

# Debenhams

Ways to contribute  
to the

## Debenhams Pension Savings Plan

This document explains the different ways in which you can make **personal** (employee) contributions to the Debenhams Pension Savings Plan (the Plan).

This information is split into two sections. The first section provides information on contributing via Salary Sacrifice, which the Company refers to as SMART. The second section provides information on making contributions from your net salary.

This leaflet is based on the Trustees' and Legal & General's understanding of the current legislation, taxation and Her Majesty's Revenue and Customs (HMRC) practice. These can change without notice, but the Company will let you know if they do.



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# Section 1. Contributing to the Plan via SMART

Under the SMART arrangement the Company reduces your salary, by your chosen percentage, and then pays this amount into the pension Plan on your behalf, together with the Company contribution, where applicable.

By participating in SMART your salary is less which means you make a saving on your National Insurance contributions of 12%\* on the amount you have exchanged (\*2% on earnings above the upper earnings limit).

## Is SMART suitable for everyone?

SMART is not suitable for everyone. Some employees may not benefit from contributing to the Plan in this way, these include employees:

- who earn close to the National Minimum Wage (NMW)/ National Living Wage (NLW)
- whose state benefits may be affected
- who already participate in other salary sacrifice arrangements with Debenhams

## What are the tax benefits?

Under SMART, there's no need for higher tax-payers to make a claim at the end of the tax year for additional tax relief.

## If I'm contributing via SMART, when can I change my pension contribution percentage?

If you're making pension contributions via SMART, you can only change the percentage you contribute once a year, on 1 April - unless you have a 'lifestyle change' in the meantime. 'Lifestyle changes' are explained later on in this document.

You'll be prevented from changing your pension contribution if the reduction in your pay results in your hourly rate falling below the NMW/NLW for your age.

You won't be prevented from changing your pension contribution if the reduction in your pay results in your salary falling below the Primary Earnings threshold. **You should be aware that if this is the case it may affect** your entitlement to State benefits, now or in the future (as you'll pay less National Insurance). If you have any concerns about how this may affect you, you should visit the Department of Work and Pensions website ([www.dwp.gov.uk](http://www.dwp.gov.uk)).

## What's a 'lifestyle change'?

Salary sacrifice is about varying your employment terms and conditions as it relates to remuneration. If you were able to just opt-in and out of this agreement it may not be seen as a valid variation of your employment contract and so you may not get your National Insurance saving. However, HMRC accepts that changes in your circumstances ('lifestyle changes') may justify varying your contract in the middle of its term. Examples of what may constitute a lifestyle change are:

- Marriage/civil partnership
- Redundancy of employee or partner
- Pregnancy of employee/partner
- Divorce
- Bereavement of partner/child
- Long term sickness
- Significant change in contractual hours

If you wish to make a change to your chosen percentage contribution following a 'lifestyle change', you should contact the HR Service Centre by e-mail to [hrconnect@debenhams.com](mailto:hrconnect@debenhams.com) or by telephoning extension **62900** (external **03445 61 61 62**).



## What happens if my participation in the Plan results in my pay dropping below the National Minimum Wage (NMW)/National Living Wage (NLW)?

You'll be automatically opted out of SMART, if your hourly rate of pay in any month falls below the NMW/NLW as a result of your participation in the Plan. In this instance your employee contribution will be deducted from your net salary. If in the following month your hourly rate, taking into consideration your pension contribution, goes above the NMW/NLW you'll be automatically opted back into SMART.

## What happens if I go on maternity/adoption leave?

You can choose to opt-out of SMART when you go on maternity/adoption leave as this qualifies as a 'lifestyle change'.

**If you choose to opt-out of SMART**, your Pension Pot will continue to receive any Company contributions for which you're eligible during your Ordinary Maternity/Adoption Leave (OML/OAL), and continuing into your Additional Maternity/Adoption Leave (AML/AAL) whilst you are receiving Statutory Maternity/Adoption Pay (SMP/SAP).

The contributions you make will depend on your pension eligibility, if contributions made to the Plan are based on qualifying earnings your contributions will be based on any actual qualifying earnings you're paid whilst you are on leave, including SMP/SAP. If contributions made to the Plan are based on pensionable pay, the contributions you make will be based on any actual pensionable pay you're paid whilst you're on leave, including SMP/SAP unless the Company contribution is equal to or greater than the total minimum required under pension legislation, in which case you won't be required to make a contribution during Maternity Leave.

**If you choose to remain in SMART**, you'll continue to benefit from the combined contribution being paid into the Plan, this is made up of your **chosen employee** contribution and the Company contribution, where applicable. This will be paid for the period of OML/OAL and continuing into your AML/AAL whilst you are receiving SMP/SAP. Contributions will be based on the higher of your basic salary (less any permanent reductions such as child care) or the actual pensionable pay/qualifying earnings you are paid (less any permanent reductions). SMP/SAP calculations are based on your salary less any salary sacrifices, therefore your SMP/SAP will be reduced if you continue to participate in SMART. If you do not want your SMP/SAP to be reduced, you should consider leaving the scheme twenty-three weeks before your Expected Week of Confinement (EWC).

For more information, please contact the HR Service Centre by e-mail to [hrconnect@debenhams.com](mailto:hrconnect@debenhams.com) or by telephoning extension **62900** (external **03445 61 61 62**).

## How do I opt-out of SMART?

If you don't want to participate in SMART you should contact the HR Service Centre by e-mail to [hrconnect@debenhams.com](mailto:hrconnect@debenhams.com) or by telephoning extension **62900** (external **03445 61 61 62**) within three months of joining the Plan.

If you're enrolled into SMART and you don't opt-out you'll remain in the arrangement until the end of the scheme year (31 March), unless you experience a 'lifestyle change'.

You'll be automatically re-enrolled into SMART at the start of each scheme year (1 April) unless your earnings are close to the NMW/NLW. You'll have the opportunity to opt-out during the re-enrolment process. Further details will be communicated during March, ahead of the annual procedure.



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# Section 2.

## Contributing to the Plan from your net salary

If you contribute to the Plan from your net salary all of the employee contributions that you make will receive tax relief up to the annual limit.

Under this arrangement, any employee pension contributions will be made net of basic rate tax and deducted from your net salary (salary less tax). Basic rate income tax relief is then added to your contribution. For example, if you make an employee contribution of 5% of pensionable salary/qualifying earnings, you'll pay 4% with the remaining 1% being made up by the Government in tax relief. The same principle applies if you're asked to select a fixed amount, for example, for every £80 you invest in your Pension Pot, the Government will add an additional £20 on your behalf.

If you're a higher rate tax payer, the additional relief can be claimed back through completion of a Self-Assessment Form or by contacting the HM Revenue and Customs (HMRC) Self Assessment Helpline on **0300 200 3310** to adjust your tax code during the year. You'll receive an annual statement in April, which will detail the total contributions made during the tax year. You should contact the HMRC Helpline if you require assistance completing the process.

### If I'm opted out of SMART when can I change my chosen percentage contribution?

If you're not contributing via SMART, you can change your contribution at any time, although the Company will only match your contributions up to an agreed limit. To change your contributions, please contact HR Connect on **03445 61 61 62**, extension **62900** or at [hrconnect@debenhams.com](mailto:hrconnect@debenhams.com)

### If I'm opted out of SMART what happens if I go on maternity/adoption leave?

Whilst you're receiving SMP/SAP, the Company contributions that you're eligible for will continue until your entitlement to SMP/SAP ends, or for 26 weeks if you are not entitled to SMP/SAP. Company contributions will be based on the higher of; your basic salary (less any permanent reductions such as child care) or the actual pensionable pay/qualifying earnings you are paid (less any reductions).

The contributions you make will depend on your pension eligibility, if contributions made to the Plan are based on qualifying earnings your contributions will be based on any actual qualifying earnings you're paid whilst you are on leave, including SMP/SAP. If contributions made to the Plan are based on pensionable pay, the contributions you make will be based on any actual pensionable pay you're paid whilst you're on leave, including SMP/SAP unless the Company contribution is equal to or greater than the total minimum required under pension legislation, in which case you won't be required to make a contribution during Maternity Leave.

On your return to work, the personal pension contribution that was in place prior to your leave will recommence, along with any Company contributions that you're eligible for.

### Where to go for help?

If you have any queries regarding the way contributions are made to the Plan please contact HR Connect on **03445 61 61 62**, extension **62900** or at [hrconnect@debenhams.com](mailto:hrconnect@debenhams.com)