

Harmsworth Pension Scheme

XTRA

A guide for those who joined the DMGT group before 1 January 2009



We have looked at ways of managing the growing cost of our final salary pension schemes and we came up with one which lowers the burden on the company and, at the same time, gives a benefit to scheme members, albeit small for some members. There will be no change in your benefit entitlement.

As long as you do not object, instead of the company deducting a contribution from your salary to pay into the pension scheme, we will pay the same amount into the scheme directly and adjust your salary by an equal amount. This means that both you and the company will pay less national insurance (NI). Your existing salary will be used to calculate all other benefits.

Members will make NI savings and receive extra take-home pay. The company will also be making NI savings, which it will put towards paying the Pension Protection Fund levy*.

If, as we hope, all pension scheme members participate in this arrangement, known as "XTRA", the aggregate saving for the company is approximately £1 million a year.

We introduced XTRA for the Harmsworth Pension Scheme on 1 January 2009.

We are sure you appreciate that for the company to continue to offer the benefit of this valuable pension, we need to take action against the escalating costs associated with it. XTRA is an important facility for the company as a cost-reducing measure which, rather uniquely, has the benefit of delivering savings to scheme members as well.

Although you are under no obligation to take part in XTRA, we hope you will support this change. XTRA was introduced to reduce the risk of the company having to adjust future benefits or increase employee contributions.

This booklet shows you how XTRA works. To take part you don't need to do anything apart from completing an application form to join the scheme. However, you can opt out if you wish by obtaining a form from DMGT Pensions on 020 7395 7272 before you join the scheme and attaching it to your application form.

Taking part in XTRA is a change to the terms and conditions of your employment with effect from the date you join the scheme.

*The Pension Protection Fund (PPF) was established to pay compensation to members of defined benefit pension schemes whose pension scheme is wound up without sufficient assets, due to their employer becoming insolvent. All defined benefit pension schemes have to pay a significant levy to fund the PPF.

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How does it work?

Although the same amount of money will go into the Harmsworth Pension Scheme on your behalf, all of it will be paid by the company. As a result, both you and the company pay less national insurance (NI).

This is how it works:

1. You do not make any pension contributions from your salary.
 2. The company pays an amount directly into your pension scheme equal to your notional contributions.
 3. The company then reduces your basic salary by an amount equal to your notional contributions.
 4. You pay less NI, so you will receive extra take-home pay.
 5. The company will put the NI savings it makes towards the Pension Protection Fund levy.
- The company will still keep a record of your basic salary before XTRA. This will be used for any salary-related calculations, such as pay reviews, overtime (if applicable), and salary verification requests from third parties etc., so they are not affected by XTRA.

5 reasons why XTRA is good for you

1. You pay less NI so your take-home pay goes up. (Your income tax will not be affected.)	✓
2. Your pay reviews, and any bonuses and overtime etc. you may receive are not affected.	✓
3. Your pension still builds up based on your salary before any adjustment for XTRA.	✓
4. Death and ill health benefits are based on your salary before any adjustment for XTRA.	✓
5. Any tax credits you may receive from the State won't be reduced.	✓

Do I need to consider anything?

Almost all members will benefit from taking part. However, there are some members who may not benefit for various reasons, for example:

- If you work less than 16 hours a week, your Jobseekers Allowance may be affected as it is based on the amount of NI you pay. You'll need to decide whether this will impact you and if you wish to take part in XTRA or not.
 - No employee's pay is below the national minimum wage (NMW). However, if XTRA reduces your salary so that it takes you below the NMW, you'll be automatically taken out of XTRA. If your pay then increases, you'll be retested and automatically put back into XTRA on the following 1 July.
 - A pay protection limit (PPL) has been introduced by the company. This is a limit that is designed to make sure that your earnings do not drop below the level that would affect any State benefits you're entitled to.
- If you earn less than the PPL, which was originally set at £6,600 a year, you'll be automatically taken out of XTRA for the year. If your pay then increases, you'll be retested and automatically put back into XTRA on the following 1 July.
- If your earnings fall below the PPL because you take childcare vouchers you will be automatically taken out of XTRA to ensure that you continue to receive these vouchers. If your pay then increases, you'll be retested and automatically put back into XTRA on the following 1 July.
 - If you leave the pension scheme before completing two years' membership you will not receive a refund of contributions. This is because your XTRA contributions are being paid by the company so they cannot be refunded to you.

What do I do next?

If you want to take part in XTRA you don't need to do anything apart from completing an application form to join the scheme.

However, if you want to opt out, please call DMGT Pensions on 0207 395 7272 and ask for an 'XTRA opt-out' form.

You must complete the form and attach it to your application form. If you opt out you'll begin to pay contributions and will not benefit from any reductions in the NI you pay. You can subsequently decide to opt in from 1 July each year.

Where can I get more information?

If you have any questions, you may find the answers in the following section, otherwise, please contact DMGT Pensions on 0207 395 7272.



Here are some Q&A's we think might help

Why are you introducing XTRA?

XTRA reduces the NI you pay and increases your take-home pay. At the same time, it is an efficient way of delivering NI savings to the company. All savings help the company to meet the increasing costs of running the pension scheme, which in turn benefits us all.

How long will XTRA last?

There's no end date planned. However, if tax, NI, employment or pension laws change, or if it's no longer viable for us to operate this arrangement, we reserve the right to alter any aspect of XTRA or withdraw it altogether.

If XTRA is withdrawn, your pay would be adjusted and you would begin making pension contributions again. However, you wouldn't have to pay back any of the additional take-home pay you'd received from the reduction in your NI contributions.

Will this affect the size of my pension?

No. The way in which your pension is worked out will not change. In fact, the trustees have amended the scheme rules to guarantee that members' benefits cannot be affected by the introduction of XTRA.

Have other companies done this?

Many other large organisations have already introduced an arrangement like XTRA, including Tesco, ASDA, BT and Nationwide.

What happens if my personal circumstances change and I become worse/better off as a result of XTRA?

There are a number of events that may require you to opt out of XTRA (for example, if you reduce your working hours or take childcare vouchers). If you experience a relevant change in your circumstances (see page 5) then your payroll department will automatically opt you out of XTRA to prevent a loss of State benefits.

Will XTRA affect any benefits I get from the State?

Entitlement to some State benefits, such as Statutory Sick Pay, Incapacity Benefit and Jobseekers Allowance are based on the amount of NI you pay.

If the introduction of XTRA means that your gross salary will be less than the pay protection limit (PPL) (see page 5), you'll automatically be opted out of XTRA in order to make sure that you would not be adversely affected.

If you earn more than the PPL per year, any State benefits you receive will not be affected.

Will XTRA affect any maternity, paternity or adoption pay I'm entitled to?

As XTRA reduces your gross pay, this can affect the amount of certain statutory benefits to which you are entitled, such as statutory maternity, paternity or adoption pay.

These statutory benefits have to be calculated using your salary after the XTRA adjustment has been made and this may mean you get paid less statutory maternity, paternity or adoption pay. However, any reduction to your pay will be 'topped up' by the company so you will not lose out.

Will XTRA reduce my chances of getting a mortgage or other loan?

No. Most banks and building societies look at your basic salary or your net pay when considering whether you can afford a mortgage or loan, so XTRA may even be beneficial as it will increase your monthly net pay.

Will AVCs be included in XTRA?

No, any monthly AVCs you've chosen to make will not be included in XTRA. Any AVCs you make after XTRA is introduced will be treated as they are now.

If I opt out of XTRA can I decide to join it later?

Yes. You can join XTRA at any 1 July. All you will need to do is to obtain a form from DMGT Pensions, complete it and return it before 1 July.

If I join XTRA, can I revert back to paying contributions at any time?

No. You can only opt out voluntarily before you join the scheme by completing the form available from DMGT Pensions on 020 7395 7272 and attaching it to your application form. After this, you will not be able to opt out, unless you are automatically opted out due to a change in circumstances (described in more detail on page 5).

What happens if I leave the pension scheme?

If you leave the pension scheme and have been a member for two years or more, XTRA will not change anything.

If you leave before completing two years' membership, you will not receive a refund of contributions. However, you will be reinstated back into the earnings-related part of the State Pension (S2P) as normal.

Please call DMGT Pensions on 0207 395 7272 if you would like more information about XTRA.

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