

Could you save money with a workplace pension **scheme switch?**



SG CORPORATE SERVICES

Workplace Pensions and Employee Benefits

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If you're looking to reduce your business costs, reviewing your workplace pension scheme could offer substantial savings and benefits.

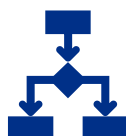
It can also lead to significant improvements and cost savings for your employees too.

Why should I consider switching my workplace pension scheme?

Switching your workplace pension scheme can be a great opportunity for you and your employees to:



Save money



Generate efficiencies within
your Payroll and Finance
Teams



Generate better long-term
outcomes for scheme
members



Create a better platform to
communicate and engage
with employees



Improve your employees'
financial wellbeing with
education and tools



Explore the Environmental,
Social and Corporate
Governance impacts

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A workplace pension scheme switch

Let's look at an example where an employer asked us to review their existing Workplace Pension arrangement.

The employers existing scheme:



had 103 scheme members



first staged 1st January 2016. They ran out of time to speak to an adviser or explore their options so stayed with their existing provider



with an average salary of **£43,000**



included a yearly fee of £1,200 yet hadn't been reviewed since set up



3% employer and **5%** employee pension contributions



an Annual Management Charge (AMC) of 0.75%



employees are paid monthly



had total assets of **£1.4 million**



didn't have a salary exchange arrangement



Their scheme members received a yearly pension statement, and didn't engage with their pension in any other way

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue & Customs practice. Thresholds and reliefs from taxation are subject to change.

We helped our client by:



Step 1: Reviewing their scheme's price

We reviewed the scheme and identified they were paying a yearly fee that wasn't providing any additional value or service, and that the scheme AMC could be improved due to the contribution levels and Assets Under Management (AUM)

Both the employer and their scheme members benefited from upfront savings.

Existing Scheme	Proposed Scheme	Employer savings
 £1,200 yearly employer fee	 £0 yearly employer fee	£1,200
 0.75% AMC	 0.45% AMC	Scheme member AMC reduced by 0.30%

This meant a member with £50,000 in their Workplace Pension, would save £150 every year.

Over a 10,20 or even 30-year period, this could generate a significant boost to the member's pension pot.



Step 2: Setting up salary exchange

Considerable savings were made by setting the new scheme up on a salary exchange arrangement. That's because both employers and employees save by paying less National Insurance (NI) contributions.

The potential savings ordered by salary exchange have grown in recent years as AE contribution rates have risen from the initial 2%, split equally between employer and employee, to the current 8%, now split 3% employer and 5% employee.

 Number of scheme members 103	 Total salary exchanged by employees (5%)
 Average salary £43k	 Employer NIC rate 13.8%
 Total yearly salary payment	 Employer's yearly saving £30,849

Employer yearly NI savings **£30,849**

In this example, the employer saved **£30,849** in the last year. They then used their savings to meet other business costs. Scheme member were then given the option to invest their savings as higher contribution in their pension scheme or increase their take home pay.



Step 3: Employer saving

As a result of removing the employer administration charge and introducing salary exchange:

Total savings		
Step 1	Step 2	Total annual employer savings
Scheme price review	Salary exchange arrangement	=
£1,200 saved	£30,849 saved	£32,049



Step 4: Enhancing their benefits package

On this occasion, the employer used the rest of their savings to add Group Life Insurance to their staff benefits package but there are additional financial services your business could benefit from:

Employer



Annual Scheme Governance reviews

We can carry out an annual scheme governance review to ensure your scheme is performing as expected and everything is on track.



Support with cyclical duties

We can help you meet your employer duties and avoid unnecessary penalties.



Wealth management services

Higher earners or those nearing retirement can benefit from personalised adviser services.



Business protection

This can help your business recover quickly and minimise the impact should a key person suffer a critical illness or die.

Scheme members



Individual scheme member pension savings transfers

Supports pension savings transfers from other plans, where it is in the scheme members best interest.



Yearly employee review clinics

Scheme members can benefit from individual advice tailored to their recruitment goals.



Regular employee presentations

Helps increase awareness of your scheme, its perceived value, and scheme member engagement.

Why use SG Corporate Services?

- Our team works specifically with businesses to solve their Workplace Pension and Employee Benefit problems
- We are Chartered Independent Financial Advisers
- Our approach is to give employers clear advice and meaningful communications to engage your staff
- We have significant experience working with a broad range of businesses, from PLCs to SMEs. We can help you with the common problems but, most importantly, the unique challenges affecting your business.

**We have offices in Norwich and Ipswich that service our clients across the UK.
Contact us on 01603 760866 or hello@sgcorporateservices.co.uk**

This a service for employers, not individual investors.

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