Helping you to support your workforce

Claudine Bell, Key Account Manager

David Knight, Head of Key Account Management

Heidi Swift, Key Account Manager (Payroll Software Providers)

Hosted by: **Dory Dronsfield,** Key Account Manager

Agenda

1	**Contribution Structures**
2	**Salary Sacrifice**
3	**How to implement Salary Sacrifice**

Housekeeping

- Time for questions at the end of the presentations, please type any questions in the Q&A box.
- Please fill out the feedback form.
- Slides and recording will be sent out after the event

Contribution Structures

Claudine Bell

We will look at

1. Qualifying earnings (QE)
2. Sets 1, 2 and 3 (Certification)
3. Other considerations

Qualifying earnings

Contribution rates and how to calculate pensionable pay

8.0%

Minimum total contribution

3.0%

Minimum employer contribution

Based on qualifying earnings

Earnings over
£6240

Or pay period equivalent

Earnings under
£50270

Or pay period equivalent

=

Pensionable earnings

Sets 1, 2 and 3 - Certification

If you decide not to use qualifying earnings you can certify

Set 1
Basic pay

Total contributions of at least 9% of the jobholder's pensionable earnings (including an employer contribution of at least 4%) for each relevant jobholder in the scheme. The pensionable earnings of the jobholder must be equal to or more than that jobholder's 'basic pay' as defined in regulations.

Set 2
Pensionable pay

Total contributions of at least 8% of the jobholder's pensionable earnings (including an employer contribution of at least 3%) for each relevant jobholder in the scheme, provided that the total pensionable earnings of all relevant jobholders (taken in aggregate) to whom this set applies constitutes at least 85% of their total earnings. The pensionable earnings of the jobholder must be equal to or more than that jobholder's basic pay.

Set 3
Total pay

Total contributions of at least 7% of the jobholder's earnings (including an employer contribution of at least 3%) for each relevant jobholder in the scheme.

Other contribution structures to consider

Matching contributions

Non contributory

Salary sacrifice

Save more tomorrow

Additional worker contributions

Summary

- Changes to the contribution structure are likely to increase costs
- The state pension forms the largest part of most retirees' retirement income
- The definition of pensionable pay is important
- Higher contributions will produce bigger pensions
- Increasing the worker contribution may make it more difficult for some workers to commit.

Salary sacrifice

David Knight

"An agreement between an employer and employee in which the employee gives up their entitlement to part of their future remuneration in exchange for the employer providing them with a non-cash benefit."

Pension salary sacrifice: what is it?

Employees give up part of their salary (i.e. the amount they would normally pay as a personal contribution).

You use that to pay their pension contributions.

Why?

- As salary is reduced the employee pays less National Insurance
- Employer also saves on their National Insurance contributions

National Insurance rates

2026/27 (Class 1)

Employees:

8% on earnings above Primary Threshold to Upper Earnings Limit
(i.e. £12,570 p.a. to £50,270 p.a.)

2% on earnings in excess of £50,270 p.a.

Employers:

15% on earnings in excess of £5,000 p.a.

Savings

National Insurance

Assume employee is paying 5% of Qualifying earnings.

Employer saves:

- If earning £23,000 = £125.64 per annum saving
- If earning £25,000 = £140.64 per annum saving
- If earning £27,000 = £155.64 per annum saving

Does it work for you?

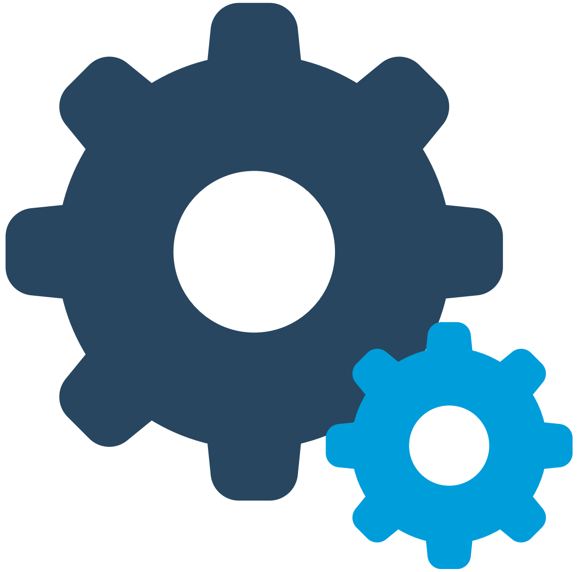
Cannot include an employee if the sacrifice takes the employee below the National Minimum Wage

Reducing salary may affect the employee’s entitlement to state benefits or their ability to take out a mortgage or loan etc.

You should also think about other employer provided benefits – e.g. life assurance where it is a multiple of salary

Practical Considerations

- Does your payroll cope with salary sacrifice?
- Employer may need to change contracts of employment
- Dealing with those who don’t qualify for, or don’t want to use, salary sacrifice
- Additional payments by employees, salary sacrifice or not?
- Will the employer use their National Insurance saving for the benefit of employees – e.g. increased pension contributions?

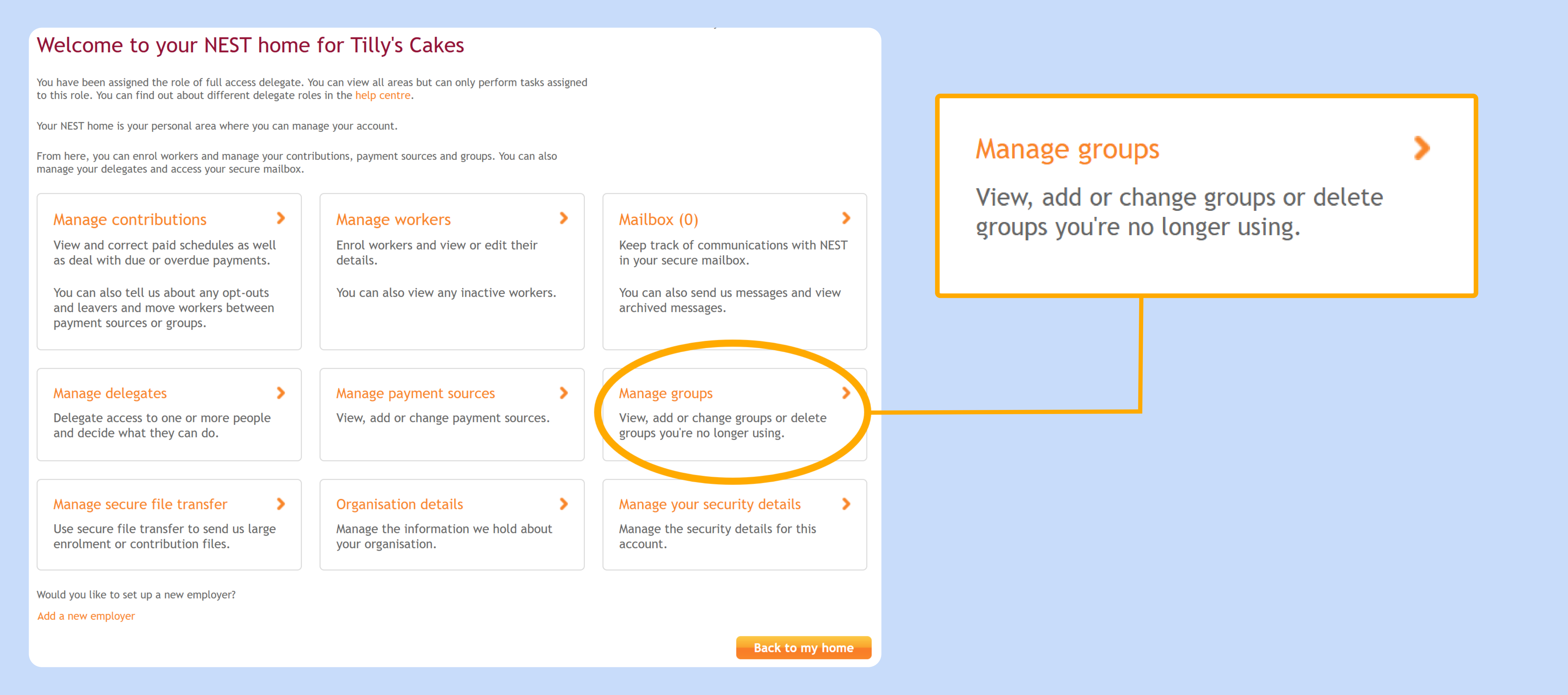


Salary sacrifice contributions are deemed **employer contributions**, therefore when submitting contributions to Nest all contributions for these employees must go in the employer contribution field

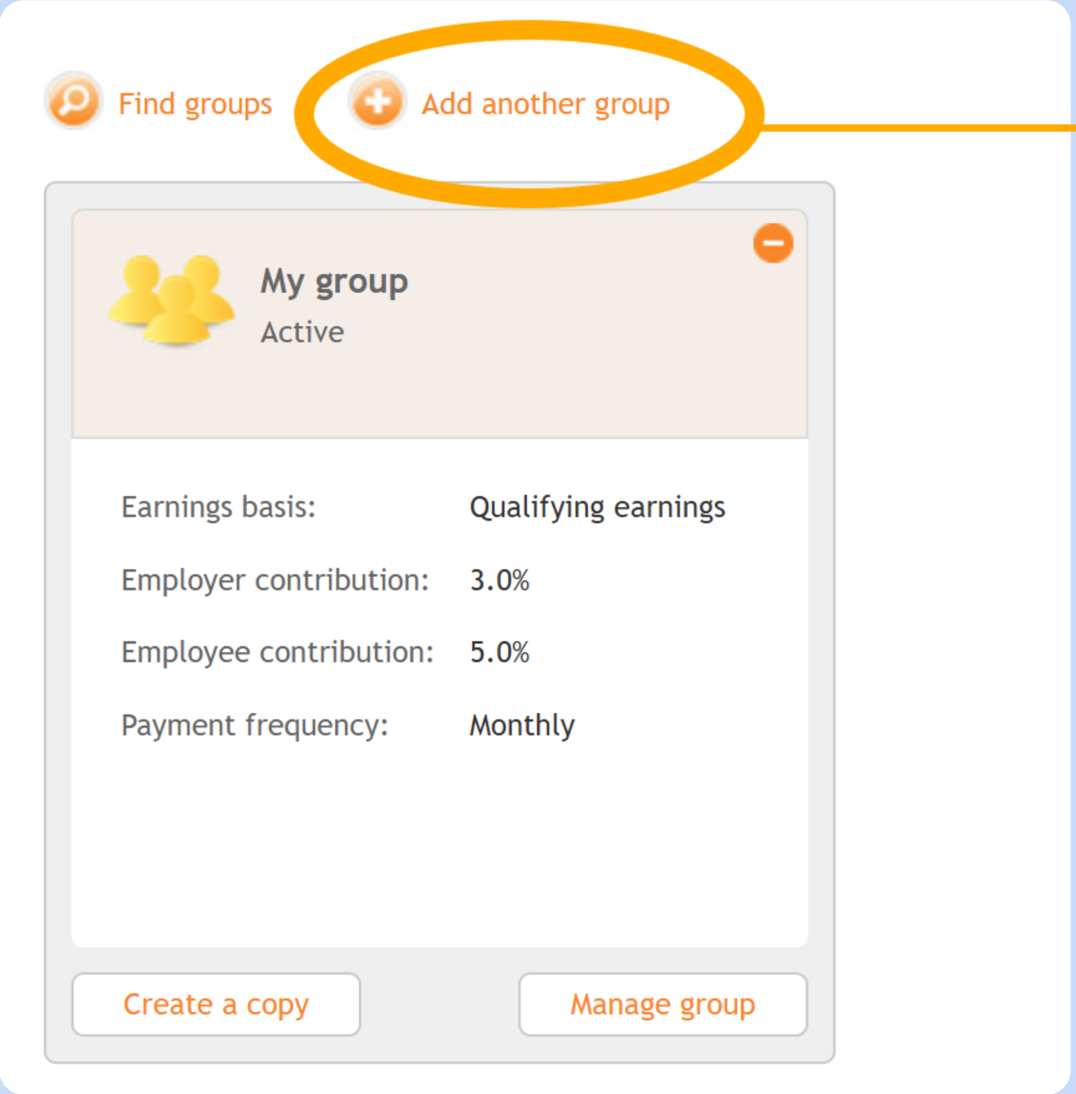
How to set up Salary Sacrifice on Nest

Heidi Swift

Creating a new group



Groups of workers



Create a new group

Add a worker group

This is where you can add another worker group to enrol your workers into.

You'll need to make some important decisions about what contributions you'll pay for the workers in this group, how often you'll pay and by what date.

You'll need to have your payroll information to hand and be ready to decide what contribution rates you're going to pay.

You can find more help in *Useful Information* on the right.

To add another worker group you'll need to tell us what contributions you're going to pay, how often and by what date.

Choices you'll need to make

How much I'll pay	How often I'll pay	By which date I'll pay
Choose an earnings basis. For example: • qualifying earnings The earnings basis tells us what part of a worker's earnings the contributions will be based on. We call this part pensionable earnings. NEST provides preset options that are an easy way to meet your employer duties. Using qualifying earnings is suitable for meeting the minimum contributions required by law.	Choose a payment frequency For example: • Monthly Choose an **earnings period.** For example: • 1st - 31st This tells us how often you'll pay contributions for a worker. You'll pay contributions for an earnings period - also known as a pay period, just like you do for a salary. You may find it easier to pay contributions when you run your payroll.	Choose a payment due date. For example: • seven days after the end of each earnings period This is the date by which you will need to: • complete a contribution schedule showing earnings and contributions for each earnings period, also known as pay period. • make any payments due ensuring they've cleared in NEST's account.

Example contribution payment

What we expect you to pay NEST depends on how much each worker earns during the earnings period, also known as a pay period. Here's an example for a worker in a monthly-paid group.

Earnings period	**1-31 January**
Pensionable earnings	**£1000**
For this worker you'd pay the following contributions:	
Employer - 1 per cent	**£10**
Worker - 1 per cent	**£8**(This figure assumes the worker is eligible for tax relief of 20 per cent from the government, so an extra £2 will be claimed from HMRC)
Total contribution payment for the period:	**£18**

By the payment due date of 22 February for this worker you'll need to have:

- Submitted a contribution schedule complete with earnings and contribution information. We'll tell you more about contribution schedules later.
- Made sure the money you're paying has cleared in our account.

When you need to pay contributions by

NEST must receive contributions data and payment by the payment due date. Please make sure you leave enough t the contributions to reach us and for your payment to clear.

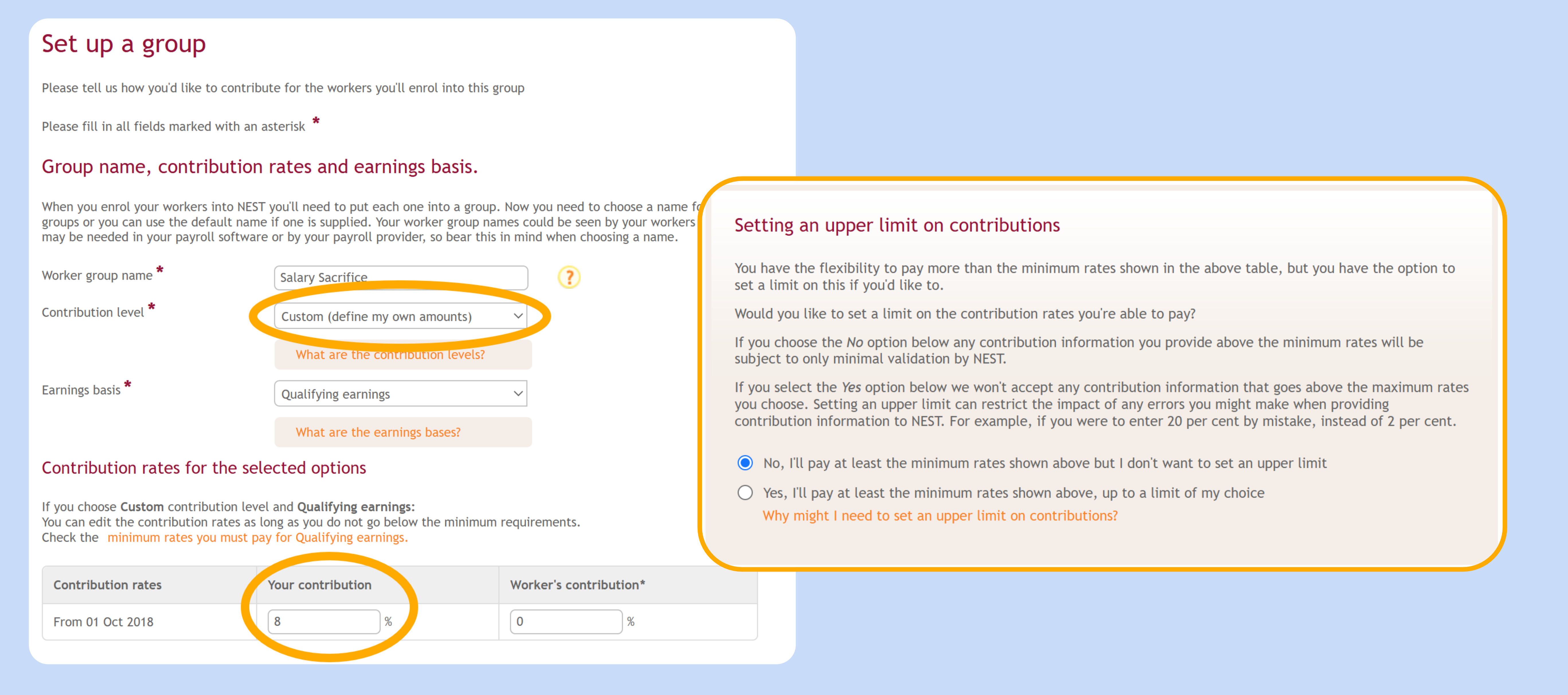
Payments for members within their opt-out period may be paid after the payment due date, but no later than set out by the law (Occupational and Personal Pension Scheme- Automatic Enrolment- Regulations 2010).

Understanding when contributions are due

Cancel | Create group

Create group

Create a new group: Define your contributions



Set up a group

Please tell us how you'd like to contribute for the workers you'll enrol into this group

Please fill in all fields marked with an asterisk *

Group name, contribution rates and earnings basis.

When you enrol your workers into NEST you'll need to put each one into a group. Now you need to choose a name fo
groups or you can use the default name if one is supplied. Your worker group names could be seen by your workers
may be needed in your payroll software or by your payroll provider, so bear this in mind when choosing a name.

Worker group name * Salary Sacrifice

Contribution level * Custom (define my own amounts)

What are the contribution levels?

Earnings basis * Qualifying earnings

What are the earnings bases?

Contribution rates for the selected options

If you choose **Custom** contribution level and **Qualifying earnings:**
You can edit the contribution rates as long as you do not go below the minimum requirements.
Check the minimum rates you must pay for Qualifying earnings.

Contribution rates	Your contribution	Worker's contribution*
From 01 Oct 2018	8 %	0 %

Setting an upper limit on contributions

You have the flexibility to pay more than the minimum rates shown in the above table, but you have the option to set a limit on this if you'd like to.

Would you like to set a limit on the contribution rates you're able to pay?

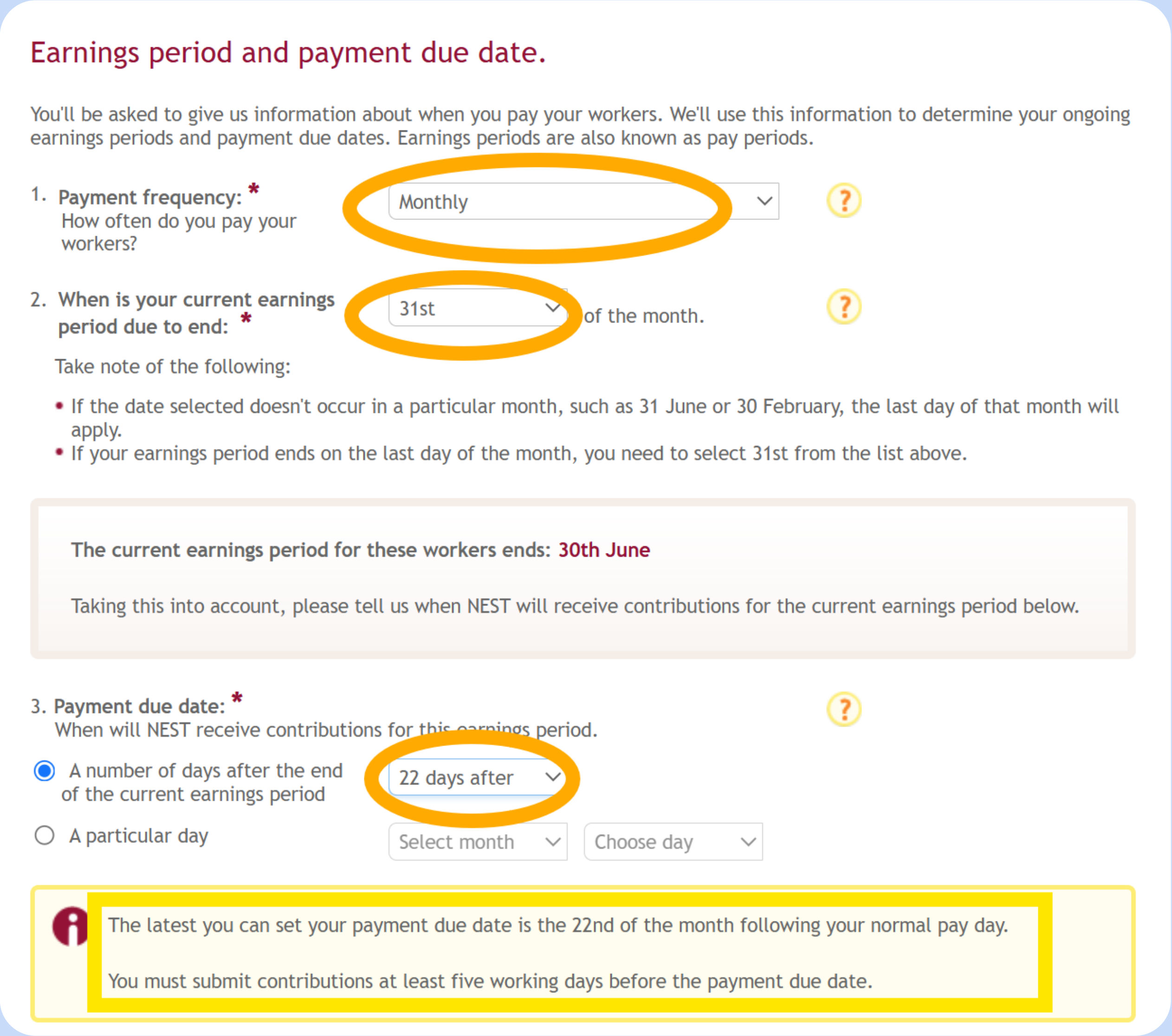
If you choose the *No* option below any contribution information you provide above the minimum rates will be subject to only minimal validation by NEST.

If you select the *Yes* option below we won't accept any contribution information that goes above the maximum rates you choose. Setting an upper limit can restrict the impact of any errors you might make when providing contribution information to NEST. For example, if you were to enter 20 per cent by mistake, instead of 2 per cent.

- No, I'll pay at least the minimum rates shown above but I don't want to set an upper limit
- Yes, I'll pay at least the minimum rates shown above, up to a limit of my choice

Why might I need to set an upper limit on contributions?

Create a new group: Define your pay periods


Earnings period and payment due date.

You'll be asked to give us information about when you pay your workers. We'll use this information to determine your ongoing earnings periods and payment due dates. Earnings periods are also known as pay periods.

1. **Payment frequency:** *
How often do you pay your workers?
Monthly

2. **When is your current earnings period due to end:** *
31st of the month.

Take note of the following:

- If the date selected doesn't occur in a particular month, such as 31 June or 30 February, the last day of that month will apply.
- If your earnings period ends on the last day of the month, you need to select 31st from the list above.

The current earnings period for these workers ends: 30th June

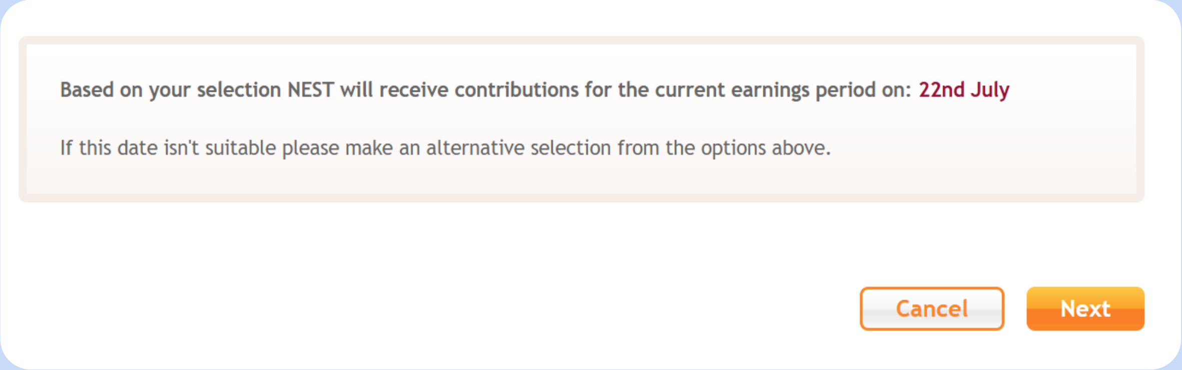
Taking this into account, please tell us when NEST will receive contributions for the current earnings period below.

3. **Payment due date:** *
When will NEST receive contributions for this earnings period.

- A number of days after the end of the current earnings period: 22 days after
- A particular day: Select month / Choose day

The latest you can set your payment due date is the 22nd of the month following your normal pay day.

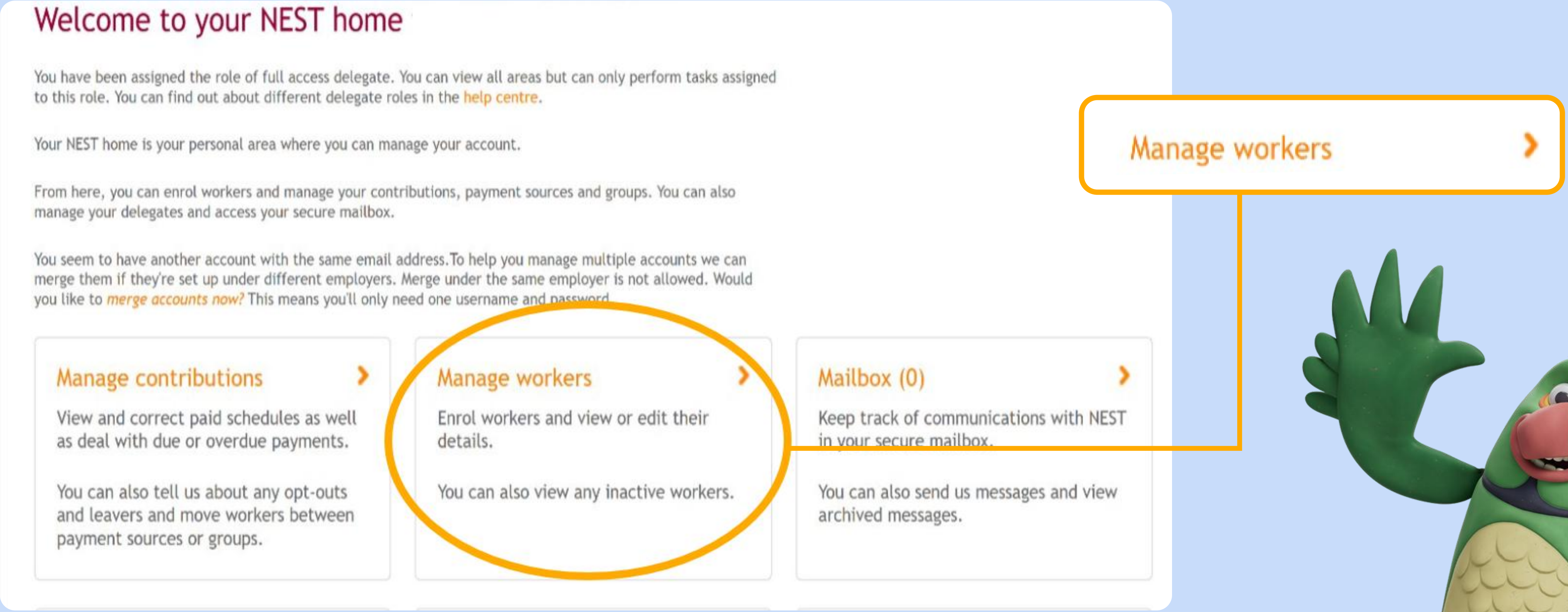
You must submit contributions at least five working days before the payment due date.


Based on your selection NEST will receive contributions for the current earnings period on: 22nd July

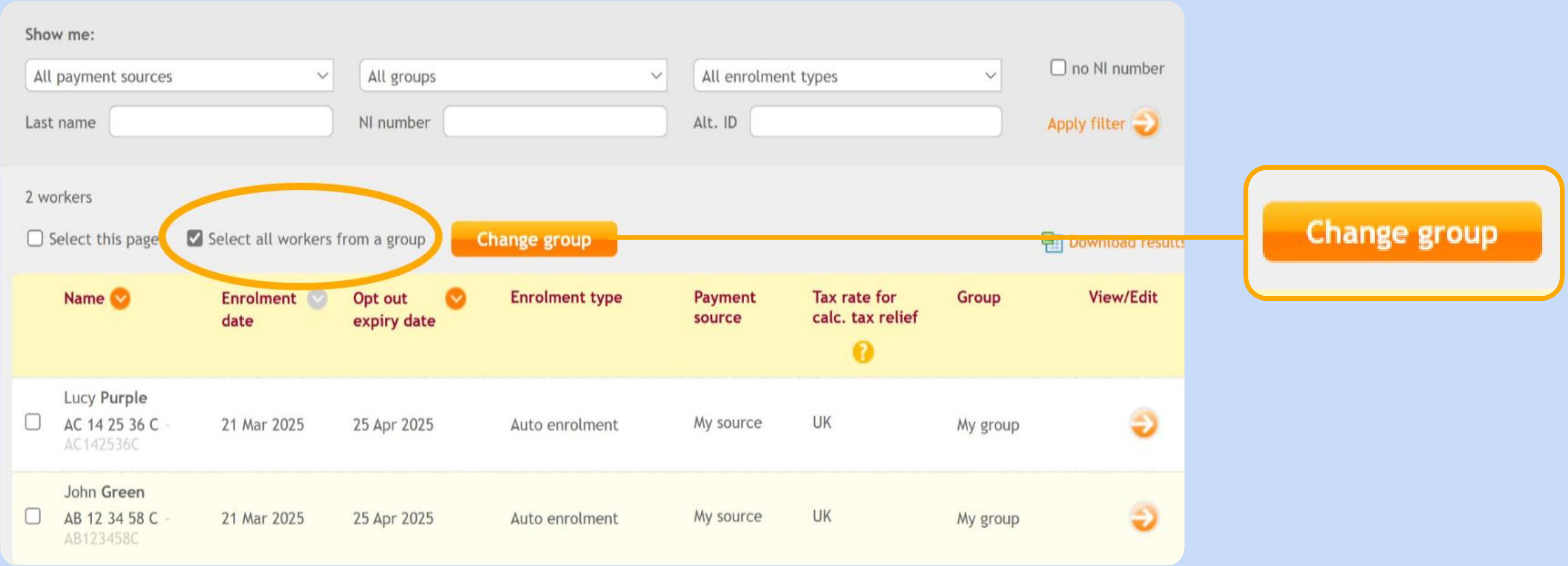
If this date isn't suitable please make an alternative selection from the options above.

Cancel Next

Move workers to a new group



Move workers to a new group



Move workers to a new group

Move workers between groups

Changing a worker's group can have an impact on contribution schedules, for example, workers could move to another schedule. It may take up to 2 hours for these changes to appear in contribution schedules.

Please choose the group you want to move:

From: Monthly   To: Salary Sacrifice

Tell us when you want this change to take effect. You can choose any date up to one month from today.

When you've selected the date click *Move workers*.

Please don’t make any changes to the groups of these workers until the schedule they’re in has been processed.

Change workers to new group on: 01/07/2026

Please check your selection

From	To	On
Monthly (6 workers)	**Salary Sacrifice**	**1 July 2026**

Cancel   Move workers

Help Centre video

[How to change a worker’s group | Nest Pensions]

Q&A

© Nest Corporation 2026. All rights reserved.

This information does not constitute financial, investment or professional advice and should not be relied on.

We do not make any personal recommendation or give advice to employers and their workers or third parties on how to make investment decisions. If you are considering using Nest you should consider talking to an appropriately qualified professional.

We do not give any undertaking or make any representation or warranty that this document is complete or error free. We do not accept responsibility for any loss caused as a result of any error, inaccuracy or incompleteness.

Any form of reproduction of all or any part of these slides is not allowed.

Any links on these slides to other websites and resources provided by third parties are given for your information only and we have no control over, and cannot take any responsibility for any loss caused to you by, the content of those sites or resources.

The Nest trade marks and trade names used above are owned by Nest Corporation and should not be used in any way without our permission.