



Salary exchange at SLU

Rules and guidelines

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1 What does salary exchange involve?

A salary exchange relating to one's pension means to save up for an increased pension in a simple, individual and affordable manner. Salary exchange means that a deduction is made on a gross salary by an amount chosen by the employee. There is an upper and a lower limit for the amount. The money is placed in a pension savings account.

The plan is beneficial in the way in which the deduction reduces gross salary, which means that the tax for the worker and the fee for the employer both decrease. Someone who takes part in a salary exchange partly ends up being taxed less and also gains an additional premium of 4% because the employer ends up with a lower cost and this is beneficial to the employee.

2 Who can adopt a salary exchange relating to one's pension?

The plan is geared towards all permanent employees who work 20% or more and get their salary paid by SLU. You can salary exchange from the age of 23 or older, and it can be taken advantage of at the latest until the calendar month before the month when the employee reaches the retirement age of 65.

3 Benefits which may be affected

Salary exchange can have the effect of lowering other benefits. Therefore, after salary exchange, it is not advised for employees who have a base salary which is less than the following amount limits.

3.1 General pension

The limit for acquiring general pension is 41 358 SEK per month (2017).

3.2 Parental benefits

Sickness allowance based income for the payment of parental allowance is affected involving a salary which is less than 37 333 SEK per month (2017).

3.3 Sickness allowance and sickness compensation

The compensation for sickness allowance and sickness compensation will be lower for those, after voluntary pension provision via salary exchange, who end up with a salary which is less than 28 000 SEK per month (2017).

3.4 Unemployment insurance

The compensation for unemployment insurance will be lower for those, after voluntary pension provision via salary exchange, who end up with a salary which is less than 25 000 SEK per month (2017).

4 What do I do if I want to salary exchange?

Those wanting a salary exchange should always contact the payroll specialist or at the Salary unit who can provide relevant information to each person on a case by case basis.

5 How does a salary exchange work?

After receiving the correct information and deciding to partake in a salary exchange, an agreement is signed between SLU and the employee.

The agreement applies until further notice.

The salary exchange enters into force the month after the agreement has been signed.

The insurance premium shall be paid in advance, therefore the salary exchanged amount is deducted from month one, and the first premium is paid from month two. SLU then pays the agreed monthly amount to your chosen insurance provider. The sum is added to the premium supplement of 4%.

If you start a new position at SLU, the salary exchange agreement applies for the new position as well, unless otherwise agreed.

The minimum amount for voluntary provision per month is 500 SEK. The standard on the market is that the total provision for occupational pension may not exceed 25% of the gross salary.

6 Suspend a salary exchange

A salary exchange is only carried out if conditions exist in order to perform a full salary deduction. A cause of full salary deduction not being possible can e.g. be parental leave, leave of absence or absence due to illness.

7 Agreement if salary exchange ceases to apply

The agreement can cease to apply:

- Upon the request of the employee during their employment
- If the employment at SLU terminates
- Upon the employer's request due to tax regulations, other legislation or if applicable conditions change

8 Editing the salary exchange amount

If an employee wants to change an amount to be salary exchanged, a new application must be completed and signed by the employee and Administrative Manager. A copy of the decision shall always be submitted to the Salary unit. A new salary exchange decision with a new salary amount automatically cancels the previous decision.

9 Example of how it works

An employee who earns 45,000 SEK chooses in August to salary exchange 2,000 SEK from Oct 1. The deduction from the salary is executed on October's monthly salary. In November, SLU pays 2000 SEK + the premium supplement of 4% which results in a pension provision of SEK 2,080 paid to her/his chosen pension provider.

The employee is taxed for the reduced gross salary 43,000 SEK (45,000 SEK - 2,000 SEK), which also results in the employee having a lower income tax.