

BASF UK Group Pension Scheme

Pension Salary Sacrifice

What is Pension Salary Sacrifice (PSS)?

PSS is a Company arrangement which is designed to make contributions to the BASF UK Group Pension Scheme more efficient for both you and your employer.

Under this arrangement, you will not make regular member pension contributions from your salary to the Scheme. Instead, your employer will make all contributions, ensuring that the total overall contributions made into the Scheme are at least equal to the total contributions that would have been made if you had not participated in PSS.

The Company intends that PSS will continue to run indefinitely. However, it reserves the right to amend or discontinue PSS at any time.

How does PSS work?

PSS is an arrangement operated by the Company separately from the Scheme.

Traditionally, non-PSS contributions to the Scheme are deducted from your salary and paid into the Scheme. However, under PSS you do not make regular member pension contributions from your salary to the Scheme. The Company then pay your contribution to the Scheme as an **Employer Contribution**.

As your employer is making all pension contributions to the Scheme, you agree to reduce your salary by an amount equivalent to the regular member pension contributions that you would have made, had you not participated in PSS. This reduction is known as your **Pension Salary Sacrifice Adjustment**.

As your salary is reduced, you pay less National Insurance contributions (NIC). Your employer will also make NIC savings in the same way and has agreed to share 50% of the NIC savings (where applicable) from PSS. Your employer will do this by making an additional savings pension contribution 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, so these should not be negatively affected by participating in PSS.

Are there any minimum earnings limits applicable for PSS?

You will not automatically participate in PSS if your adjusted salary were to fall below:

- the National Minimum Wage
- the National Living Wage
- the NIC Primary Earnings Threshold

Your employer will review your status at each renewal date (April) and they will opt you into PSS if, on review, your salary has risen above these limits.

If you fall below the NIC Primary Earnings Threshold only, you will be automatically opted out of PSS. However, immediately prior to April, you can request to be opted back in. If you do decide to opt-in, your employer will still make an additional savings pension contribution (even though there will be no actual NIC saving). In these circumstances, you should consider carefully opting back into PSS as you may lose entitlement to certain State benefits as a result.

Do I have to sign anything to take part?

No, you will automatically be entered into **PSS** unless your **Adjusted Salary** were to fall below the limits described above. You will be notified by your employer if this affects you.

How much NIC could I save?

The amount you could save will depend on your salary and contribution level selected.

The table below provides an indication of the annual NIC savings available, using various **PSS** contributions.

Pre-Sacrifice Salary	Annual employee NIC savings based on a pension salary sacrifice of:			
	3%	4%	5%	6%
£15,000	£60	£80	£99	£119
£20,000	£80	£106	£133	£159
£30,000	£119	£159	£199	£239
£40,000	£159	£212	£265	£318
£50,000	£199	£265	£331	£398
£75,000	£73	£98	£122	£146
£100,000	£98	£130	£163	£195
£175,000	£171	£228	£284	£341

- All amounts are based on 2022/23 NIC rates and are for illustration only
- NIC rates are updated annually, current rates can be found [here](#)
- 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 not be an NIC saving to share for these employees
- NI rates, tax and social security rules are subject to change

How does the Company share their savings?

You will also (where applicable) benefit from additional savings pension contributions equal to **50%** of the NIC saving your employer makes from pension salary sacrifice. The following examples (based on salaries of £25,000 & £50,000 respectively) show how the calculations differ for non-PSS and PSS members.

Item	Salary of £25,000		Salary of £50,000	
	Non-PSS	PSS	PSS	PSS
Regular Pension Contributions (6%)	(£1,500)	-	(£3,000)	-
Pension Salary Sacrifice Adjustment (6%)	-	(£1,500)	-	(£3,000)
Taxable Salary	£23,500	£23,500	£47,000	£47,000
Tax Payable	(£2,186)	(£2,186)	(£6,886)	(£6,886)
NIC Eligible Salary	£25,000	£23,500	£50,000	£47,000
NI Contributions	(£2,045)	(£1,846)	(£5,357)	(£4,960)
Net Salary	£19,269	£19,468	£34,757	£35,154
Employer NI Contribution	£226	-	£452	-
Additional pension contribution paid	-	£113	-	£226

Can I make additional regular or one-off contributions to the Scheme?

You will have the opportunity to increase your **Pension Salary Sacrifice Adjustment** via [Ingenuity](#) prior to the renewal date (1 April) each year by selecting an additional rate of PSS.

You cannot make one-off contributions through PSS.

If you do not have access to [Ingenuity](#), your employer will contact you regarding the alternative process to be followed to make changes to your **Pension Salary Sacrifice Adjustment** prior to the renewal date.

Any changes to the PSS level must be maintained for the next 12 months unless you experience a **Lifestyle Event**.

If you do not participate in PSS, you can make additional regular or one-off contributions to your DC account. Contributions outside PSS do not need to be fixed for 12 months and you can stop, start or change by completing a **Contribution Changes Form** available on the [Pension Website](#).

Can I review or change my participation in PSS?

You will have the opportunity to review and make changes to the level of your **Pension Salary Sacrifice Adjustment** annually, prior to the renewal date (1 April), via [Ingenuity](#).

If you do not have access to [Ingenuity](#), your employer will contact you regarding the alternative process to be followed to make changes to your **Pension Salary Sacrifice Adjustment** prior to the renewal date.

If you do not participate in PSS due to either salary limitations or if you opt-out, you will revert to making regular member pension contributions from your salary.

Are there any restrictions on the level of pension salary sacrifice adjustment?

Yes, you can request a pension salary sacrifice adjustment of any value, providing your adjusted salary remains above:

- the National Minimum Wage
- the National Living Wage rate
- the NIC Primary Earnings Threshold

You should also consider the impact of the **Annual Allowance**.

Are there any restrictions on the level of contributions to the Scheme?

Your **Pension Salary Sacrifice Adjustment** and any additional contributions you make to the Scheme are restricted to **70%** of your monthly pensionable salary.

If the total contributions made by you and your employer to the Scheme, plus any additional contributions you may make to any other pension arrangement, are more than the **Annual Allowance**, 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.

You should take independent financial advice if the **Annual Allowance** could apply to you.

Can I still take advantage of the annual bonus salary sacrifice scheme?

The bonus salary sacrifice scheme continues to be available as a separate arrangement on a discretionary basis. You will be able to take part in PSS throughout the year and take advantage of bonus salary sacrifice annually. Please note not all employers take part in the annual bonus sacrifice.

Further information about the annual bonus salary sacrifice scheme is available on the [Pension Website](#). The Company reserves the right to amend or discontinue the annual bonus salary sacrifice scheme at any time.

Can I sacrifice my 'Pay in lieu of Notice' (PILON) payment?

Upon leaving employment, the amount that can be sacrificed will vary depending on your package.

Please contact HR should you wish to understand how much you can sacrifice from your termination package.

What if my circumstances change?

As PSS is designed to increase your take-home pay and the contributions paid into the Scheme, you will continue to participate in the arrangement indefinitely.

Your employer will continue to monitor your pay and if, at any time, your pay falls below the limits, you will be automatically opted-out of PSS and will revert to making regular pension contributions from your salary.

Your employer also recognises that your circumstances may change. Therefore, your employer has introduced what are known as **Lifestyle Events**, when you may (at the discretion of your employer) request to either:

- Opt-out or opt-in to PSS
- Make changes to the level of contributions being paid to the Scheme through PSS
- Opt-in to PSS once your adjusted salary is above the statutory minimum levels or thresholds

What are Lifestyle Events?

These are certain changes in circumstances on which you can review your participation in PSS or vary the level of salary you sacrifice at the discretion of your employer.

The following circumstances may be classed as a **Lifestyle Event**:

- Marriage or Civil Partnership
- Birth or adoption of a child
- Notification of pregnancy
- Notification of maternity/adoption/additional paternity leave or commencement of or return from maternity/adoption/additional paternity leave
- Divorce/legal separation/dissolution of Marriage or Civil Partnership
- Death/serious illness of a partner, dependant or primary child-carer
- Redundancy or involuntary loss of job of partner
- Commencement of, or return from, unpaid leave
- A significant change in hours (minimum 10%)
- A significant change in pre-sacrifice salary (minimum 10%)
- Reaching State Pension Age
- Taking, or ceasing to have, a place with a registered child-carer
- Commencement of or return from receipt of Ill Health Income Protection (IHIP)
- A relevant change in pension legislation such as a reduction or increase in the **Annual Allowance**
- Other reasonable circumstances that may be approved by your employer on request

How do I make a Lifestyle Event change?

If you experience a **Lifestyle Event** and wish to either opt-out of or opt-in to PSS, or alternatively make contribution changes, you should complete the **Pension Salary Sacrifice Lifestyle Event Form**, available on the [Pension Website](#):

- Pension Salary Sacrifice Lifestyle Event – change level of pension salary sacrifice adjustment
- Pension Salary Sacrifice Lifestyle Event – opt-in/opt-out of pension salary sacrifice

What if I leave employment?

If you leave service, your employer will terminate your participation in PSS, and will notify the Scheme Administrator that you are no longer an active member.

What if I leave the Scheme?

If you decide to opt-out of the Scheme, your employer will terminate your participation in PSS, and will notify the Scheme Administrator that you are no longer an active member.

You should note that your employer will re-enrol you into the Scheme and PSS at the next annual renewal date (1 April), but you will be able to opt-out again.

Will taking part affect my maternity/adoption/paternity/additional paternity pay?

If you are in receipt of occupational **maternity/adoption pay**, your **Pension Salary Sacrifice Adjustment** will continue, and will be based on the occupational maternity/adoption pay you receive, provided that this does not bring your adjusted salary below the PSS limits.

During periods of **statutory maternity/adoption pay only**, your pension salary sacrifice adjustment will stop. However, your membership of the Scheme and participation in PSS will continue and your employer will maintain all contributions to your DC account.

During periods of **unpaid maternity/adoption leave**, you will remain a member of the Scheme, but no contributions will be made by you or your employer to your DC account. However, on returning to work, your participation in pension salary sacrifice will recommence.

You will have the opportunity to pay contributions outside PSS in respect of any unpaid period of maternity/adoption leave, and, if you do so, your employer will pay its matching standard contribution.

As your salary (which is subject to NIC) is reduced because you participate 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 pension salary sacrifice. Please contact [HR](#) for further information.

If you are in receipt of occupational **paternity pay**, then there will be no reduction in your take-home pay due to PSS. You will continue to participate in PSS and your **Pension Salary Sacrifice Adjustment** will be applied to your pay, subject to the limits previously explained.

If you are considering taking **additional paternity leave**, contact [HR](#) for further information regarding PSS.

If you think you may take maternity, adoption, paternity, or additional paternity leave in the future and would like more information, please contact [HR](#).

Will PSS affect my Company sick pay or Statutory Sick Pay (SSP)?

During periods where you are in receipt of **Company Sick Pay** there will be no reduction in the pay you take home due to PSS, and your employer will maintain its total pension contributions throughout periods of such leave.

You will continue to take part in PSS for as long as you are in receipt of sufficient non-statutory pay and your **Pension Salary Sacrifice Adjustment** will be based on your actual pay. Your employer will also make an additional pension contribution in respect of any shortfall between your **Pension Salary Sacrifice Adjustment** and the regular member 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 **Statutory Sick Pay only** or if your **Pension Salary Sacrifice Adjustment** would bring your adjusted salary below the PSS limits, you will be opted-out of PSS.

If I work overseas, can I participate in PSS and will I receive the same benefits?

If you are currently being paid by the UK and your earnings are subject to UK NIC then you will automatically be included in pension salary sacrifice and receive all the benefits as outlined in this factsheet.

If you are currently being paid outside of the UK and your earnings are not subject to UK NIC then you will not be included in PSS as there will be no NIC savings available. However, while you remain an active member of the Scheme, your employer will make an annual 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.

What will happen if I am on 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 **Pension Salary Sacrifice Adjustment**, your participation in PSS will restart at the next renewal (1 April/1 October).

Will PSS affect my State pension at retirement?

Neither your State Pension nor your Scheme Pension will be negatively affected by participating in PSS.

Due to the additional savings pension contributions that will be made into your DC account, your potential benefits from the Scheme may increase.

Will PSS affect a reference for a mortgage, rental property, or a loan?

No, your employer will confirm the amount of your pre-sacrifice salary, which is your salary before any adjustment under pension salary sacrifice or for childcare vouchers.

Will PSS have any impact on 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 can be obtained from the Government website (www.gov.uk/child-maintenance).

Will taking part have any impact on my tax credits?

PSS should have no negative effect on your tax credits as these are based on your adjusted salary, after your **Pension Salary Sacrifice Adjustment**.

Will my student loan repayments be affected?

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

Will PSS affect payments such as pay awards, death-in-service benefit or overtime?

No, PSS has been introduced in a way which means there should be no negative impact on these benefits from taking part.

What if I also have other salary sacrifice benefits (e.g. childcare vouchers)?

You will be able to take part in all salary sacrifice benefits, provided your adjusted salary remains above:

- the National Minimum Wage
- the National Living Wage rate
- the NIC Primary Earnings Threshold

If your adjusted salary falls below the limits (because of the combination of childcare vouchers and pension salary sacrifice), then your childcare voucher arrangement will take priority.

If you request to join childcare vouchers in the future and would be affected by the limits, you can change the salary sacrifice schemes in which you participate on the relevant annual renewal date or if you experience a **Lifestyle Event**.

How many shares can I obtain in the BASF All Employee Share Plan ('Share Plan')?

If you have access to participate in the Share plan, the value of shares that you can take under the Share Plan is limited to a maximum of **£150** per month. Provided your adjusted salary remains above **£1,500** per month, you will continue to qualify for this maximum.

If your adjusted salary is below **£1,500** per month, the value of shares that you can take under the Share Plan would be restricted to **10%** of your adjusted salary.

Speak to your local HR representative if you need to check whether you have access to the Share Plan.

I am currently working via an Apprenticeship – can I participate?

Yes, provided you satisfy the minimum earnings limits. However, employers can claim exemption from employer NIC contributions for Apprentices under age 25.

If you are under age 25, your employer's NIC savings will be nil so your Additional savings pension contribution will be nil. You will still benefit from employee NIC savings.

Will PSS change the amount of income tax I pay?

No, you will pay the same amount of income tax.

I am over the State Pension Age (SPA) and, do not pay NIC. Can I take part?

If you are over the SPA you will not pay NIC and, as a result, you will not make NIC savings from pension salary sacrifice.

However, your employer 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 savings pension contribution, calculated and paid monthly. Therefore, as PSS will be beneficial, you will be automatically opted into PSS.

I am under 21 years old and the Company does not pay NIC. Can I take part?

Yes, provided you satisfy the minimum earnings limits. However, because your employer doesn't pay NIC contributions for employees under age 21 your employer's NIC savings will be nil so your Additional savings pension contribution will be nil.

You will still benefit from employee NIC savings though

Will my savings increase if NIC rates are increased in the future?

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

Will my payslip look any different?

Yes, your payslip will look slightly different. Your pre-sacrifice salary will continue to be shown on your payslip, along with the **Pension Salary Sacrifice Adjustment**.

What if I do not want to take part?

PSS has been designed in such a way that most employees will benefit. All members will automatically be included in PSS unless you either do not qualify or wish to opt-out.

If you choose to opt-out of PSS, you will remain a member of the Scheme and will instead make regular pension contributions from your salary.

Who can I ask if I have any additional questions?

If you have any questions or require further information regarding PSS, please contact [HR](#).

Important Information

The information included in this factsheet on **Pension Salary Sacrifice** 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 Pension Salary Sacrifice arrangements, and the interaction of such arrangements 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.