



NatWest
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Pension

Salary Exchange

Frequently Asked Questions

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What is pension salary exchange?

Salary exchange is an arrangement between you and your company where you agree to a reduction in your salary and in return you receive a non-cash benefit, in this case contributions to your pension.

We are introducing a pension salary exchange arrangement which changes the way your pension contributions will be made so:

- You stop making pension contributions personally.
- Your company pays an additional amount directly into your pension, equal to your contributions to make up the difference.
- Your company then reduces your base salary by an amount equal to your pension contributions.
- This results in you paying less National Insurance Contributions (NIC) so your take home pay will increase.

Why use salary exchange?

Using salary exchange means that the amount of NIC that you pay each month will reduce, resulting in a potential increase in your take-home pay.

- If you earn below the Upper Earnings Limit (UEL), which is currently £50,270 for the 2025/26 tax year, there is a reduction in National Insurance contributions (NIC) for both your company and you (8% for you and 15% for the company). This will increase your take home pay and will also reduce costs for your employer.
- The savings are greatest if you earn less than the UEL. If you earn above the UEL, your NIC saving will be 2%.

Does participating in salary exchange change my terms and conditions of employment?

Yes – to benefit from the reduction in NIC, it is necessary to reduce your contractual salary and increase the employer pension contribution, which is a change to your terms and conditions of employment.

Do I need to sign a new contract of employment?

No. You will be deemed as accepting the new terms (unless you opt out) and your existing contract will be varied to this effect.



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Can I opt out of salary exchange now?

If you do not wish to participate in salary exchange you should contact HR to request an opt-out form.

Can I withdraw or opt-out from Salary Exchange at any time?

Yes, you will need to contact HR to request an opt-out form. This will need to be completed and returned to HR.

How does the reduction in my contractual salary affect my other benefits?

All other benefits for example, salary increases, life assurance, group income protection, overtime, etc will be calculated using your Reference Salary (which is your salary before taking account of any salary exchange adjustment).

Will my pensionable salary remain the same?

Yes – your Pensionable Salary will continue to be calculated as at present, i.e. based on your Reference Salary (your salary before the salary exchange).

What about if I need to ask for a reference for a mortgage or loan?

We will advise lenders of the amount of your Reference Salary so salary exchange should have no impact on the amount of money you can borrow for a mortgage or loan. However, you should check this with your provider just to be sure they will accept this.

As a member of an existing pension scheme, will I be automatically transferred to the new salary exchange scheme?

All future pension contributions will default to a salary exchange basis as this is the way the scheme will operate moving forward. If for any reason you choose to opt out of the salary exchange scheme you will need to complete an opt-out form which is available from Human Resources and return it by a date your employer specifies.



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Are there any circumstances where it may not be advantageous to participate?

It will not be advantageous for you to participate if any of the following apply to you:

- Your earnings are close to the National Minimum Wage (£12.21 per hour at age 21 and over from April 2025).
- Your earnings are close to the Primary Earnings Threshold for NIC purposes (£12,570 per annum for 2025/26).

If you believe that you may fall into one of the above categories, then please contact HR.

Will Salary Exchange affect any benefits I get from the State?

Entitlement to some State Benefits such as Basic State Pension, Statutory Sick Pay, Employment & Support Allowance and Job Seekers Allowance is based on the amount of NICs the employee pays.

Providing you continue to earn more than the Primary Earnings Threshold (£12,570 per annum for 2025/26) on a regular basis, your entitlement to these benefits will not change.

If you are pregnant you may wish to suspend your participation in pension salary exchange during the reference period for Statutory Maternity Pay to avoid a reduction in your SMP.

Is my money safe?

Yes, we're regulated by the FCA. Our firm reference is 929465. All client money is held in Financial Services Compensation Scheme (FSCS) compliant accounts.

For more information on the Financial Services Compensation Scheme, please visit: <https://www.fscs.org.uk/>.

What if Cushon get into financial problems?

We hold your money in a ring-fenced account which means it's safe, even if we were to get into financial difficulties. The same applies to the fund management companies that invest your money in stocks and shares.

In the extremely unlikely event you were to lose money as a result of us or one of our partners getting into financial problems, your loss may also be covered by the Financial Services Compensation Scheme. <https://www.fscs.org.uk/>.



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How can I contact Cushon?

You can call us on 020 3926 0333 or email us at: help@cushon.co.uk.

While Cushon can give you plenty of information about the options, we're not able to give financial advice. The value of investments can go down as well as up.