



# Statutory family leave & pay for workplace pensions

We explain how statutory family leave and pay interact with money purchase workplace pension contributions.



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### In this article we:

- Provide an outline of the different types of statutory family leave and pay
- Point to the interactions between workplace pensions, family leave and equalities law
- Provide guidance on our understanding of the interactions between statutory family leave and pay and money purchase workplace pension contributions
- Take a more detailed look at these interactions during statutory maternity leave and pay.

# Statutory family leave & pay

It's possible to be eligible for statutory family leave without being eligible for the associated statutory pay – by earning too little, for example. It's also possible to be entitled to statutory pay but not statutory leave – this can apply to some exiting employees. In addition, some statutory leave entitlements are only on an unpaid basis.

The distinction between ordinary and additional statutory leave matters for various employment rights, including pensions in some circumstances.

## Statutory maternity leave and pay

The maximum statutory maternity leave entitlement is 52 consecutive weeks – 26 weeks ordinary leave, then 26 weeks additional leave. Minimum leave is two weeks – or four weeks for factory workers.

Statutory maternity pay is 90% of average weekly earnings for the first six weeks, then £194.32 a week (2026/27) – or 90% of average earnings if lower – for up to 33 weeks.

**i** For more information see: [gov.uk/employers-maternity-pay-leave](https://gov.uk/employers-maternity-pay-leave)

Employees who aren't entitled to statutory maternity pay may still be eligible for unpaid statutory maternity leave. They may be able to claim maternity allowance, which is a state benefit.

**i** For more information see: [gov.uk/maternity-allowance](https://gov.uk/maternity-allowance)

The maximum statutory adoption leave entitlement is 52 consecutive weeks – 26 weeks ordinary leave, then 26 weeks additional leave.

Statutory adoption pay is 90% of average weekly earnings for the first six weeks, then the lower of £194.32 a week (2026/27) and 90% of average earnings for up to 33 weeks.

If a couple are adopting, statutory adoption leave and pay are available to one of them – the other might be eligible for statutory shared parental leave and pay, or statutory paternity leave and pay.

**i** For more information see: [gov.uk/employers-adoption-pay-leave](https://gov.uk/employers-adoption-pay-leave)

## Statutory shared parental leave and pay

The statutory shared parental leave entitlement is up to 50 weeks – 52 weeks less the number of weeks statutory maternity or adoption leave already taken, which must be at least two weeks. An eligible couple can split the shared leave entitlement between them and take it in blocks within a year of the birth or adoption.

Statutory shared parental pay covers up to 39 weeks less the number of weeks statutory maternity pay, statutory adoption pay or maternity allowance already paid. It's the lower of £194.32 a week (2026/27) and 90% of average weekly earnings throughout.

**i** For more information see: [gov.uk/shared-parental-leave-and-pay-employer-guide](https://gov.uk/shared-parental-leave-and-pay-employer-guide)



The maximum statutory maternity leave entitlement is 52 consecutive weeks.

### Statutory paternity leave and pay

The statutory paternity leave entitlement is one or two consecutive weeks of ordinary leave.

Statutory paternity pay is the lower of £184.03 a week (2024/25) and 90% of average weekly earnings.

**i** For more information see: [gov.uk/employers-paternity-pay-leave](https://gov.uk/employers-paternity-pay-leave)

### Statutory parental bereavement leave and pay

Employees may be eligible for statutory parental bereavement leave and pay if they or their partner has a child who's died under age 18 or has a stillbirth after 24 weeks of pregnancy.

The statutory leave entitlement is one or two weeks which can be taken consecutively or separately.

Statutory parental bereavement pay is the lower of £194.32 a week (2026/27) and 90% of average weekly earnings.

**i** For more information see: [gov.uk/employers-parental-bereavement-pay-leave](https://gov.uk/employers-parental-bereavement-pay-leave)

### Statutory unpaid parental leave

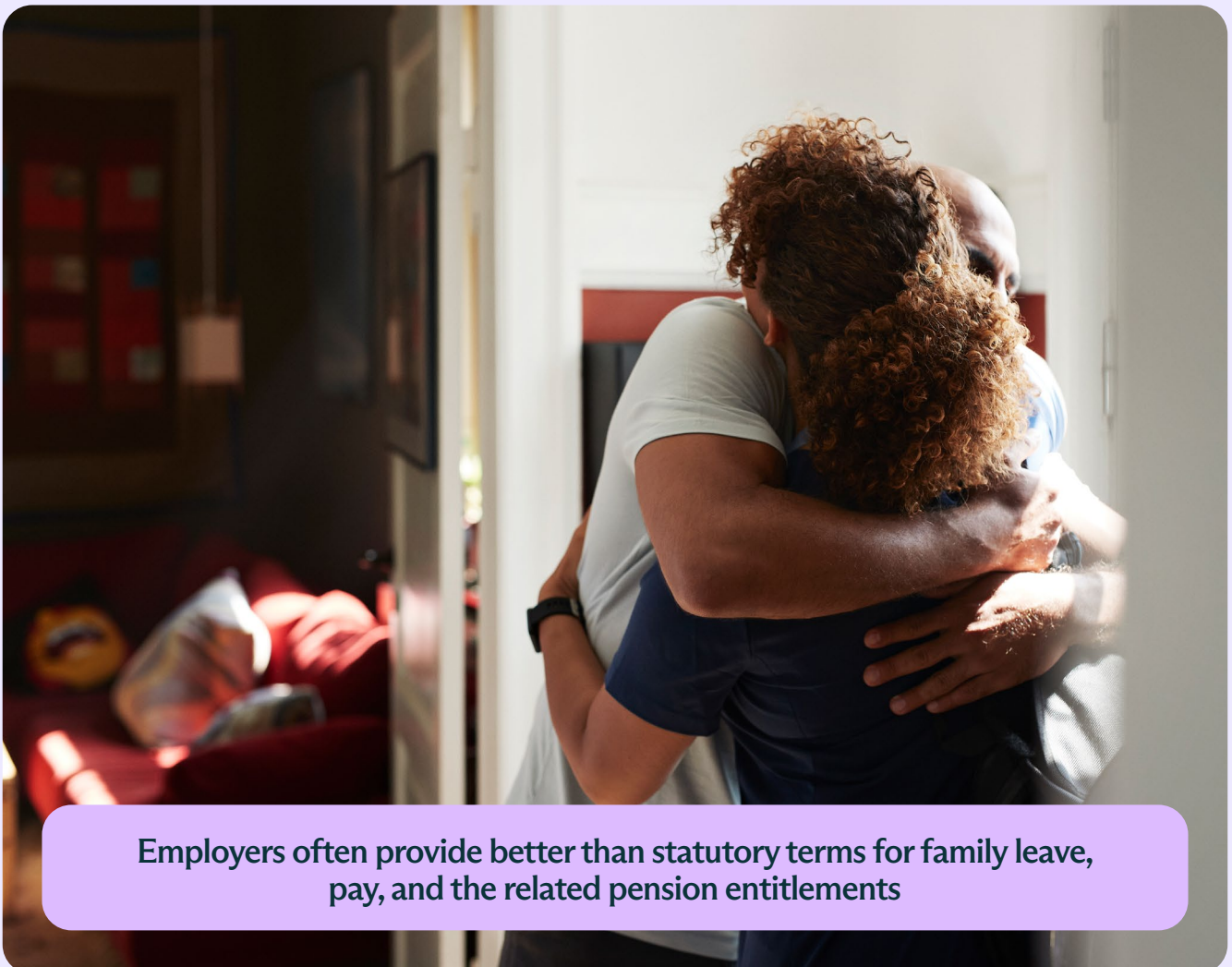
Each eligible parent can take up to four weeks statutory unpaid parental leave a year for each child under age 18, up to a total of 18 weeks leave for each child. If an employee changes jobs, they carry over any remaining entitlement to their new employer.

**i** For more information see: [gov.uk/parental-leave](https://gov.uk/parental-leave)

### Statutory unpaid carer's leave

From 6th April 2024 employees can take up to one week's unpaid leave in any 12-month period to provide or arrange care for a dependent with a long-term care need. The dependant can be anyone who relies on the employee for care.

**i** For more information see: [gov.uk/carers-leave](https://gov.uk/carers-leave)



Employers often provide better than statutory terms for family leave, pay, and the related pension entitlements

# Pensions, equalities law and family leave

It is equalities law – not the receipt of statutory pay – which leads to special rules for employer pension contributions during the various types of family leave, whether this is on statutory or better terms.

Employers often provide better than statutory terms for family leave, pay, and the related pension entitlements. The terminology for this varies, but includes occupational, contractual, or enhanced terms. Employers might also refer to family leave

entitlements. We'd expect these employers to have obtained appropriate advice on the implications for contributions to their workplace pensions.

However, all employers may want to obtain equalities law advice to ensure that their workplace pension provision during the various types of family leave is not unlawfully discriminating against any employees either directly or indirectly.

## Money purchase workplace pensions

The following table summarises our understanding of the rules applying to money purchase workplace pensions where employers offer only statutory family leave and pay.

### Money purchase pension contributions during statutory family leave

This guidance is based on our understanding of the provisions and does not constitute advice

<p><b>Employee is on</b></p> <ul style="list-style-type: none"> <li>• Statutory maternity pay</li> <li>• Statutory adoption pay</li> <li>• Statutory shared parental pay</li> <li>• Statutory paternity pay</li> <li>• statutory parental bereavement pay</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• Unpaid statutory ordinary maternity leave</li> <li>• Unpaid statutory ordinary adoption leave</li> </ul>	<p><b>Employer contributions</b></p> <ul style="list-style-type: none"> <li>• Continue existing basis, using employee's pre-leave pensionable pay, also allowing for any pay increases due during statutory leave</li> <li>• Salary exchange – continue same basis as pre-leave</li> <li>• Matched contributions – continue to base on employee's pre-leave contributions</li> </ul> <p><b>Employee contributions</b></p> <ul style="list-style-type: none"> <li>• Continue existing basis, using actual pensionable pay – which must include any type of statutory family pay</li> <li>• Qualifying earnings schemes – no contributions in any pay periods where qualifying earnings fall below the lower leave</li> <li>• Not required during any unpaid leave</li> </ul>
<p><b>Employee is on</b></p> <ul style="list-style-type: none"> <li>• Unpaid statutory additional maternity leave</li> <li>• Unpaid statutory additional adoption leave</li> <li>• Unpaid statutory shared parental leave</li> <li>• Unpaid statutory paternity leave</li> <li>• Unpaid statutory parental bereavement leave</li> <li>• Statutory unpaid parental leave</li> <li>• Statutory unpaid carer's leave</li> </ul>	<p><b>Employer contributions</b></p> <ul style="list-style-type: none"> <li>• Not normally required if only statutory family leave and pay entitlements provided (but check scheme rules)</li> </ul> <p><b>Employee contributions</b></p> <ul style="list-style-type: none"> <li>• Not required</li> </ul>

Employer and employee contributions should normally reflect any changes to the scheme

Special provisions also apply to defined benefit or hybrid schemes and death benefits, but these aspects are outside the scope of this article.

# Salary exchange

Salary exchange arrangements alter the terms of employees' contracts. When used with workplace pensions, employees are offered the option of stopping their own contributions and taking a reduced salary. In return, their employer takes on a contractually binding commitment to pay higher pension contributions.

If salary exchange is in place, an employer must maintain its contractually agreed level and basis of pension contributions during any type of paid statutory family leave, and also during any unpaid statutory ordinary maternity or adoption leave. These salary exchange contributions must continue to be based on the employee's pre-leave earnings as defined in the salary

exchange agreement, and also allowing for any pay rises due during statutory leave.

Statutory family pay can't be exchanged – so the employer normally bears any additional cost of funding salary exchange contributions during this period.

Existing salary exchange can lead to employees receiving lower statutory family pay, as this is calculated using their pre-leave earnings for national insurance (NI) purposes. If salary exchange reduces an employee's earnings to below the NI lower earnings limit, they can lose their eligibility for statutory pay.

## Focus on maternity leave

Let's take a closer look at money purchase workplace pensions for employees entitled to just statutory maternity leave and pay, as this aspect accounts for most of our queries.

### Money purchase pension contributions during statutory maternity leave

This guidance is based on our understanding of the provisions and does not constitute advice

Eligible for statutory maternity leave & pay	39 weeks statutory maternity pay	No SMP	
	<table border="1"> <tbody> <tr> <td>26 weeks paid statutory ordinary leave</td> <td>13 weeks paid statutory additional leave</td> </tr> </tbody> </table>	26 weeks paid statutory ordinary leave	13 weeks paid statutory additional leave
26 weeks paid statutory ordinary leave	13 weeks paid statutory additional leave		
	<p>Employer pension contributions calculated using pre-leave pensionable pay and basis, also allowing for any pay rises</p> <p>Any employee contributions calculated using actual pensionable pay including SMP</p>	No pension contributions required*	
Eligible for statutory maternity leave only	26 weeks unpaid statutory ordinary leave	26 weeks unpaid statutory additional leave	
	<p>Employer contributions calculated using pre-leave pensionable pay and basis, also allowing for any pay rises</p> <p>No employee contributions required</p>	No pension contributions required*	

Employer and employee contributions should normally reflect any changes to the scheme

### Statutory family pay can't be exchanged

So the employer normally bears any additional cost of funding salary exchange contributions during this period.

The following examples use simplified situations to illustrate the main principles.

## Examples

Olga, Maria and Irina are in their employer's group personal pension (GPP).

If no salary exchange is in place, the employer contributes 5% of P60 earnings. The employees contribute 4% net from after-tax earnings, with the GPP provider adding 1% (20% basic rate tax relief).

Where salary exchange is in place, the employer contributes 10% of pre-exchange reference earnings and the employees' actual earnings reduce by 5%.

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contributes 10% of pre-exchange reference earnings and the employees' actual earnings reduce by 5%.

If the employer offered a mastertrust scheme, the employees would pay 5% gross contributions from pre-tax earnings when there's no salary exchange in place – no other changes would apply.

No-one employed in the business gets a pay rise during the period covered in these examples.

### Olga – no salary exchange

When Olga goes on maternity leave during January 2025, she's earning **£35,000** a year and doesn't use salary exchange. She's eligible for statutory maternity leave and pay and takes 52 weeks leave. Her paid maternity leave starts in the 2025/26 tax year and continues into 2026/27.

- **Statutory maternity pay:** Olga receives the equivalent of £31,500 a year (90% of £35,000) for six weeks, £187.18 a week (2025/26 rate) for eight weeks, and £194.32 a week (2026/27 rate) for 25 weeks.

- **Employer pension contributions:** continue at the equivalent of 5% of Olga's pre-leave earnings of £35,000 a year for her 39 weeks paid statutory ordinary and additional leave, then reduce to nil for her 13 weeks unpaid statutory additional leave.
- **Employee pension contributions:** Olga continues to pay 4% net contributions based on her actual earnings: the equivalent of 4% net of £31,500 a year for six weeks, 4% net of £187.18 a week for eight weeks and 4% net of £194.32 a week for 25 weeks. She pays nothing during her 13 weeks unpaid statutory additional leave.

### Maria – salary exchange

When Maria goes on maternity leave during January 2025, her reference earnings are **£35,000** a year, and her post-exchange earnings are £33,250. She's eligible for statutory maternity leave and pay and takes 52 weeks leave.

- **Statutory maternity pay:** as statutory pay is calculated using pre-leave earnings for NI purposes, Maria receives the equivalent of £29,925 a year (90% of £33,250) for six weeks, £187.18 a week (2025/26 rate) for eight weeks, and £194.32 a week (2026/27 rate) for 25 weeks.

- **Employer pension contributions:** continue at the equivalent of 10% of Maria's pre-leave reference earnings of £35,000 a year for her 39 weeks paid statutory ordinary and additional leave, then reduce to nil for her 13 weeks unpaid statutory additional leave.
- **Employee pension contributions:** remain at nil for all 52 weeks.

### Irina – unpaid ordinary maternity leave

When Irina goes on maternity leave during January 2025, she's working part-time earnings are **£6,000** a year. She's eligible for statutory maternity leave but not statutory maternity pay and takes 52 weeks leave.

- **Statutory maternity pay:** Irina gets no statutory maternity pay. She may be able to claim maternity allowance, which is a state benefit.

- **Employer contributions:** continue at the equivalent of 5% of Irina's pre-leave earnings of £6,000 a year for her 26 weeks unpaid statutory ordinary leave, then reduce to nil for her 26 weeks unpaid statutory additional leave.
- **Employee contributions:** reduce to nil for 52 weeks.

**Note:** if Irina used salary exchange, the employer would contribute the equivalent of 10% of her pre-exchange reference earnings during her 26 weeks unpaid statutory ordinary leave.

Every care has been taken to ensure that this information is correct and in accordance with our understanding of the law and HM Revenue & Customs practice, which may change. However, independent confirmation should be obtained before acting or refraining from acting in reliance upon the information given. Scottish Widows Limited. Registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 181655.

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