



B O W M O R E  
CORPORATE BENEFITS

**inspired**



# Inspired Education Workplace Pension Plans Alpha Plus Group

## Pension Salary Exchange

2026



# Introduction To Pension Salary Exchange

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- Why is the Company introducing Pension Salary Exchange?
- What is Pension Salary Exchange?
- Changes to Salary
- How will it benefit me?
- Does Everyone Benefit From Salary Exchange?
- Pension Salary Exchange in Action
- How do I make this amendment?
- Q&As



# Why Introduce Pension Salary Exchange?

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- Boost to your Net Pay
- Helps offset cost of living challenges
- HMRC encourages pension uptake
- More efficient way of managing pension and tax relief
- Development and expansion of Inspired Education's employee benefits and support



## What is Pension Salary Exchange?

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It's a way of '**Exchanging**' part of salary in return for a higher employer pension contribution.

The "Exchanged" contribution is deducted from your salary **before tax**, so you pay no income tax or National Insurance (NI) on this portion and see an immediate boost to your take home pay.

Inspired Education don't pay employer NI on pension payments, so make a saving on their costs.

Currently, you pay your contributions via a "Relief at Source" basis. Your pension contributions are deducted **after tax**. Your pension provider claims 20% tax relief from HMRC. Further or additional rate taxpayers must claim higher tax relief via HMRC/self-assessment.



## Changes to Salary – Basic Example

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Your taxable annual salary will be reduced by the gross value of your pension contributions, but your “reference salary” will stay the same. Your reference salary for Salary Exchange will be shown on your payslip.

Example:	Reference Salary	£30,000
	Salary Exchanged @ 5%	- £1,500
	Taxable Salary	£28,500

### Note:

- Tax and National Insurance are deducted from **Taxable Salary**
- State benefits will usually be referenced by **Taxable Salary**
- Mortgage borrowing will usually be based on **Reference Salary**
- Bonuses and company benefits will be based on **Reference Salary**



## How Does It Benefit you?

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- ✓ You will pay less tax and National Insurance, as income tax and National Insurance are payable on your reduced taxable salary (after your pension contribution)
- ✓ Higher rate taxpayer? Contribute via Salary Exchange and you no longer need to claim for additional tax relief from HMRC
- ✓ Entitlement to Universal Credit/Child Tax credits may increase
- ✓ Opportunity to reclaim Child Benefit for higher earners



## Can Everyone Benefit From Salary Exchange?

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- Because Salary Exchange reduces taxable salary, this does not work so well for part-time workers or those on lower earnings.
- You should not sign up for Salary Exchange if this takes you below National Living Wage (£12.71 for age 21+ from April 2026). Checks will be done by payroll team
- Lower and part time workers also need to ensure that entitlement to state benefits isn't affected.
- People above the age of State Pension Age (currently 66, rising to 67 between 2026-2028) do not pay National Insurance, so will not see any NIC saving, but will still see the more immediate tax adjustment on earnings.



# Salary Exchange In Action

*Illustrations assume a standard tax code of 1257L and the following contribution basis:  
5% employee, 7% Inspired APG*


*Higher or additional rate taxpayers may be eligible for further tax relief which is not reflected in illustrations as this is claimable by the individual*

	Before Salary Exchange	After Salary Exchange
Annual Salary	£30,000.00	£30,000.00
Salary Exchanged	-	£1,500.00
Salary Post-Exchange	£30,000.00	£28,500.00
Your Pension Contribution	£1,200.00 (net deduction from salary)	Nil-
Tax Due	£3,486.00	£3,186.00
National Insurance Contribution (NI)	£1,394.40	£1,274.40
Take Home Pay	£23,919.60	£24,039.60
Gross Total Contribution	£3,600 (Including tax relief from HMRC claimed by provider)	£3,600
Total Contribution of Salary	12%	12%

	Before Salary Exchange	After Salary Exchange
Annual Salary	£60,000.00	£60,000.00
Salary Exchanged	-	£3,000.00
Salary Post-Exchange	£60,000.00	£57,000.00
Your Pension Contribution	£2,400.00 (net deduction from salary)	Nil
Tax Due	£11,432.00	£10,232.00
National Insurance Contribution (NI)	£3,210.60	£3,150.60
Take Home Pay	£42,957.40	£43,617.40
Gross Total Contribution	£7,200 (Including tax relief from HMRC claimed by provider)	£7,200
Total Contribution of Salary	12%	12%



# Salary Exchange in Action – Pay Slip Changes – Based on Salary of £33,500

Payroll ID	Employee	Date	National Insurance No.	
TEST	Employee Name	30/03/2026	AB526600C A	
Payments		Amount	Adjustments	Amount
Salary:		2786.30	Pension Contribution AE:	-111.45
Total payments:		2786.30	Total Adjustments:	-111.45
			<b>Tax</b>	
			Income Tax:	347.60
			National Insurance:	139.06
			Total tax:	486.66
Totals this period		Totals year to date		
Gross pay:		2786.30		
Taxable pay:		2786.30		
Tax paid:		347.60		
Nliable pay:		2786.30		
Employers National Insurance:		355.39		
Employer pension AE:				
Employer pension AE AVC:				
Employer pension non-AE:				
Employer pension non-AE AVC:				
Alpha Plus Group			 <b>NET PAY</b>	2188.19
Tax code: 1257L      Tax period: 12      Pay period: 01/03/2026 - 31/03/2026				

Net Pension Contribution



# Salary Exchange in Action – Pay Slip Changes – Based on Salary of £33,500

Payroll ID	Employee	Date	National Insurance No.	
TEST	Employee Name	30/03/2026	AB286645C	A
Payments		Amount	Adjustments	
Salary:		2788.30		
Pension Salary Sacrifice AE:		-139.32		
Total payments:		2648.98		
			Tax	
			Income Tax: 319.60	
			National Insurance: 122.68	
			Total tax: 442.58	
Totals this period		Totals year to date		
Gross pay:		2788.30	Gross pay:	
Taxable pay:		2648.98	Taxable pay:	
Tax paid:		319.60	Tax paid:	
Niable pay:		2648.98	Niable pay:	
Employers National Insurance:		334.50	Employers National Insurance:	
Employer pension AE:			Employees National Insurance:	
Employer pension AE AVC:			Employee pension AE (incl. Salary Sacrifice):	
Employer pension non-AE:			Employee pension non-AE (incl. Salary Sacrifice)	
Employer pension non-AE AVC:			Employer pension AE:	
			Employer pension non-AE:	

Move from net Employee Pension Payment to gross Salary deduction

Alpha Plus Group

Tax code 1257L

Tax period: 12

Pay period: 01/03/2026 - 31/03/2026



NET PAY

2327.38



## When & How Do I Contribute Via Salary Exchange?

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The scheme will be launched in **April 2026**, with changes effective from **May 2026** payroll.

Unless considered not appropriate for you, Inspired Education will automatically move you to a Salary Exchange process.

You can change your Salary Exchange option **every year in May**, or at certain times, linked to **“lifestyle events”**.

Salary Exchange will apply to your full pension contribution, unless you request otherwise.

Within Salary Exchange, you can still vary your personal level of contributions through Salary Exchange.

If you wish to opt out of Salary Exchange, you will need to complete an Opt Out form.



## What Else Should I Do?

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Review your personal contribution/Salary Exchange rate.

Request changes to your Salary Exchange contribution rates before **11 May 2026**.

If you're a Higher Rate Taxpayer but don't already complete Self Assessment tax returns, remember to submit a claim for Pension Tax relief through:  
[www.gov.uk/guidance/claim-tax-relief-on-your-private-pension-payments](https://www.gov.uk/guidance/claim-tax-relief-on-your-private-pension-payments)

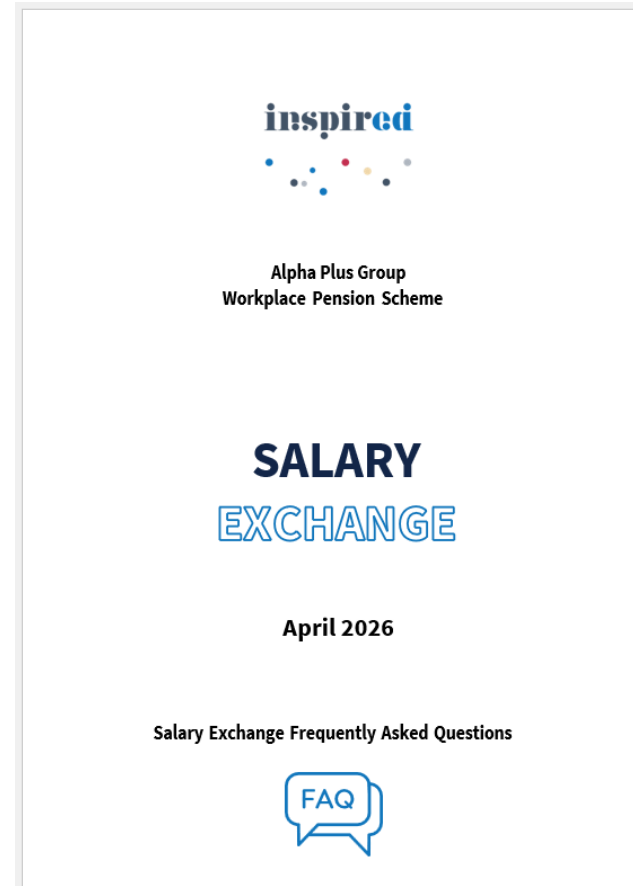
Remember – you can claim back up to 4 years' relief



## When & How Do I Contribute Via Salary Exchange?

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Further questions? We've created a FAQ's leaflet for you which will be available shortly, created by Bowmore Financial Planning Ltd.



## Quick Pension Checklist – Making the Most of Your Plan

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- ✓ Nomination Form (workplace pension)
- ✓ Check Selected Retirement Date
- ✓ Are you contributing enough?
- ✓ Track down/consolidate other private and workplace pensions
- ✓ Get on-line with your workplace pension app
- ✓ Higher rate tax payers – don't forget to claim for any previous tax relief on your pension contributions!
- ✓ Don't leave retirement planning to the last minute!





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CORPORATE BENEFITS

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# Q&A

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