

# SALARY EXCHANGE



**Almary Green's Corporate Scheme's expert, Robert Clarke, looks at the benefits of Salary Exchange Schemes.**

***"An important part of our process is to analyse your current benefit spend and identify areas where tax savings can be made, or where increased benefit can be realised for the same cost. For example we now run a number of our clients' pension schemes on a salary exchange basis."***

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**Almary Green Investments Ltd,**  
Greenfields House, 10 Meridian Way,  
Meridian Business Park,  
Norwich, NR7 0TA

Telephone: 01603 706740  
Fax 01603 437136

Email: [enquiries@almargreen.com](mailto:enquiries@almargreen.com)  
Web: [www.almargreen.com](http://www.almargreen.com)

**Salary exchange arrangements can offer tax savings for your employees.**

Salary exchange —also known as salary sacrifice—is an initiative approved by HM Revenue & Customs.

Under a salary exchange arrangement, the employee gives up the right to receive part of the cash pay due under his or her contract of employment, usually in exchange for the employer's agreement to provide the employee with some form of non-cash benefit such as a pension contribution.

The reduction in salary needs to be agreed in writing by the employer and the employee, the agreement being dated prior to the effective date of the scheme. Almary Green specialises in administering pension schemes on a salary exchange basis and can assist with the preparation of all relevant paperwork for the scheme to remain compliant with HMRC legislation.

Benefits to the employee (or employer if preferred) can be huge.

#### **Example:**

A net employee contribution of £50 would usually produce a gross pension contribution of £62.50. If this £50 were paid via salary exchange the gross contribution rises to £71.70, an instant increase of approximately 43% - and all without any additional cost to employer or employee.

Many of our clients choose not to pass on some or all of the benefit and use the savings in NIC contributions to offset the cost of providing an employer pension contribution. We are happy to run schemes to suit your requirements.



> Independent Financial Advisers

**For a free, no obligation consultation and review of your business continuance strategy, please contact us to see how we can help. Call us on 01603 706740 and ask for Carl Lamb or Robert Clarke, or email [robert.clarke@almargreen.com](mailto:robert.clarke@almargreen.com).**



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