What is Salary Sacrifice?

Salary Sacrifice is offered by employers as a means for their employees to contribute to their pension scheme in a more efficient way in respect of their National Insurance Contributions.

Salary Sacrifice means accepting a lower annual basic salary. The Company uses a notional salary to calculate your pay related Company benefits. This means the Salary Sacrifice arrangement won't result in a reduction in benefits, which would normally be based on your annual basic salary. This includes pay increases, sick pay, redundancy compensation and death benefits.

Your notional salary is the salary that you receive before the salary sacrifice reduction, which will be shown on your payslip as a separate gross deduction line.

How does Salary Sacrifice work?

- You choose to sacrifice a percentage of your gross salary into your pension which is equal to your current pension contribution, with 20% basic rate tax relief added back (i.e. if your current net contribution is £80 per month, the gross amount that will be sacrificed is £100 per month).

- The amount you sacrifice is paid to your pension plan directly by New Look, rather than being deducted from your net pay.

- New Look will then add their contribution, and pay the total amount into your plan each month.

- Salary Sacrifice reduces your contractual salary that is used to work out how much National Insurance you pay, as a result you pay less National Insurance.

For example, you earn £18,000 a year and decide you want to sacrifice £540. Whilst your notional salary is still £18,000, your new actual salary is £17,460, with New Look paying the amount sacrificed into your pension plan. The result of this is that you pay less National Insurance because your salary is lower.

Can being in the Salary Sacrifice arrangement affect my State benefits?

Salary Sacrifice may affect entitlement to the following, as they are based on actual earnings:

- Statutory Maternity Pay
- Statutory Adoption Pay
- Statutory Sick Pay
- Statutory Paternity Pay

What if I change my mind or my circumstances change?

You will be able to leave / join the salary sacrifice scheme, annually in April.
However, the Company recognises the need for flexibility in relation to unforeseen changes in your circumstances. Therefore we have outlined a list of circumstances (known as lifestyle events), where you will have the opportunity to change (with the consent of the Company) your participation in the salary sacrifice arrangement. These lifestyle events are as follows:

- Marriage or civil partnership
- Birth or adoption of a child
- Notification of pregnancy or commencement of/return from maternity leave
- Divorce/legal separation/dissolution of civil partnership
- Death of a partner or dependant
- Redundancy or involuntary loss of job of partner
- A significant change in hours
- A significant decrease in Gross Pay
- Reaching state retirement age (currently 60 for women and 65 for men)
- Moving house
- Taking a place with a registered child-carer

**Can being in the Salary Sacrifice Arrangement affect my tax credits?**

Any tax credits such as Child Tax Credit or Working Tax Credit you receive may be affected as the total pay shown on your P60 will be lower than if you were not in the salary sacrifice arrangement. Your P60 will show your total pay less the amount you’ve sacrificed.

If you’re unsure of the effect on your tax credits, check on [www.direct.gov.uk](http://www.direct.gov.uk).