

APPENDIX A: Salary Sacrifice & Pensions

Assumptions

- * Pay rises of 2.5% per year (in line with inflation)
- * Member is full-time (for simplicity)
- * Employer Contribution rate is theoretical future service rate from 2010 Valuation (16%)
- * Employee Contribution rate (based on salary b 6.5 (6% is the average across the scheme, but maybe higher if the average salary of participants is higher)
- * Monthly deduction for lease scheme = £300
- * Stays in lease scheme for 3 years
- * Member uses pay protection (average of three years salaries from last 13, with inflation added) to negate the negative effect on their pension remuneration

An Average Member	Year 1	Year 2	Year 3	Salary	Rate
Nominal Salary	£30,000	£30,750	£31,519	0	5.5
Nominal Employee Conts	£1,950	£1,999	£2,049	12601	5.8
Nominal Employer Conts	£4,800	£4,920	£5,043	14701	5.9
				18901	6.5
Actual Salary	£26,400	£27,150	27919	31501	6.8
Actual Employee Conts	£1,716	£1,765	£1,815	42001	7.2
Actual Employer Conts	£4,224	£4,344	£4,467	78701	7.5
Difference in Salary	£3,600	£3,600	£3,600		
Difference in Employee Conts	£234	£234	£234		
Difference in Employer Conts	£576	£576	£576		
Total Difference in Conts	£810	£810	£810		