the Scheme more efficient for both you and the Company.

Under PSS you will not make contributions from your salary to the Scheme. Instead, the Company will make all contributions, ensuring that the total contributions are at least equal those that would have been made if you had not participated in PSS.

How does PSS work?

You give your contributions to the Company, who then pay your contribution to the Scheme as an Employer Contribution.

As the Company will make pension contributions for you, your salary will reduce by an amount equivalent to the regular contributions you would have made had you not participated in PSS. This reduction is known as your **Pension Salary Sacrifice Adjustment (PSS Adjustment)**.

As your salary is reduced, you pay less National Insurance contributions (NICs). The Company will also make NIC savings in the same way and shares 50% of their NIC savings to your DC account. All overtime, shift pay, death in service and other similar benefits will continue to be based on your higher pre-sacrifice salary.

PSS and your payslip

By participating in PSS your payslip will look slightly different. Your pre-sacrifice salary will continue to be shown on your payslip, along with the **PSS Adjustment**.

How do I opt-in or opt-out of PSS?

You will automatically join PSS unless your salary were to fall below certain limits. You will be notified if this affects you.

You can opt-out of PSS by completing an **Opt-Out Form** on the [Pension Website](#). If you choose to opt-out, you will be automatically opted in at the next renewal date.



The Company intends to run PSS indefinitely but reserves the right to amend or discontinue PSS at any time.

Your NIC savings with PSS

The amount you could save will depend on your salary and contribution level selected. The table provides an indication of the annual NIC savings available, using various PSS contribution levels.

- Amounts based on 6 April 2026 rates for illustration only
- NIC rates are updated annually, [click here for current rates](#)
- NIC savings are smaller for higher earners as the rate at which NIC is paid reduces for earnings over the Upper Earnings Limit
- Employers can claim exemption from NIC for apprentices under the age of 25, so there would be no NIC saving to share
- NI rates, tax, and social security rules are subject to change

Salary	Annual employee NIC savings			
	3%	4%	5%	6%
£15,000	£36	£48	£60	£72
£20,000	£48	£63.96	£80.04	£96
£30,000	£72	£96	£120	£144
£40,000	£96	£128.04	£159.96	£192
£50,000	£120	£159.96	£200.04	£240
£75,000	£45	£60	£75	£90
£100,000	£60	£80.04	£99.96	£120
£175,000	£105	£140.04	£174.96	£210

How the company shares their NIC savings

Where applicable, you also benefit from additional contributions (equal to 50% of the NIC saving the Company makes from PSS).

The table shows examples (using salaries of £30k and £50k) to show how the calculations differ for non-PSS and PSS members. These examples are for illustration only.

Item	£30,000 salary		£50,000 salary	
	Non-PSS	PSS	Non-PSS	PSS
Regular Contributions (6%)	-£1,800	-	-£3,000	-
PSS Adjustment (6%)	-	-£1,800	-	-£3,000
Taxable Salary	£17,430	£17,430	£37,430	£37,430
Tax Payable	-£3,486	-£3,486	-£7,486	-£7,486
NIC Eligible Salary	£30,000	£28,200	£50,000	£47,000
NI Contributions	-£1,394.40	-£1,250.40	-£2,994.40	-£2,754.40
Net Salary	£25,119.60	£25,263.60	£39,519.60	£39,759.60
Employer NI Cost	£270	-	£450	-
Additional contribution paid	-	£135	-	£225

Making extra contributions with PSS

You can increase your **PSS Adjustment** via **Ingenuity** during the annual changes window. You cannot make one-off contributions through PSS.

Any changes to the PSS level must be maintained until the next pension changes window unless you experience a **Lifestyle Event**. A list of Lifestyle Events can be viewed on the **Pension Website**.

You can also make additional regular or one-off contributions to your DC account **outside** of PSS. Any additional payments outside of PSS don't need to be fixed, and you can stop, start, or make changes by completing an **Extra Pension Payments Form** available on the **Pension Website**.

Maximum contribution levels

Your PSS Adjustment and any additional contributions you make to the Scheme are restricted to **70%** of your Pensionable Salary.

If the total contributions made by you and BASF to the Scheme, plus any contributions you may make to any other pension arrangement, are more than the **Annual Allowance (AA)**, you may be subject to an additional tax charge. If you are a former member of the Defined Benefit (DB) section of the Scheme, increases in your DB section accrued pension may also be included. The Scheme Administrator can help you understand if this affects you.



Limitations and exclusions

You can't participate in PSS if your **Adjusted Salary** falls below the:

- National Minimum Wage
- National Living Wage
- National Insurance Contributions (NIC) Primary Earnings Threshold*

Each renewal date (April), the Company checks if your salary exceeds the above and will add you back into PSS.

** If you fall below the NIC Primary Earnings Threshold only, you can opt-in to PSS. You should consider carefully opting back into PSS as you may lose entitlement to certain State benefits. If your adjusted salary falls below the limits (due to a combination of childcare vouchers and PSS), childcare vouchers will take priority.*

If you no longer pay NICs

If you are over the State Pension Age (SPA), you will not pay NIC and will not make NIC savings from PSS. However, the Company does still pay NIC and will make a saving, of which it will share 50% with you (where applicable) in the form of an additional pension contributions. Therefore, you will be automatically opted into PSS.

Child maintenance payments

Payments to the Child Support Agency (CSA) and the Child Maintenance Service (CMS), are based on your pay and therefore your payments may change. You should notify the CSA or CMS when you take part in PSS. More information is available on www.gov.uk/child-maintenance.

Student loans

Your student loan repayments may be reduced slightly by participating in PSS, as your repayments are calculated based on your **Adjusted Salary**.

Income Tax and Tax Credits

PSS will not impact the amount of income tax that you pay. PSS also has no negative effect on tax credits as these are based on your Adjusted Salary, after your PSS Adjustment.

Future changes to NIC rates

The savings are based on the rate at which you and the Company pay NIC. If NIC rates change in the future, so will your savings which will include the Company's 50% NIC saving (where applicable).



Maternity, paternity, and adoption leave

If you receive occupational maternity/adoption pay, your PSS Adjustment will continue, and will be based on the pay you receive, provided your Adjusted Salary remains above the limits. During periods of:

- **Statutory maternity/adoption pay only**, your PSS Adjustment will stop. Your membership of the Scheme and participation in PSS will continue and the Company will maintain all contributions to your DC Account.
- **Unpaid maternity/adoption leave** no contributions will be paid to your DC account. On returning to work, PSS will recommence and you can pay contributions outside PSS for any unpaid period of maternity/adoption leave, and, if you do so, the Company will pay matching contributions.

As your salary is reduced by participating in PSS, there may be a change in your statutory maternity/adoption pay due to how such payments are calculated. You should consider the impact of increasing contribution levels to the Scheme during your qualifying weeks for SMP and your participation in PSS. Please contact HR for further information.

If you are in receipt of occupational paternity pay, then there will be no reduction in your net pay due to PSS. Your PSS Adjustment will be applied to your pay, subject to the limits previously explained. If you are considering additional paternity leave, contact HR for further information.

Company sick pay or Statutory Sick Pay (SSP)

PSS won't affect your pay when you are in receipt of Company sick pay, and the Company will maintain its total pension contributions throughout periods of such leave.

You will continue in PSS for as long as you are in receipt of sufficient non-statutory pay and your PSS Adjustment will be based on your actual pay. The Company will also make an additional pension contribution in respect of any shortfall between your PSS Adjustment and the pension contributions that you would have made prior to your absence, had you not participated in PSS.

During periods where you are in receipt of SSP only or if your PSS Adjustment would bring your Adjusted Salary below the PSS limits, you will be opted-out of PSS.



Working overseas

If you are paid outside the UK and your earnings are not subject to UK NIC then you will not be included in PSS. While you remain an active member of the Scheme, the Company will make an additional savings pension contribution into your DC account.

This will be equivalent to your employer's 50% NIC saving (where applicable) on the basis that you had been subject to UK NIC and calculated by reference to your notional UK salary.



Unpaid leave

While you are on unpaid leave, your participation in PSS will be suspended and no contributions to the Scheme will be made because you will have no pensionable salary. When you return to paid employment and you have sufficient non-statutory salary to apply the PSS Adjustment, your participation in PSS will restart at the next renewal date (April/Oct).

State Pensions

Neither your State Pension or your Scheme Pension will be negatively affected by participating in PSS. The additional pension contributions that will be made into your DC account may improve your benefits from the Scheme.

Important information

The information included is in outline only and may not contain details material to you. The information is based on the current understanding of BASF plc and its advisers of the applicable laws and requirements relating to PSS arrangements, and the interaction with State benefits, all of which are subject to change. Benefits under the Scheme are covered by its rules which prevail in the event of conflict with this document.