



## Penwise

Penwise is a 'salary conversion' arrangement that allows you and the Company to make National Insurance (NI) savings by taking advantage of the current NI treatment of pension contributions, resulting in an increase in your take home pay.

### If you participate in Penwise this means that:

- You do not make pension contributions (including any Additional Voluntary Contributions) directly into the pension scheme
- Your actual pay is contractually reduced by an amount equal to the contributions that you would have paid
- The Company will increase its contribution to the pension scheme on your behalf by the same amount as the reduction in your actual pay.

### As a result:

- Both you and the Company pay less NI contributions, and
- Your take home pay increases.

### Impact on your Company-paid benefits

Penwise is designed in such a way that you will see no other impact on any of your other Company-paid salary-related benefits (including pension) as a result of your participation.

This is because, although Penwise reduces your actual pay, we record an 'unreduced pay' figure for you for benefit purposes. This is the pay that you would have received prior to any Penwise adjustment, and is the figure used to calculate all other Company-paid salary-related benefits including future pay rises, bonuses, pension and life assurance benefits and overtime. Any mortgage reference letters will also refer to your unreduced pay (i.e. inclusive of your Penwise contribution). Redundancy pay is unaffected.


### Impact on your State benefits

When you retire, not only will you receive a pension from the Company through your company pension scheme, but you will also receive a pension from the Government. This is known as your State Pension. You may also be entitled to other State benefits such as Incapacity Benefit and Job Seekers Allowance.

We anticipate that for the majority of members, participating in Penwise will be beneficial as a result of savings made in the amount of NI contributions payable. However, there may be cases where participation is not beneficial for some groups of employees, for example, where your State benefits are negatively affected. The way in which this can happen is outlined in more detail in the table shown on page 2.

### Did you know?

Participating in Penwise is a change to your terms and conditions of employment with the Company and constitutes a change to your contract of employment.



Type of benefit	Affected by Penwise?	Reason
State Pension	No, DHL has introduced a Pay Protection Limit of £9,000 a year. Members who earn less than this amount will be automatically opted out of Penwise to ensure that any entitlement to State Pension is not affected.	Your entitlement to the State Pension is now based on the number of qualifying years you have earned over your working life (qualifying years are based on the NI contributions you have paid or been credited with, although these may be reduced if you have been previously contracted out of the State Second Pension (S2P)).
Other State benefits	No, If your pay falls below the Pay Protection Limit of £9,000 a year, you will be automatically opted out of Penwise.	Entitlement to some State benefits, such as Statutory Sick Pay, Employment & Support Allowance, Maternity Allowance and Job Seekers Allowance requires you to earn above the Lower Earnings Limit (£6,136 for the 2019/20 tax year). Provided you continue to earn more than this after your Penwise adjustment, your entitlement to these benefits will not change. The Pay Protection Limit, of £9,000 a year, protects you from nearing this limit.
Child Tax Credit and Working Tax Credit	Not normally.	Penwise would not normally reduce Working Tax Credit or Child Tax Credit. If you receive either of these tax credits, you should call the Tax Credit Helpline for advice on the impact of Penwise, as it depends on your personal circumstances.  Tax Credit Helpline: 0345 300 3900.



## Who will not participate in Penwise?

Most members will benefit from participating in Penwise because of the NI saving. However, there are some circumstances where members may be worse off as follows:

### If you earn less than the Earnings Threshold for NI (£8,632 for the 2019/20 tax year)

If you earn less than **£8,632**, you will not make any savings from participating in Penwise as you only start making NI contributions from this level. Also, if your pay falls below the Lower Earnings Limit **£6,136** for the 2019/20 tax year), your State benefits may be affected. See the table on page 2.

To try to ensure that no members are adversely affected by participating in Penwise, DHL uses a threshold called the Pay Protection Limit of **£9,000** a year, which is the minimum level of pay required to qualify for Penwise. This should ensure that you are excluded automatically if your State benefits could be affected. This limit will be reviewed to ensure it remains appropriate in the future.

If you earn less than **£9,000** a year, you will be excluded from Penwise automatically. You are still eligible to join the Plan and your contributions will be made in the normal way.

### If participating in Penwise means your pay would fall below the National Living Wage (NLW)

Although the Company does not pay below the NLW, there may be members impacted who participate in Penwise.

If your pay would fall below the NLW, you will be excluded from Penwise automatically. You will still be eligible to join the Plan and your contributions will be made in the normal way.

If you are eligible to participate in Penwise now but your pay falls below these levels during any pay period in the future, you will be opted out of Penwise automatically starting from that pay period. When your pay increases above relevant levels, DHL will opt you in again automatically starting from the relevant pay period.

### Did you know?

If you are over State Pension Age, you will be included in Penwise automatically even though you no longer make NI contributions. You will not make any savings in NI contributions by participating through Penwise, but you won't be worse off either.

The Company plans to operate Penwise indefinitely. However, if income tax, NI or pension laws or practice change, or it is no longer viable for the Company to operate Penwise, the Company reserves the right to withdraw – at any time in the future.



## Frequently asked questions about Penwise

### 1. Will Penwise affect my pension?

No. Penwise will not affect your pension benefits at retirement.

### 2. Will Penwise affect my Company-paid salary-related benefits?

No. All Company-paid salary-related benefits are based on your unreduced pay (see below).

### 3. What is my unreduced pay?

Your actual pay before any Penwise adjustment is made. Your unreduced pay is used to calculate your other Company-paid salary-related benefits including pay reviews, overtime payments, etc.

It does not change as a result of your participation in Penwise.

### 4. Will Penwise affect overtime or future pay increases?

No. Overtime and future pay increases will be based on your unreduced pay before any Penwise adjustment is made.

### 5. Will Penwise affect my death in service benefits?

No. Penwise will not affect your life assurance benefit or your spouse/partner's pension.

If you are a member of a pension scheme that allows for a refund of your contributions in the event of your death, the Company will calculate a notional value equivalent to the amount that you would have received had Penwise not been introduced.

### 6. Can I opt out later if my situation changes?

If you wish to opt out of Penwise, you may be able to do so if you experience a significant change in your personal circumstances (known as a life event), for example, marriage/divorce, birth of a child or a significant change in working hours.

Also, if your pay falls below the Pay Protection Limit (£9,000 a year) or the National Living Wage as a result of participating in Penwise, you will be automatically opted out to ensure that you are no worse off.

### 7. What happens if I go on maternity leave?

While you are on maternity leave, you will keep the same Penwise arrangements you had before you went on leave. However, Statutory Maternity Pay is based on the pay that is used to calculate your National Insurance Contributions and exchanging salary may affect this benefit.

When you advise the Company of your intentions to take maternity leave, you should speak to your usual HR contact to discuss your options.

Following your return to work from maternity leave, you will automatically be opted back into Penwise provided that you do not fall into a category in which you would be worse off.

### 8. What if I am seconded or assigned to work overseas?

If you go on secondment or are assigned to work overseas and continue to be paid from the UK, you will remain a member of the pension scheme and Penwise.

If you transfer to a local contract, then your UK pension membership and participation in Penwise will stop.



## Frequently asked questions about Penwise

### 9. What if I am on long-term sick leave?

You are considered for this purpose to be on long-term sick leave after your sick pay has expired.

In the event of your taking long-term sick leave, you will keep the same Penwise arrangements you had before you went on leave.

### 10. What happens if I go on sabbatical (or unpaid leave)?

If you go on sabbatical or unpaid leave, you will be automatically opted out of Penwise but will remain a member of the pension scheme.

### 11. What happens if I already pay reduced rate NI contributions?

If you are a married or widowed female who elected to pay reduced rate NI contributions, you will still make savings by making your pension contributions via Penwise. However, the savings will be less than the savings you could make if you were to pay full NI contributions.

### 12. What if I am over State Pension Age?

If you are over State Pension Age you do not make NI contributions and as such will not make any savings from Penwise but at the same time, you will not be any worse off. Because of this, you will still be automatically included in Penwise unless you decide to opt out.

### 13. How will Penwise affect my income tax position?

There will be no change to the level of tax that you pay. This is because you do not pay income tax on your own or the Company's pension contributions.

### 14. How long will Penwise last?

We plan to operate it indefinitely. However if tax, NI, pension laws or practice changes, or it is no longer viable for us to operate it, we reserve the right to withdraw Penwise in the future.

### 15. May I participate in Penwise and another salary sacrifice scheme offered by my employer?




Yes, provided that your salary sacrifices do not take you below the National Living Wage (NLW).

If they do, a hierarchy will be operated and the salary sacrifice that takes you below the NLW will be made outside of the salary sacrifice arrangement:

1. Penwise (i.e. Penwise will be operated before Cycle to Work, etc.)
2. Cycle to Work
3. Childcare Vouchers

## Contact details

If you have any questions or want to know more about the DHL Group Retirement Plan, contact the Pensions Department on:

-  [dhl.uk.pensions@dhl.com](mailto:dhl.uk.pensions@dhl.com)
-  DHL Group Pensions Department  
Howard House  
40-64 St Johns Street  
Bedford MK42 0DJ
-  <https://mypension.dhl.co.uk>

Please quote your membership number on all correspondence.