

Now's the
time to help your
employees **make**
the most of
their bonus





Bonus Exchange puts you in a win-win position

With bonus time just around the corner, here's the chance to offer your employees a valuable and tax efficient way of saving for their future.

Bonus exchange scheme (or bonus sacrifice)

- Instead of receiving their bonus as part of their salary, your employees can choose to have some, or all, of their bonus paid directly into their pension before an agreed date.
- The process is simple. By varying their terms and conditions of employment, they give up their contractual right to a future cash payment of the amount they've sacrificed.

We point out to employees that the value of a pension can go up and down, employees could get back less than what's paid in, tax benefits are subject to change and their value depends on individual circumstances.

You choose how you use Bonus Exchange:

Where there's a reduction in National Insurance Contributions (NIC), you can save* up to 13.8% of the amount being exchanged by those earning below the upper earnings limit (UEL). Your employees can save 12%.

For your employees, the greatest savings are for those earning below the upper earnings limit. Those earning above the UEL will save 2% in NIC although you will still save 13.8%.

The NIC saving can be used to increase the employee's take-home pay, or boost your employee's pension savings, leaving their net spendable income unchanged.

* It is up to individual employers to decide how much of their NIC saving will go into the employee's pension. The maximum amount is 13.8% of the bonus. Bonus exchange can also affect an individual's entitlement to state benefits.



How you benefit



As an employer, you can make valuable savings on your National Insurance Contributions.



Bonus Exchange helps your employees save smarter for their future. It helps show employees that you value them and the contributions they make to your business.



We support you with a range of free, downloadable materials for you to share with your employees and help make them aware of the Bonus Exchange scheme.

A way of increasing take-up of the Bonus Exchange scheme would be to redistribute some of your NIC savings to your employees to boost their pension – although it's up to you to choose how to use this saving.

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How it works

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The benefits to you

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The benefits to your employees

4

How the campaign works

5

Campaign materials



Your employees' bonuses become more tax efficient

They can save on their tax and NIC payments and these savings can be used to either:



Increase their pension payments and keep their take-home pay the same



Spread the savings across both their pension payments and their take-home pay

See how the savings add up





Savings for a basic-rate taxpayer

Example - £1,000 bonus offer from employer

Without Bonus Exchange
– take as cash

Pay £200 income tax

Pay £120 National Insurance

Net bonus of £680

With Bonus Exchange
– take as pension payment

Employer contributes
£1,000 to your pension

Pay no National Insurance

Total pension investment
is **£1,000**

Savings for a higher-rate taxpayer

Example - £1,000 bonus offer from employer

Without Bonus Exchange
– take as cash

Pay £400 income tax

Pay £20 National Insurance

Net bonus of £580

With Bonus Exchange
– take as pension payment

Employer contributes £1,000
to your pension

Pay no National Insurance

Total pension investment
is **£1,000**



1

How it works

2

The benefits to you

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The benefits to your employees

4

How the campaign works

5

Campaign materials



How the campaign works

Set a date to process Bonus Exchange requests in agreement with payroll. Follow the campaign journey, it's easy.

1

CREATE AWARENESS 6 weeks to go

Intranet banner

Display on your intranet.

Email

Use the email templates to send to your employees.

Video

Upload the video to your intranet.

Poster

Display around your workplace.

Deskdrop

Distribute to your employees.

Letter

If you prefer you can send a letter

2

REMINDER TO ACT 3 weeks to go

Reminder email

Send out this reminder email to your employees.

3

ACT NOW 1 week to go

Reminder banner

Replace the original banner with this banner message.

Remind your employees to contact HR



We have everything you need

We've developed a campaign for you that's designed to encourage your employees to sign up for Bonus Exchange by a date agreed with your payroll department.

There's a range of free campaign materials which you can download from our **employer hub**, including a deskdrop mailing, email templates, workplace poster, a video and banners that can be downloaded onto your own intranet.

Any questions?
Please speak to your Aviva contact

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BONUS EXCHANGE
Apply by Date 2018

Beat the deadline

Time to make your bonus tax efficient

Boost your pension savings with [Company Name] Bonus Exchange scheme.

- It's only if you choose to have all, or some, of your [Month] bonus paid into your pension pot instead of taking it as part of your salary.
- You'll save on tax and National Insurance contributions, so more funds go into your pension.
- The value of a pension can go up and down. You could get back less than is paid in. Tax benefits are subject to change and their value depends on individual circumstances. Please see your scheme literature for details of tax allowances and plan and fund charges.
- Bonus Exchange may not be suitable for everyone, so check with our [HR/payroll department] to see how it will work for you. Once you've agreed to exchange your bonus, you are unable to change your mind.
- Under current rules, the earliest you can access your pension money is at age 55.
- If you're in any doubt about its suitability, you should contact a financial adviser who may charge you for the advice they give you. If you need help finding an adviser, please visit unbiased.co.uk.

How you could save tax and NI contributions

Example - Bonus Exchange receiving £1,000 bonus	
Without Bonus Exchange - take as cash	With Bonus Exchange - take as pension payment
Pay £200 income tax	Employer contributes £1,000 to your pension
Pay £120 National Insurance	You pay no National Insurance
Net bonus of £680	Total pension investment is £1,000

Talk to [HR] today, to sign up for Bonus Exchange by [00th Month 2018]

SP57559 11/2017

Poster

Beat the deadline

Video

[Play Video](#)

Dear [Mr Name]

[Company Name] is offering you a tax efficient way of saving your [month] bonus for the future. It's called Bonus Exchange and the deadline for applying for this is [00th Month 2018].

Employer Logo

How Bonus Exchange works

- You can choose to have all, or some, of your bonus paid directly into your pension instead of receiving it as part of your salary.
- Save on tax and National Insurance contributions, so more funds go into your pension - as this diagram shows.

Example - £1,000 bonus offer from employer

Without Bonus Exchange - take as cash		With Bonus Exchange - take as pension payment	
Pay £200 income tax	Employer contributes £1,000 to your pension	Pay £120 National Insurance	You pay no National Insurance
Net bonus of £680	Total pension investment is £1,000		

(figures shown for a basic-rate taxpayer)

Things you should know

Before you decide to go ahead here are some things to consider.

- Once you've agreed to exchange your bonus, you can't change your mind.
- The tax benefits could change, and their value depends on your individual circumstances.
- The value of your pension can go up and down and you could get back less than is paid in.
- Remember, the earliest you can access the money in your pension is at age 55.
- Please see the scheme's Key Features document for details of tax allowances and plan and fund charges.

Next steps

Check with [HR/pension contact] to see how it will work for you, as it may not be suitable for everyone. We can't advise you, but a financial adviser can. You can find one at unbiased.co.uk. They may charge for their advice.

Talk to [HR/pension contact] today as [00th Month 2018] is the last day we can process your Bonus Exchange.

Dear [Mr Name]

[Date] is your last chance to sign up for [Company Name's] Bonus Exchange scheme and enjoy a tax efficient way of saving for the future.

Employer Logo

RECAP - Bonus Exchange

Bonus Exchange lets you choose to have all, or some, of your [MONTH] bonus paid into your pension pot instead of taking it as part of your salary. You save on tax and National Insurance contributions, so more funds go into your pension. Once you've agreed to exchange your bonus, you are unable to change your mind.

Watch the video

Things to note

- Under current rules, the earliest you can access your pension money is at age 55.
- The value of a pension can go up and down. You could get back less than is paid in.
- Tax benefits are subject to change and their value depends on individual circumstances.
- Please see the scheme's Key Features document for details of tax allowances and plan and fund charges.

Bonus Exchange isn't right for everyone, so check with our [HR/pension contact].

Remember, the last day we can process your Bonus Exchange is [Date].

Bonus Exchange deadline [00th Month 2018] **Beat the clock!**

Not sure? Contact a financial adviser. They may charge you for their advice. If you need help finding an adviser, please visit unbiased.co.uk.

Email templates

Mr AB Sample
Sample Title
Sample Company Name
Sample Road
Sample Town
Sample County
AB1 2CD

Bonus Exchange deadline
[00th Month 2018]
The clock's ticking - don't miss out.

00th Month 2017

Save the date. It's bonus time.

Dear Mr Name,

Your [Month] Bonus is due to be paid soon and [Company Name] is pleased to offer you a tax efficient way of saving this payment for the future.

With our Bonus Exchange scheme, you can choose to have all, or part, of your [Month] bonus paid directly into your pension instead of receiving it as part of your salary.

The value of a pension can go up and down. You could get back less than is paid in. Tax benefits are subject to change and their value depends on individual circumstances.

Bonus Exchange gives you a quick and easy way of boosting the funds in your pension pot and helps you make valuable savings on your tax and National Insurance contributions as you can see in the table below. Under current rules, the earliest you can access your pension money is at age 55.

Your employer offers you a £1,000 bonus which you can take as cash or a pension payment	
Without Bonus Exchange	With Bonus Exchange
If you take cash you pay £200 income tax	If you exchange your bonus for a pension payment your employer will contribute £1,000 to your pension
You pay £120 NI	You do not have to pay NI
You receive a net bonus of £680	Your total pension investment is £1,000

Next steps

Bonus Exchange may not be suitable for everyone, so check with our [HR/payroll department] to see how it will work for you. Once you've agreed to exchange your bonus, you are unable to change your mind. If you're in any doubt about its suitability, you should contact a financial adviser who may charge you for the advice they give you. If you need help finding an adviser, please visit unbiased.co.uk.

Please notify [HR/payroll department] before [00th Month 2017]. If you'd like to take advantage of the Bonus Exchange scheme.

Don't miss out on this chance to boost your pension savings through our Bonus Exchange scheme. [00th Month 2017] is the last day we can process your Bonus Exchange so talk to [HR/payroll department] today.

Yours sincerely
[A Name]
[Title, Your Company]

BONUS EXCHANGE
XXXX
Date 2018

Beat the deadline

Time to make your bonus tax efficient

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Net bonus of £680	Total pension investment is £1,000

Talk to [HR] today, to sign up for Bonus Exchange by [00th Month 2018]

SP57559 11/2017

Deskdrop

BONUS EXCHANGE
2018

Beat the deadline

Talk to HR today about options for your bonus.

Intranet banners

BONUS EXCHANGE
2018

Reminder - your last chance

Talk to HR today about options for your bonus.

Letter copy