

## Pension Salary Sacrifice Case Study: Uplands Retail Ltd

Pensions have traditionally been unpopular in the construction sector. The setup, ongoing administration and take up of pensions are sometimes seen as an unwelcome burden on the industry. However, one Bristol based construction company has challenged this position by reviewing and improving the pension provision it offers to staff.

Uplands Retail Ltd is one of the UK's leading retail construction and refurbishment organisations working with clients including Asda, Sainsburys and Center Parcs. The company's 60 employees include contract managers, surveyors, site managers and administrative staff.

Upland's Director of Finance, Martin Courtier explains: "We originally had a Group personal pension scheme which had a modest take up within the company of between 25 – 30%. Our aim was to improve our employees' benefits and provide a competitive pension in the market place. We felt that this would help us recruit and retain a high quality of personnel. This was to be achieved by the introduction of a salary sacrifice scheme within the existing pension plan. However, we knew that we didn't have the necessary expertise to make this improvement alone, which is when we decided to bring employment solution providers PES on board."

Sarah Chapman, Head of Tax at PES says: "We met with Martin at Uplands Retail a number of times to assess the various options available to them, the methods used to implement the salary sacrifice scheme and how to ensure effective communication to staff members to maximise take up". The introduction of a salary sacrifice pension scheme is an increasingly popular way to reduce the cost of pensions. It works by the employee sacrificing part of their salary that is then paid by the employer as an additional pension contribution. This results in a reduction in National Insurance contributions for both the employer and employee.

Sarah continues: "The total saving made by implementing a salary sacrifice pension scheme can be as much as 20% of the values of the pension contribution." However, salary sacrifice does involve alterations to an employee's terms and conditions of employment, and an employee has to formally sign up to join the scheme. The changes have to be made before entitlement to a benefit arises, and cannot be backdated. Care and caution is needed when making amendments to an employee's contract, and professional advice should be sought if an employer is not familiar with the contractual requirements."

On 6 April 2012 companies that don't offer pension provision with an employer contribution will have to automatically enroll employees into the new government proposed pension scheme and be required to make a contribution of up to 3% of band earnings – resulting in a rise in payroll costs for all UK companies.

The result of this change to the Uplands Retail pension scheme has been an increase in take up with a further 10 employees joining the salary sacrifice scheme. The company is hoping to



further increase interest and awareness amongst its staff and initiate positive changes within the construction sector.