

## What is PSS?

PSS is designed to make contributions to the Scheme more efficient for both you and the Company.

Under PSS you will not make regular pension contributions from your salary to the Scheme. Instead, the Company will make all contributions, ensuring that the total contributions are at least equal those that would have been made if you had not participated in PSS.

The Company intends that PSS will continue to run indefinitely. However, it reserves the right to amend or discontinue PSS at any time.



## How does PSS work?

Traditionally, non-PSS contributions are deducted from your salary and paid to the Scheme. Under PSS, you give your contributions to the Company, who then pay your contribution to the Scheme as an **Employer Contribution**.

As the Company will make pension contributions for you, your salary will reduce by an amount equivalent to the regular contributions you would have made had you not participated in PSS. This reduction is known as your **Pension Salary Sacrifice Adjustment (PSS Adjustment)**.

As your salary is reduced, you pay less National Insurance contributions (NICs). The Company will also make NIC savings in the same way and has agreed to share 50% of their NIC savings (where applicable) by making an additional contribution to your DC account. All overtime, shift pay, death in service and other similar benefits will continue to be based on your higher pre-sacrifice salary.

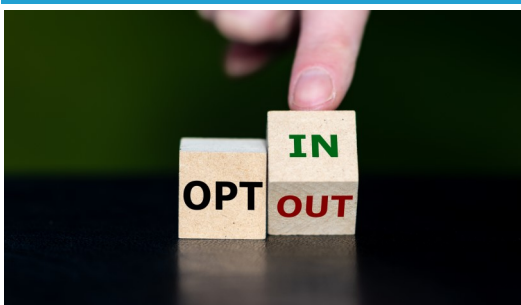
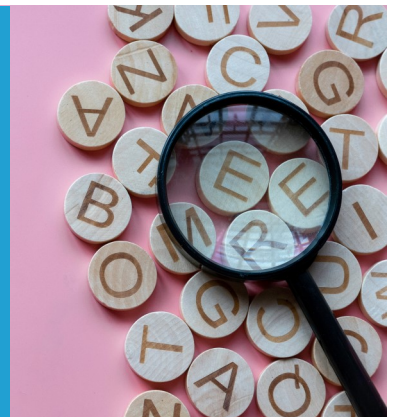
## PSS limitations and exclusions

You can't participate in PSS if your **Adjusted Salary** were to fall below:

- ◆ The National Minimum Wage
- ◆ The National Living Wage
- ◆ The NIC Primary Earnings Threshold

Every renewal date (April), the Company checks if your salary exceeds the above and will add you back into PSS. If you fall below the NIC Primary Earnings Threshold only, you can opt-in to PSS. If you decide to opt-in, you should consider carefully opting back into PSS as you may lose entitlement to certain State benefits.

If your adjusted salary falls below the limits (due to a combination of childcare vouchers and PSS), childcare vouchers will take priority.



## How do I opt-in or opt-out of PSS?

You will automatically be entered into PSS unless your **Adjusted Salary** were to fall below the limits described above. You will be notified by your employer if this affects you.

You can opt-out of PSS by completing a **PSS Opt-Out Form** on the [Pension Website](#).

If you choose to opt-out, you will be automatically opted in at the next renewal date.

### Your NIC savings with PSS

The amount you could save will depend on your salary and contribution level selected.

The table provides an indication of the annual NIC savings available, using various PSS contribution levels.

- ◆ Amounts based on rates at 6 April 2024 and are for illustration only
- ◆ NIC rates are updated annually, current rates can be found [here](#)
- ◆ NIC savings are smaller for higher earners as the rate at which NIC is paid reduces for earnings over the **Upper Earnings Limit**
- ◆ Employers can claim exemption from NIC for apprentices under the age of 25, so there would be no NIC saving to share
- ◆ NI rates, tax, and social security rules are subject to change

Salary	Annual employee NIC savings			
	3%	4%	5%	6%
£15,000	£36	£48	£60	£72
£20,000	£48	£63.96	£80.04	£96
£30,000	£72	£96	£120	£144
£40,000	£96	£128.04	£159.96	£192
£50,000	£120	£159.96	£200.04	£240
£75,000	£45	£60	£75	£90
£100,000	£60	£80.04	£99.96	£120
£175,000	£105	£140.04	£174.96	£210

### How the Company shares their NIC saving?

Where applicable, you will also benefit from additional pension contributions (equal to 50% of the NIC saving the Company makes from PSS).

The table shows examples (based on salaries of £30,000 and £50,000) to show how the calculations differ for non-PSS and PSS members.

Please note that these examples are for illustration only.

Item	£30,000 salary		£50,000 salary	
	Non-PSS	PSS	Non-PSS	PSS
Regular Contributions (6%)	(£1,800)	-	(£3,000)	-
PSS Adjustment (6%)	-	(£1,800)	-	(£3,000)
Taxable Salary	£17,430	£17,430	£37,430	£37,430
Tax Payable	(£3,486)	(£3,486)	(£7,486)	(£7,486)
NIC Eligible Salary	£30,000	£28,200	£50,000	£47,000
NI Contributions	(£1,393.28)	(£1,249.28)	(£2,993.28)	(£2,753.28)
<b>Net Salary</b>	<b>£25,120.72</b>	<b>£25,264.72</b>	<b>£39,520.72</b>	<b>£39,760.72</b>
Employer NI Contribution	£248.20	-	£414	-
Additional contribution paid	-	£124.20	-	£207

### PSS and working overseas

If you are currently being paid by the UK and your earnings are subject to UK NIC then you will automatically be included in PSS and receive all the benefits as outlined above.

If you are paid outside of the UK and your earnings are not subject to UK NIC then you will not be included in PSS as there will be no NIC savings available. However, while you remain an active member of the Scheme, your employer will make an annual additional savings pension contribution into your DC account. This will be equivalent to your employer's 50% NIC saving (where applicable) on the basis that you had been subject to UK NIC and calculated by reference to your notional UK salary.

### PSS and unpaid leave

While you are on unpaid leave, your participation in PSS will be suspended and no contributions to the Scheme will be made because you will have no pensionable salary.

When you return to paid employment and you have sufficient non-statutory salary to apply the **PSS Adjustment**, your participation in PSS will restart at the next renewal date (April/October).

### PSS and the State Pension

Neither your State Pension or your Scheme Pension will be negatively affected by participating in PSS.

The additional pension contributions that will be made into your DC account may improve your benefits from the Scheme.



## Making extra contributions with PSS

You will have the opportunity to increase your **PSS Adjustment** via [Ingenuity](#) prior to the renewal date (April) each year.

You cannot make one-off contributions through PSS.

If you do not have access to Ingenuity, your HR team will contact you regarding the alternative process to be followed to make changes to your **PSS Adjustment** prior to the renewal date.

Any changes to the PSS level must be maintained for the next 12 months unless you experience a **Lifestyle Event**. A list of Lifestyle Events can be viewed on the [Pension Website](#).

If you do not participate in PSS, you can make additional regular or one-off contributions to your DC account. Contributions outside PSS do not need to be fixed for 12 months and you can stop, start or change by completing a Contribution Changes Form available on the [Pension Website](#).



## Maximum contribution levels

Your **PSS Adjustment** and any additional contributions you make to the Scheme are restricted to **70%** of your monthly pensionable salary.

If the total contributions made by you and your employer to the Scheme, plus any additional contributions you may make to any other pension arrangement, are more than the **Annual Allowance**, you may be subject to an additional tax charge.

If you are a former member of the Defined Benefit (DB) section of the Scheme, increases in your DB section accrued pension may also be included. The Scheme Administrator can help you understand if this affects you.

## PSS and maternity, paternity, and adoption leave

If you are in receipt of occupational maternity/adoption pay, your **PSS Adjustment** will continue, and will be based on the pay you receive, provided that this does not bring your **Adjusted Salary** below the PSS limits.

During periods of statutory maternity/adoption pay only, your PSS Adjustment will stop. However, your membership of the Scheme and participation in PSS will continue and the Company will maintain all contributions to your DC Account.

During periods of unpaid maternity/adoption leave no contributions will be made to your DC account. However, on returning to work, your participation in PSS will recommence. You will have the opportunity to pay contributions outside PSS in respect of any unpaid period of maternity/adoption leave, and, if you do so, the Company will pay its matching standard contribution.

As your salary is reduced by participating in PSS, there may be a change in your statutory maternity/adoption pay due to how such payments are calculated. You should consider the impact of increasing contribution levels to the Scheme during your qualifying weeks for SMP and your participation in PSS. Please contact HR for further information.

If you are in receipt of occupational paternity pay, then there will be no reduction in your net pay due to PSS. You will continue to participate in PSS and your **PSS Adjustment** will be applied to your pay, subject to the limits previously explained. If you are considering additional paternity leave, contact HR for further information regarding PSS.

## PSS and tax

PSS will not impact the amount of income tax that you pay. PSS also has no negative effect on tax credits as these are based on your **Adjusted Salary**, after your **PSS Adjustment**.

## PSS and student loans

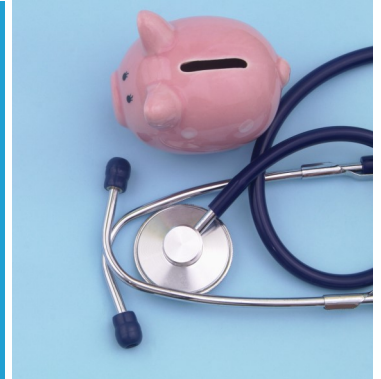
Your student loan repayments may be reduced slightly by participating in PSS, as your repayments are calculated based on your **Adjusted Salary**.

### **PSS and Company sick pay or Statutory Sick Pay (SSP)**

PSS won't affect your pay when you are in receipt of Company Sick Pay and the Company will maintain its total pension contributions throughout periods of such leave.

You will continue to take part in PSS for as long as you are in receipt of sufficient non-statutory pay and your **PSS Adjustment** will be based on your actual pay. The Company will also make an additional pension contribution in respect of any shortfall between your **PSS Adjustment** and the regular pension contributions that you would have made prior to your absence, had you not participated in PSS.

During periods where you are in receipt of SSP only or if your **PSS Adjustment** would bring your **Adjusted Salary** below the PSS limits, you will be opted-out of PSS.



### **PSS where you no longer pay any NICs**

If you are over the State Pension Age (SPA), you will not pay NIC and will not make NIC savings from PSS.

However, the Company does still pay NIC and will make a saving, of which it will share 50% with you (where applicable) in the form of an additional pension contributions. Therefore, you will be automatically opted into PSS.

### **PSS and child maintenance payments**

Payments to the Child Support Agency (CSA) and the Child Maintenance Service (CMS), are based on your pay and therefore your payments may change.

You should notify the CSA or CMS when you take part in PSS. More information can be obtained from the Government website ([www.gov.uk/child-maintenance](http://www.gov.uk/child-maintenance)).

### **Future changes to NIC rates**

The savings are based on the rate at which you and the Company pay NIC.

If NIC rates increase in the future, so will your savings which will include the Company's 50% NIC saving (where applicable).



### **PSS and your payslip**

By participating in PSS your payslip will look slightly different. Your pre-sacrifice salary will continue to be shown on your payslip, along with the **PSS Adjustment**.

### **Important information**

The information included in this factsheet is in outline only and may not contain details material to you.

The information is based on the current understanding of BASF plc and its advisers of the applicable laws and requirements relating to Pension Salary Sacrifice arrangements, and the interaction of such arrangements with State benefits, all of which are subject to change.

Benefits under the Scheme are covered by its rules which prevail in the event of conflict with this document.