



YOUR REWARD

It all adds up



A GUIDE TO SMARTSAVER

Flex 2024

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SAVE MORE WITH SMARTSAVER

As part of our commitment to help you save for your future, Lloyds Banking Group (the Group) offers SmartSaver – a cost-effective way to make pension contributions. This guide will help you gain a better understanding of SmartSaver and how it can benefit you.

What is SmartSaver?

SmartSaver is an arrangement that allows you to make pension contributions while reducing the amount of National Insurance (NI) you pay and, as a result, usually increasing your take-home pay.

It also reduces the amount of NI the Group pays, making it a cost-effective way for us to provide you with your pension.

HOW SMARTSAVER WORKS

Instead of you making contributions directly to your pension, the Group makes contributions on your behalf. In exchange, your pay is reduced by the value of those contributions resulting in NI savings and increasing your take-home pay. Let's take a closer look at how this works...

The Group makes contributions on your behalf

The level of contributions made on your behalf depends on your pension scheme, as shown in the table below. If you've chosen to make additional contributions, the Group will pay those on your behalf as well. The Group will also continue to make its own contributions (i.e. company contributions) to your pension.

PENSION SCHEME	CONTRIBUTION RATE	USEFUL TERMS
Your Tomorrow or Your Tomorrow section of the Lloyds Bank Pension Scheme No.1	Core contributions: 3-6%* of basic pay.	Basic pay – your basic weekly or monthly pay before tax and NI
	Additional contributions**: Any contributions over 6% of basic pay	
HBOS Final Salary Pension Scheme	Standard contributions: 4% of pensionable pay unless you are a non-contributory member	Pensionable pay – your annual rate of basic pay subject to the cap on increases to pensionable pay
	Additional Voluntary Contributions**	

*Certain members may contribute 2%.

**If your contributions take your pay below the National Minimum Wage or the National Living Wage, depending on your age, you'll automatically be removed from SmartSaver. This may be particularly relevant for members who choose to make large additional contributions. See page 7 for more details.

HOW SMARTSAVER WORKS (continued)

Your pay is reduced but your pay-related benefits are not

Your pay is only reduced for the purpose of calculating NI on pension contributions. This means that SmartSaver does not affect your other pay-related benefits or calculations, such as:

- Pay reviews and bonuses
- Pension, life assurance and death benefits
- Flex benefits
- Mortgage or loan calculations
- Overtime or shift allowances
- Occupational Sick Pay
- Sharematch



Your take-home pay increases

Since NI contributions are based on your pay, when your pay is reduced, your NI contributions will also be reduced. As a result, your take-home pay will usually increase.

You continue to benefit from tax savings

SmartSaver does not affect the amount of income tax you pay - you benefit from the same amount of income tax savings as you would if you did not participate in SmartSaver. If you don't participate, you receive the same amount of tax savings because pension contributions are deducted from your pay before tax is calculated.

Your terms and conditions of employment change

As your pay is reduced by participating in SmartSaver, your terms and conditions of employment change to take this into account. If you don't agree to this change, you do have the option to opt out of SmartSaver. Unless you opt out of SmartSaver, it'll be deemed that you have agreed to this change.



NATIONAL INSURANCE SAVINGS

The increase in your take-home pay depends on how much you earn, your contribution rate and how much NI you pay. The tables below give you an idea of the annual savings you could make.

Your Tomorrow and the Your Tomorrow section of the Lloyds Bank Pension Scheme No.1

ANNUAL BASIC PAY	NI SAVINGS AT A CORE CONTRIBUTION RATE OF:			
	3%	4%	5%	6%
£15,000	£45	£60	£75	£90
£20,000	£60	£80	£100	£120
£30,000	£90	£120	£150	£180
£40,000	£120	£160	£200	£240
£55,000*	£33	£44	£55	£66

HBOS Final Salary Pension Scheme

ANNUAL PENSIONABLE PAY	NI SAVINGS AT A CONTRIBUTION RATE OF:
	4%
£15,000	£60
£20,000	£80
£30,000	£120
£40,000	£160
£55,000*	£44

*The rate of NI reduces from 10% to 2% if your earnings are above £50,270 (2023/24), reducing the NI savings to 2%.

Note: If you pay a reduced rate of NI your savings will be lower.

Example

Michael earns £30,000 a year and is a member of Your Tomorrow. His contribution rate is 3%. His monthly payslips before and after SmartSaver show that by participating in SmartSaver, Michael saves £9 a month, or £108 a year.

Before SmartSaver

PAYMENTS	AMOUNT	DEDUCTIONS	AMOUNT
Basic Pay	£2,500.00	Tax Paid	£275.35
		Employee NIC	£174.30
		YT Pension	£75.00
Gross Pay	£2,500.00	Total Deductions	£539.65
		Net Pay	£1,960.35

After SmartSaver

PAYMENTS	AMOUNT	DEDUCTIONS	AMOUNT
Basic Pay	£2,500.00	Tax Paid	£275.35
PS YT Pension	-£75.00	Employee NIC	£165.30
Gross Pay	£2,425.00	Total Deductions	£440.65
		Net Pay	£1,984.35

The payslips and tables shown on this page are based on 2023/24 rates and thresholds, and are for illustration purposes only. The format of your payslip may be different from the examples above.

The tax relief savings shown may be slightly different if you are a Scottish tax payer, as different rates and bands may apply.

PARTICIPATING IN SMARTSAVER

Who can join SmartSaver?

SmartSaver is available to colleagues who are members of:

- Your Tomorrow;
- the Your Tomorrow section of the Lloyds Bank Pension Scheme No.1; or
- the HBOS Final Salary Pension Scheme.

Most colleagues are automatically included in SmartSaver and therefore do not need to do anything.

However, some colleagues are automatically opted out if they will not benefit from participating, including colleagues who are non-UK taxpayers or are employed by Lloyds Bank Foundations.

Joining or opting out

You'll have the opportunity to join or opt out of SmartSaver at any time. If you'd like to join or opt out of SmartSaver, visit your Flex website at www.LBGFlex.com. See page 11 for full contact details.



Changing your contribution rate

You can change your contribution rate at any time. Simply log into Your Pension and choose 'Contribution rate change'. See page 11 for details of how to do this.



PARTICIPATING IN SMARTSAVER (continued)

Most colleagues will benefit from SmartSaver and will therefore be automatically enrolled. However, some colleagues may not benefit from participating, as outlined below.

YOU'LL AUTOMATICALLY BE OPTED OUT OF SMARTSAVER IF:

- Your pay is less than the lower earnings threshold for NI. This means no NI contributions are payable, so you would not make any NI savings by participating in SmartSaver. Your entitlement to some State benefits, such as Statutory Sick Pay, Employment and Support Allowance and Jobseekers Allowance may also be affected as they are based on the amount of NI contributions you make. If your salary subsequently increases, you'll be automatically opted in to benefit from the National Insurance savings.
- Your pay falls below the National Minimum Wage or the National Living Wage, depending on your age, by participating in SmartSaver. If your pay subsequently increases, you'll be automatically opted in to benefit from the NI savings. Visit www.gov.uk for the most up- to-date National Minimum Wage and National Living Wage rates.
- You go on sick leave and start to receive half or nil pay, which takes your basic pay below the lower earnings threshold for NI or the National Minimum Wage or the National Living Wage, depending on your age. If you subsequently return to work and your pay goes back to above the National Minimum Wage or National Living Wage, depending on your age, you'll be automatically opted in to benefit from the NI savings.
- You don't pay income tax or NI in the United Kingdom (e.g. offshore or international colleagues). You would therefore not benefit by participating in SmartSaver. If you subsequently transfer to the United Kingdom and start to pay tax and NI in the UK you'll be automatically opted in to SmartSaver.
- You are employed by Lloyds Bank Foundations.



PARTICIPATING IN SMARTSAVER (continued)

YOU MAY NOT BENEFIT FROM SMARTSAVER BUT YOU WILL CONTINUE TO BE INCLUDED (UNLESS YOU OPT OUT) IF:

- You become pregnant or are planning to adopt. Due to the way your maternity or adoption pay is calculated, it'll be reduced by participating in SmartSaver. However, you can decide to opt out of SmartSaver.
 - Maternity: To opt out of SmartSaver, you must change selections before the 17th week of your pregnancy to ensure that your maternity pay is not reduced.
 - Adoption: To opt out of SmartSaver, you must change selections before the 17th week before your expected placement date to ensure your adoption pay is not reduced.

As due dates can change dramatically, and as there are strict deadlines for changes on the payroll system, we would advise that you review the situation and make your decision as soon as your pregnancy is confirmed (or adoption placement date received). If you then return to work you can choose to opt back in at that time, as long as participating in SmartSaver does not take your basic pay below the lower earnings threshold for NI, or the National Minimum Wage or the National Living Wage, depending on your age.

- You work less than 16 hours a week on average. Any Jobseeker's Allowance you may receive is based on how much National Insurance you pay and this may be affected by participating in SmartSaver. Contact your local benefits office for details.
- You've a Student Loan and earn over the minimum income level for repayment of the loan. This means repayments are deducted from your pay. Your repayments could decrease or stop altogether by participating in SmartSaver.
- You've reached State Pension age. This means you don't pay any NI, so you won't make any NI savings by participating in SmartSaver. However, if you do take part, the Group will still make NI savings.

If you opt out of SmartSaver, the amount of contributions made to your pension will not be affected; only your NI savings will be affected. Your pay can go up or down for a number of reasons including changing your hours, taking sick leave and choosing certain Flex benefits, such as childcare vouchers. Contact your **Flex provider** at www.LBGFlex.com to receive general information on how you might be affected by SmartSaver.

Q&As

Q1: Why does the Group offer SmartSaver?

By reducing the NI you pay, it increases your take-home pay. At the same time, it's an efficient way for the Group to provide your pension and to save money in the process.

Q2: Will SmartSaver affect the amount of contributions made to my pension?

No. Contributions made to your pension are calculated as a percentage of your basic or pensionable pay, subject to the pensionable pay cap, before the reduction for SmartSaver. As a result, the amount of contributions made to your pension is not affected.

Basic pay is used for members of Your Tomorrow or the Your Tomorrow section of the Lloyds Bank Pension Scheme No.1, and pensionable pay is used for members of the HBOS Final Salary Pension Scheme.

Q3: Can I change the amount that's contributed to my pension?

Yes. You can change your contribution rate at any time through Your Pension. See the next page for further details.

Q4: Does SmartSaver apply to additional contributions?

Yes. SmartSaver applies to all contributions made to your pension directly through payroll. However, it does not apply to any one-off lump sum contributions made outside payroll.

If your contributions take your pay below the National Minimum Wage or the National Living Wage, depending on your age, you will automatically be removed from SmartSaver. The contributions may be eligible for tax relief but not for NI savings. This may be particularly relevant for members who choose to make large additional contributions. Refer to www.gov.uk for current National Minimum Wage and National Living Wage rates; these are usually updated in October each year.

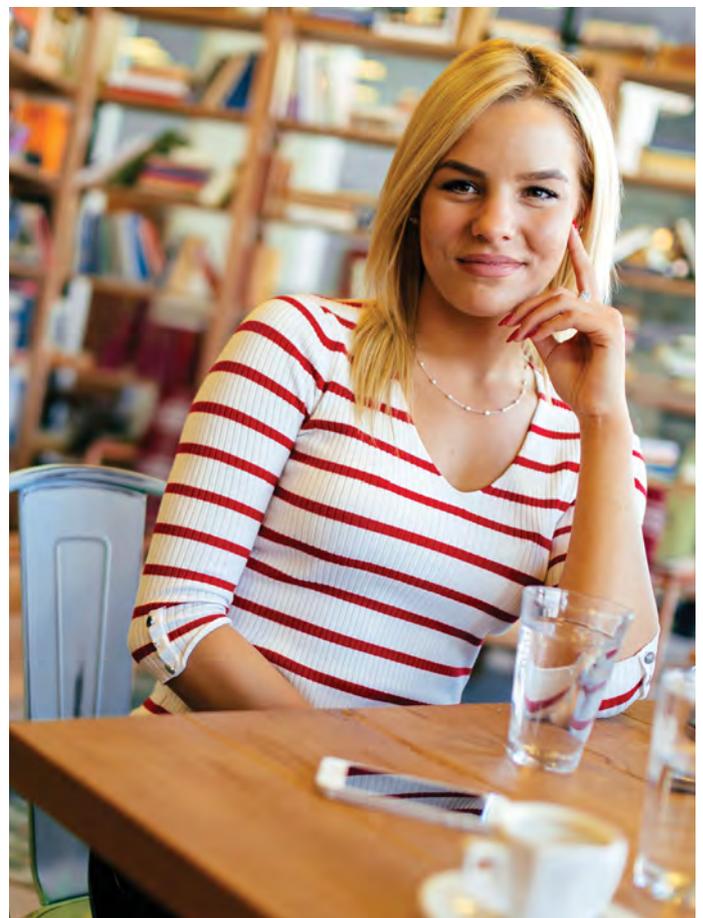


Annual Allowance (AA)

The AA is the maximum amount your pension savings can increase each year without losing the benefit of tax relief. You should add together the value of any contributions that have been made to, and benefits you have accrued in, all pension arrangements, excluding the State Pension. Your AA depends on your annual earnings in the tax year.

Most people will have an AA of £60,000. But if your total taxable income is over £200,000, and you pay more than £60,000 into your pension, then your AA may be reduced.

Find out more at www.gov.uk/tax-on-your-private-pension/annual-allowance



SMARTSAVER: IN SUMMARY

Taking part in SmartSaver is easy - we'll automatically decide whether to include you.

However, if you don't want to take part, please contact your Flex provider (see the next page for contact details).

If you decide not to take part, the amount of contributions made to your pension will stay the same, but you won't see an increase in your take-home pay.

If we automatically opt you out as a result of your circumstances, you don't need to do anything.

You have the opportunity to change your mind and either take part or opt out at any time.

Remember, by making your pension contributions through SmartSaver:

- When you pay less NI, your take-home pay will usually increase.
- The amount of income tax you pay is not affected.
- Your pay reviews, bonuses, Flex benefits, Sharematch, overtime and shift allowances are not affected.
- Your pension, life assurance and death benefits are not affected.



CONTACT US

SmartSaver - to opt in or out

To opt in or out of SmartSaver, please contact your Flex provider using the details below:



www.LBGFlex.com

You can ask questions by entering it directly on the website. Just look under 'Contact Us' and ask your question.



023 8083 1718

The Flex helpline is open 8:30am to 5:30pm Monday to Friday, excluding Bank Holidays. Calls will be charged at standard network rates.

Contributions - to make any changes

For members of Your Tomorrow and the Your Tomorrow section of the Lloyds Bank Pension Scheme No.1:

If you'd like to make additional contributions or change your contribution rate, please visit [Your Pension](#).

For members of The HBOS Final Salary Pension Scheme:

To make or change Additional Voluntary Contributions, please visit [Your Pension](#).

THIS DOCUMENT IS ALSO AVAILABLE IN LARGE PRINT, BRAILLE OR AUDIO FORMAT. CONTACT YOUR FLEX PROVIDER.

Information in this document is based on current legislation. All references to tax or National Insurance are based on the Group's understanding at this time. Contributions (including those through SmartSaver) and benefits are taxed in accordance with tax law and HMRC practice at the relevant time. Your benefits under your Scheme will be based on the legislation in force when you leave the Scheme, retire or die. Your Scheme is governed by formal legal documents known as the Trust Deed and Rules (the Rules). In the event that any information contained in this communication differs from the Rules, the terms of the Rules will prevail. Nothing in this document confers any entitlement to benefits. You can get a copy of the Rules by contacting your Scheme administrator. The Group reserves the right to terminate SmartSaver or vary its terms at any time and in either case without prior notice to you.