

## How is my furlough pay calculated if I'm in a salary sacrifice agreement?

Childcare vouchers, Cycle to work, any additional holiday days you've purchased and sometimes your pension contributions are all taken automatically from your salary through salary sacrifice which normally means you save tax and National Insurance contributions on these amounts.

The Government has advised us that we must calculate the furlough payment you'll receive, **based on your pay at 28<sup>th</sup> February 2020** (when Coronavirus Job Retention Furlough Scheme runs from), **after these (salary sacrifice) amounts are deducted**.

Greencore will pay either: 80% of this amount up to a maximum of £4,000; or no less than 60% of your post salary sacrifice basic pay, whichever is the higher.

You may have received a letter stating Greencore will only pay your pension contributions up to a maximum of 3%, but recent updates to Government guidance has clarified that as things stand, we will pay contributions into your pension at your usual agreed contribution level.

## What is deducted from my furlough payment?

Once we've calculated your furlough payment, no further deductions will be made for any salary sacrifice agreements that you have in place. This is because your furlough payment has already been calculated on your post salary sacrifice reference salary. What this means is that Greencore will make payments to salary sacrifice schemes on your behalf.

However, deductions you usually make that are **not** through salary sacrifice (e.g. Non salary sacrifice pension contributions, student loans, Direct Earnings Attachments (DEAs) that aren't to Department for Work and Pensions (DWP) and any payments you normally make to any 3<sup>rd</sup> parties e.g. Share save, Westfield Health, Simply Health), will need to be taken from your furlough pay.

N.B. If you are being furloughed for part of your pay period, you may still see a salary sacrifice deduction which will be pro-rated for the normal work you are being paid for and not for the furlough portion of your pay.

## What can I do about these deductions?

You can't change the furlough reference pay as Government guidance states this is based on your post salary sacrifice pay as at 28<sup>th</sup> February 2020. However, if you need to change or stop deductions **not taken via salary sacrifice** but taken directly from your furlough pay you will be able to do this. Non salary sacrifice pension contributions can be changed in the usual way, via payroll, or you can request a pension contribution holiday via payroll. Third party payments such as those to Westfield Health or Simply Health can be stopped by contacting payroll, but you should also contact the relevant provider. Share save contributions can be stopped or suspended by contacting payroll.

## **Pension contributions – not paid via salary sacrifice**

If you're in the Greencore (matched) section of our pension scheme, and you pay more than the minimum 4%, you can reduce your pension contribution percentage to a minimum of 4%, which Greencore will match at the same percentage.

While it's really important to save towards your future, in either section of the pension scheme you can take a pension contribution holiday. If you do this, you and Greencore will stop making payments into your pension, but we'll still treat you as a pension member, so it doesn't affect any other benefits.

You should note however that you'll no longer be participating in a qualifying workplace pension arrangement for auto-enrolment purposes and the suspension of contributions will result in a reduction in the benefits that you'll receive from the plan when you retire. Enabling members to take a pension contribution holiday in this way and in these unprecedented circumstances in no way implies that Greencore endorses or encourages such action.

\*DWP have suspended all DEA payments for April, May & June. If you normally pay these, they will not be deducted from pay during these months.