Employee’s Name

Address

Address

Address

[DATE]

|  |
| --- |
| **Salary Sacrifice Agreement** |

Dear *[insert name]*,

Following our recent discussions, I understand that you have decided to be part of the salary sacrifice scheme operating within this organisation.

The salary sacrifice scheme requires you to accept a reduction in your remuneration in return for a non-cash benefit. The benefits offered as part of this scheme within this organisation are pension contributions.

I understand that you agree to receive the pension benefit in return for a salary sacrifice.

To receive this benefit your salary will be reduced by £*[amount]* each month/annually. In return you will receive *[give details of the benefit]*.

This change will result in a change to your contract of employment.

(Optional) The Company’s contribution to your pension will, as a result of the salary sacrifice scheme, be exempt from tax deductions and national insurance contributions. *The Company will contribute to your pension scheme (optional: X% of) any NIC savings made as a result of this salary sacrifice scheme.*

Before deciding to go ahead with the salary sacrifice scheme you are advised to consider the impact that this change in your remuneration might have on any other benefits or schemes that you are part of. In particular, you might want to consider the impact on any insurance schemes you have in place – such as income protection, life assurance, mortgage protection etc.

A salary sacrifice for pension purposes will only apply whilst you are an active member of the Company’s pension scheme. If you choose to opt-out of the pension scheme your salary will return to the pre-sacrificed amount.

Please sign the enclosed copy of this letter and return it to me to indicate your understanding and acceptance of these arrangements.

Yours sincerely

*[Insert name]*

*[Insert job title]*

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**ACKNOWLEDGEMENT**

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, have read, understood and accepted the arrangements set out in this letter in relation to the salary sacrifice scheme.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_