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14 September 2026

Councillor Ball
Simon.Ball@rotherham.gov.uk

Dear Councillor Ball

Council Meeting – Wednesday 9th September 2026

Thank you for your question at the Council Meeting on 9th September 2026. I have set out your question and my response below.

Will the Pensions Authority spokesperson set out how many South Yorkshire LGPS members using salary sacrifice above £2,000 a year will now pay National Insurance on that extra saving, and what warning has gone to ordinary workplace savers that this cap hits them?

In the 2025 budget last November, the government announced that from 6 April 2029, only the first £2,000 of employee pension contributions made through salary sacrifice each year will be exempt from National Insurance contributions.

It is important to note that contributions to the LGPS are not paid through salary sacrifice and therefore most members will not be affected by this change.

Some employers allow their employees who are LGPS members to pay additional voluntary contributions (AVCs) through a salary sacrifice arrangement. This change will only affect members who pay more than £2,000 per year into an AVC through salary sacrifice after 6 April 2029.

Only 11 employers in the South Yorkshire Fund currently offer this arrangement. As these are arrangements handled by scheme employers, South Yorkshire Pensions Authority does not hold data on the numbers of members that are currently paying above the £2,000 cap into an AVC via salary sacrifice. However, the Authority understand from the provider used by employers – My Money Matters – that **there are currently a total of 319 individuals paying above this amount via salary sacrifice.** Although, it is important to note that employees can change the amount they pay into AVCs from month to month so the numbers will change frequently.

The Authority communicates regularly to employers on any changes that affect the pension scheme and that they may need to communicate to their employees who are LGPS members. This includes providing links to information provided on the LGPS members website – where this change was publicised from 8 December 2025.



The provider of the shared cost salary sacrifice AVC arrangement, My Money Matters, issues regular updates and newsletters with information to members who are paying into an AVC through salary sacrifice and they have been communicating about this change to these members regularly ever since the change was announced.

I hope you find this helpful.

Yours sincerely

PP *g ruel*

Councillor Donna Sutton
Designated Spokesperson
South Yorkshire Pensions Authority