

Pensions Advice Salary Sacrifice Scheme Process

In order to limit the impact of tax on pensions, the Cardiff and Vale University Health Board (the UHB) has agreed to administer the tax exemption which allows employees to save Tax and National Insurance on the first £500 worth of pensions-related Financial Advice, each tax year, when offered through a Salary Sacrifice Scheme.

A salary sacrifice scheme allows an employee to agree to give up part of their salary and, in return, the employer gives a non-cash benefit. In this case the benefit is the financial advice. Depending on the tax status of the non-cash benefit, employees may save National Insurance, Income tax or both. The UHB will inform HMRC that the Scheme is being operated.

The advice must be provided in connection with the employee's pension arrangements or the use of their pension funds. It can include advice on general financial and tax issues relating to pension arrangements or pension funds, allowing employees to make informed decisions about saving for retirement. For the exemption to apply, the scheme has to be offered by an employer to all employees generally.

The exemption applies to the first £500 of employer-arranged pension advice in a tax year. Employees will be expected to meet any cost in excess of this directly with the adviser.

To take advantage of the Scheme, the eligibility requirements are that employee concerned must be employed by the Health Board and be paid via the Health Board's payroll system, with the normal PAYE deductions. This means for example, that Clinical Academics, employed by Cardiff University, are not eligible to join the Scheme.

NHS Employers have compiled a [list of organisations](#) (Appendix A) which are able to give expert guidance and advice on pension tax issues for members of the NHS Pension Scheme. Their web page has been developed to support employers to provide access to education, guidance and advice. **The UHB is simply signposting employees to the list of organisations and is not promoting or recommending the use of any organisation and may amend or update this list at any time.**

The UHB process will be:

1. The employee seeks financial advice meeting the criteria for the salary sacrifice scheme i.e. the provision of information or advice in connection with the person's pension arrangements or the use of the person's pension funds. It can include advice on general financial and tax issues relating to pensions arrangements or pension funds allowing individuals to make informed decisions about saving for their retirement.
2. The company providing the advice will issue an invoice to the individual to a maximum of £500. If advice is given on matters not provided for in the tax exemption or if the cost of the advice exceeds £500 the company is required to invoice the employee directly for that element.
3. The company is required to confirm, on headed paper signed by an authorised representative of that company, that the advice invoiced for meets the criteria for HMRC tax exemption.
4. The employee is required to agree to a salary sacrifice deduction to the value of the invoice (to a maximum of £500). To facilitate this an agreement form is attached as Appendix B.
5. The employee should send the invoice and Salary Sacrifice Agreement form by email to NWSSP.PayrollCAV@wales.nhs.uk with 'Pension Salary Sacrifice' in the subject heading
6. The UHB will pay the invoice from the adviser and deduct the cost from the individual's next salary payment under the salary sacrifice scheme, operating the tax saving.