



Salary Exchange

A smarter way to pay for your pension

Your Questions Answered

What is Salary Exchange?

Salary Exchange increases the amount of your take-home pay by enabling members of the pension schemes to reduce the National Insurance (NI) contributions they pay. The Company also benefits from reduced NI costs for the members who take up Salary Exchange. Overall, it is an efficient way of delivering NI savings and as a consequence, is of mutual benefit to the employee and the company.

What is my Reference salary?

Your Reference salary is your salary before Salary Exchange. This will be used for any salary-related calculations and benefits, such as pay reviews, bonuses, overtime, paid leave (e.g. sick leave), redundancy calculations and pension benefits. These benefits will not be affected by Salary Exchange.

How long will Salary Exchange last?

The Company plans to operate Salary Exchange indefinitely. However, if tax, NI or pension law change we reserve the right to withdraw the Scheme. If this happens your pensionable salary will revert to your Reference salary for the relevant year and you will begin making pension contributions again from your pensionable salary as you do now. Please note that if Salary Exchange is withdrawn in the future you will not have to pay back any of the savings you have made.

How will Salary Exchange affect my Additional Voluntary Contributions (AVCs)/Extra Contributions?

AVCs/Extra Contributions will be treated the same way as your regular pension contributions. This means that if you are paying AVCs/Extra Contributions these will be deemed to have been made under Salary Exchange (unless you advise the Company that you do not want this). Your pensionable salary will be reduced by an amount equivalent to your regular AVCs/Extra Contributions. As a result you and the Company will pay less NI.

Is there any benefit in making AVCs/Extra Contributions?

The Company will add an additional 5% of any AVCs/Extra Contributions you make through Salary Exchange. This is a new, additional benefit. For more information on AVCs/Extra Contributions, please visit the BOC pensions website.

How will Salary Exchange affect the funding of the BOC Pension Scheme?

Salary Exchange has no direct effect on the funding of the BOC Pension Scheme. The Company has already committed to paying an additional £56 million in 2009, £58 million in 2010 and £60 million in 2011 over and above its normal contributions to the Scheme.

What's the catch?

There is no catch. Almost everyone will benefit from an increase in take-home pay and your salary-related benefits (pension, bonuses, overtime, sick leave, maternity etc) will not change.

Are there any people who may not benefit from Salary Exchange?

There is a very small number of employees who might not benefit from Salary Exchange. Typically these are :

- Those receiving income-related State benefits, including Income Support, Housing Benefit and Jobseeker's Allowance
- Those close to the National Minimum Wage (currently £5.73/hour)
- Those currently only in receipt of Statutory Maternity Pay
- Some older members of the BOC Retirement Savings Plan, which are contracted in to the State Second Pension (S2P) and whose reduction in S2P benefit would not be fully offset by an increase in take home pay.

BOC and Gist have endeavoured to identify and communicate separately to all employees who may not benefit from this scheme. However, the Company cannot give financial advice, so if you have any doubts about your particular circumstances, you may wish to visit the HM Revenue & Customs website:

www.hmrc.gov.uk/specialist/salary_sacrifice.htm

You can also consult an independent financial adviser (IFA) - find one in your area by telephoning 0800 0853250 or visit www.unbiased.co.uk or www.ifap.org.uk

For general questions, please email salaryexchange@boc.com or salaryexchange@gistworld.com

Will I be automatically included in Salary Exchange?

If you are a UK taxpayer and pay contributions into a BOC/Linde UK pension scheme, your contributions from 1 June 2009 will be made via Salary Exchange unless you opt out or are specifically excluded.

How will Salary Exchange affect things such as my pensionable earnings, retirement benefits or death in service benefits?

Your benefits from the BOC Pension Scheme, BOC Retirement Savings Plan and Linde CryoPlants Pension Scheme will be unaffected by your participation in Salary Exchange. All benefits, including retirement and death-in-service benefits, will be calculated using your Reference salary.

How will Salary Exchange affect my application for mortgage or other credit?

Your Reference salary will be quoted for any such enquiries.

How will Salary Exchange affect my entitlement to state benefits?

The State Second Pension (S2P) (or SERPS as it was known before April 2002) is currently earnings-related. As a member of the BOC Pension Scheme or Linde CryoPlants Pension Scheme you are contracted-out of S2P, so this part of the State Pension does not apply to you for the period of your pensionable service in the Scheme. In other words, if you continue membership in the Scheme, S2P is unaffected.

The BOC Retirement Savings Plan, which was introduced for new members on 1 June 2003, is contracted-in to S2P. For the majority of employees S2P benefits are directly reduced by Salary Exchange because you are paying lower NI contributions. The complexity of S2P means this is not a straightforward picture but for most members the reduction in S2P will be offset by the reduction in NI contribution costs.

You should consider any benefits you may be receiving and whether reducing your NI contributions would affect them. BOC/Gist cannot give financial advice. If you are unsure, you may wish to consult an independent financial adviser (IFA) or visit the HM Revenue and Customs website at www.hmrc.gov.uk/specialist/salary_sacrifice.htm

You can find an IFA in your area by telephoning 0800 0853250 or by visiting www.unbiased.co.uk or www.ifap.org.uk

Will Salary Exchange affect the Income Tax I pay?

There will be no change to the amount of Income Tax you pay. Your pension contribution already receives tax relief because it is deducted from your pay before tax is calculated.

How will Salary Exchange affect my salary increases?

These will continue to be based on your Reference salary.

Should I opt out? If I do opt out, how do I do this and can I opt back in?

If you have been identified by the Company as someone for whom Salary Exchange may not be beneficial at this time you will have received a letter advising you that you may wish to opt out of Salary Exchange. Other members who may be disadvantaged include employees who receive income-related State benefits. If you are unsure you may wish to consult an independent financial adviser (IFA) or visit the HM Revenue and Customs website: www.hmrc.gov.uk/specialist/salary_sacrifice.htm

You can find an IFA in your area by telephoning 0800 0853250 or by visiting www.unbiased.co.uk or www.ifap.org.uk

You can opt out by completing a form which is available on the BOC Pension Services website: www.bocpensions.co.uk or from your HR/Personnel Department. The deadline for opting out is 10 June 2009.

If you have opted out you can elect to opt back in either on 1 April each year, or following a significant change in lifestyle such as marriage, becoming a parent, return to work after maternity leave, or contractual change to job or working hours. If you are unsure whether you qualify you should contact your HR/Personnel Department.

What happens if I am entitled or become entitled to Working Tax Credit or Child Tax Credit? Will my Student Loan be affected by Salary Exchange?

The reduced salary paid to you (after Salary Exchange) is the figure used when calculating your entitlement to these credits. This may therefore be to your advantage. Please contact the Tax Credit helpline (0845 300 3900) for advice on how it will impact your tax credits as it depends on your personal circumstances.

As at the tax year ending 2009, your student loan repayment is 9% of your earnings over £15,000. This will alter as the trigger point is based on salary on which you are liable to pay NI. Under Salary Exchange your total gross salary on which NI is paid will reduce, so your loan repayments will reduce.

Will there be any future changes to the pension schemes?

There are currently no plans to make any changes to the pension schemes. The Company will continue to monitor the schemes to ensure that they remain competitive and continue to be attractive to employees. Future changes cannot be ruled out if legislation changes or if they are deemed appropriate.

How much will my take-home pay increase by?

The increase in your take-home pay depends on your salary and how much you pay in NI contributions. The Payroll Department have reproduced your recent payslip showing what your take-home pay would have been for that pay period had Salary Exchange been operating then. These payslips will be distributed at the on-site presentations. If you are not able to attend a presentation you should contact your HR/Personnel Department or Line Manager to obtain your example payslip.

I am over State Pension Age - how will this affect me?

If you have reached State Pension Age, you no longer pay NI and, as a result, will not make any NI saving. However, as you will not be adversely affected and the Company will still make NI savings, you will be automatically included in Salary Exchange. If you do not wish to participate, you will need to opt out.

Is this a change to my terms and conditions of employment? Do I need to sign a new Contract?

It is a change to your terms and conditions of employment because the Company is changing your salary from 1 June 2009 by the amount of pension contributions you make. You do not need to sign a new contract. You will be deemed to have accepted the new terms and conditions of employment and your existing contract will be varied to this effect unless you opt out.

I do not currently make contributions to the pension scheme. If I decide to start making contributions can I do so through Salary Exchange?

If you start to make contributions to your pension in the future, these will automatically be made via Salary Exchange, provided you pay UK tax and NI and are not excluded on the grounds that it would not be beneficial to you.

If you decide to make contributions to your pension in the future you can start at any time, assuming you are eligible. Once you are making contributions you can only opt out at the next renewal date (1 April) or lifestyle change.

Need to know more?

Email your question to: salaryexchange@boc.com or salaryexchange@gistworld.com