

Reward and Retirement Provision

Assignment 4

*(Part 3 - Flexible Benefits and Salary Sacrifice
Chapter 3 – Salary and Bonus Sacrifice
Chapter 4 – Other Benefits)*

Recommended Time: 3 hours

1. Write an article for the annual newsletter to the members of a DC pension scheme to explain the introduction of a salary sacrifice arrangement. The key details of the arrangement are:
 - The member contribution rate is currently 5%.
 - The arrangement will be voluntary i.e. members need to opt in.
 - The employer will share 50% of the employer NI saving with the members by providing a DC contribution to the pension schemes equivalent to this amount.

Your article should include an explanation of salary sacrifice and how such an arrangement would operate.

You should also include examples of the amount of NI contributions payable by two pension scheme members with pensionable salaries of £40,000 – one who does not participate in the salary sacrifice arrangement and one who does. Your examples should also show how much NI contributions are payable by the employer in respect of the same two members.

(The relevant employee/employer NIC rates between the Primary Threshold/Secondary Threshold (£8,164) and the Upper Earnings Limit (£45,000) are 12% and 13.8% respectively.)

35 marks

2. To encourage a higher take up rate of membership of the pension scheme, your client has decided to introduce pension salary sacrifice. Draft a briefing paper to the Benefits Manager setting out the main items to be considered when designing a salary sacrifice arrangement.

20 marks

3. Outline the minimum requirement for annual leave and how it may be incorporated into a flexible benefit arrangement.

5 marks

4. Explain the difference between a career break and a sabbatical and the advantages of offering each.

10 marks

5. Outline three examples of non contractual benefits that may be offered as part of a benefits package.

15 marks

6. Your client (a medium-sized company) already has a pension salary sacrifice arrangement in place and wants to extend this to childcare provision. Write an email describing such arrangements and how they can be provided via the current salary sacrifice arrangement.

15 marks