

your pension contributions.



The following information applies to people living in England, Wales and Northern Ireland. If you live in Scotland different tax bands and rates apply.

Using salary exchange to make pension contributions.

Your employer provides you with access to a pension scheme and you have the option to make contributions to this scheme via salary exchange.

Salary exchange is an agreement between you and M&S to reduce your salary by an amount determined by you, and in turn M&S will make a contribution into your pension.

Below are two tables to illustrate how tax and National Insurance may be applied to an employee earning £15,000 pa. The table on the left shows the tax and National Insurance costs that could apply to an individual who is not making any pension contributions. The table on the right shows how making a 3% pension contribution could reduce the tax and National Insurance costs for this employee.

Salary deductions where no pension contributions are made.	
Pension contributions	ZERO
Gross salary	£15,000 pa
Less income tax	-£486 pa
Less National insurance	-£651.84 pa
Salary after deductions	£13,862.16 pa

Salary deductions after 3% pension contribution.	
Pension contributions	£450 pa
Gross salary after pension contributions	£14,550 pa
Less income tax	-£396 pa
Less National insurance	-£597.84 pa
Salary after deductions	£13,556.16 pa

The £450 that the employee has chosen to make in pension contribution through salary exchange has resulted in a tax and National Insurance saving of £144 per year. The net cost to the employee of making this £450 pension contribution is therefore £306 per year.

You should be aware that you may pay tax and National Insurance at different rates to those shown in the example. You may also have other deductions taken directly from your salary.

To discuss your options with **my wealth**, please contact:



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