

PensionPlus

A smarter way to make pension contributions



UNIVERSITY OF
BATH

PensionPlus

Further information

If you have any questions about PensionPlus or USS, please contact the Pensions Office, Wessex House 4.08, ext 3768.



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PensionPlus



What is PensionPlus?

PensionPlus is a way to contribute to the Universities Superannuation Scheme (USS) that enables both you and the University to pay reduced National Insurance (NI) contributions. This in turn will increase your take-home pay.

The University automatically enrolls staff who are joining USS into **PensionPlus**. This means that unless you decide not to participate in **PensionPlus**, you agree to a reduction in your salary equal to your pension contributions. In return, the University increases its contributions to cover both your and the employer elements of the pension contributions.

PensionPlus will not affect any other salary-related payments or benefits that you may receive from the University. Your pension benefits, salary increases, bonuses and overtime will be calculated on the basis of your salary before **PensionPlus** (your 'notional' salary). Participating in **PensionPlus** will have no effect on your Basic State Pension entitlement.

Your notional salary will also be the amount quoted in any personal official letters, for example mortgage letters, loan applications or job references and is the salary you should quote when required.

You do not have to participate, you can be a member of the USS pension scheme without joining **PensionPlus**. To find out how you can opt out of **PensionPlus** please see page 8.

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Who benefits?

Through **PensionPlus**, both you and the University can make savings.

By agreeing to reduce your salary by the value of your pension contributions, the amount both you and the University pay in NI reduces.

As your NI contributions will be lower, your take-home pay will increase.

How it works

- You agree to a reduction in your salary equal to the current USS employee rate of contributions
- The University will increase its contribution by the current USS employee rate of contributions, on top of its current contribution rate, which it will pay to USS on your behalf
- You and the University will pay lower NI on your reduced salary
- **PensionPlus** will not affect your income tax position.



PensionPlus

Example payslip before PensionPlus

(USS member earning £25,000 a year using tax and NI rates from 07/08 tax year)

Employee Name Ms. S Minerva		Payroll Reference No 12345		Tax Period 09	
				Tax Code 522L	
				N.I. Number AB123456A	
				N.I. Code D	
Payments		Deductions		Year to Date	
Description	Cash	Description	Cash		
Basic Pay	2083.33	Tax	311.14		
		NI - D	153.97		
		USS	132.29		
Payments 2083.33		Deductions 597.40		Net Pay 1485.93	
				Paid by BACS	
				Sort Code	
				Account No.	

current basic pay

NI before PensionPlus

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Example payslip after PensionPlus

(USS member earning £25,000 per year using tax and NI rates from 07/08 tax year)

Employee Name Ms. S Minerva		Payroll Reference No 12345		Tax Period 09	
				Tax Code 522L	
				N.I. Number ABI23456A	
				N.I. Code D	
Payments		Deductions		Year to Date	
Description	Cash	Description	Cash		
Basic Pay	2083.33	Tax	311.14		
PensionPlus	-132.29	NI - D	141.53		
Payments 1951.04		Deductions 452.67		Net Pay 1498.37	
				Paid by BACS	
				Sort Code	
				Account No.	

referred to as notional pay

salary after PensionPlus

NI decreases

take-home pay increases

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Who should participate?

Most members will benefit from joining **PensionPlus** but there may be a few for whom it is not advantageous; this is explained in more detail below. If you fall into this category, you will not be included in **PensionPlus**. The Payroll Department will notify you in writing if this applies.

If you decide you do not want to participate in **PensionPlus**, you need to complete an 'opt out' form, which you can get from the Pensions Office, Wessex House 4.08, ext 3768, or download a copy from the University website at www.bath.ac.uk/pensions/. Alternatively you will find a tear-off form in the back of this booklet.

This booklet aims to provide as much information as possible but if you are unsure about whether you should participate in **PensionPlus**, you should seek your own independent financial advice.

You can find details of an Independent Financial Adviser (IFA) in your area by calling IFA Promotion Ltd on 0800 085 3250 or at: www.unbiased.co.uk

Who might not benefit from PensionPlus?

Although most members will benefit from joining **PensionPlus**, there are some who may not. We, therefore, have in place a pay protection limit (the current value can be found on www.bath.ac.uk/pensions/) to ensure employees are not adversely affected. If your earnings fall below this limit you will be taken out of **PensionPlus** automatically. If your salary increases to above the pay protection limit, you will automatically be opted back into **PensionPlus**.

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Members who may not benefit:

- Those who earn less than the current Lower Earnings Limit for NI (see www.bath.ac.uk/pensions/). This is because you would not make any savings and may see your State benefits affected.
- Those that are in receipt of Job Seekers Allowance may find their benefit affected. You will need to decide whether this will affect you and whether you wish to participate in **PensionPlus**.
- Those over State Pension Age do not pay any NI and as a result will not make an NI saving. However, you will still be included in **PensionPlus** unless you choose to opt out.

Please note that **PensionPlus** will not reduce the following tax credits:

- Childcare Element of Working Tax credit
- Working Tax credit

What happens next?

As a member of staff of the University you will be automatically enrolled into **PensionPlus** unless you choose to opt out or you earn less than the current pay protection limit (see www.bath.ac.uk/pensions/).

If you choose to participate in **PensionPlus**, you will be automatically accepting the arrangements for paying pension contributions described in this booklet. **PensionPlus** will form part of your contract of employment.

You are not obliged to participate, and it is not a condition of joining the pension scheme. An opt out form is available from the Pensions Office, Wessex House 4.08 or can be downloaded from the Pensions website at www.bath.ac.uk/pensions/ or alternatively you will find a tear-off form in the back of this booklet.



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Frequently asked questions

Will PensionPlus affect the amount of pension I get from USS?

No – your pension will continue to be calculated on your notional salary (the salary before PensionPlus).

How much will I save in NI?

The amount that you will save will vary depending on your level of pay. However, a table illustrating the estimated annual savings you can expect may be found on www.bath.ac.uk/pensions/.

Why do the savings vary for different rates of pay?

The marginal rate of NI that you pay depends on how much you earn. For earnings above the Upper Earnings Limit (UEL), (see www.bath.ac.uk/pensions/) the employee NI rate is considerably lower than below the UEL. If this rate increases in the future then your savings will go up.

Can I opt out of USS and PensionPlus?

Yes - you need to complete and return a USS opt out form. The form is available from the Pensions Office.

Can I opt out of PensionPlus but remain in USS?

Yes – you need to complete and return a PensionPlus opt out form before 31 March (in time for the next enrolment period effective from 1 April).

If I decide to opt out of PensionPlus, can I opt back in?

You will be able to opt back in but will only be able to do

this at the next enrolment period, which is during March each year (with the decision effective from 1 April). An opt in form will be available on the Pensions website www.bath.ac.uk/pensions/.

Will PensionPlus affect my other salary exchange schemes?

No – you can participate in more than one type of 'salary exchange' scheme, but if by participating in PensionPlus your salary reduces below the current 'pay protection limit' you will automatically be taken out of PensionPlus.

If I have been automatically opted out, can I choose to opt back in?

If you have been opted out of PensionPlus it is unlikely that you will benefit from opting back in. However, if you are aware of a lifestyle change, for example an increase in working hours and you feel you may benefit, please contact the Pensions Office.

Will my 'student loan' be affected by PensionPlus?

Yes – student loans are currently calculated on the same pay as your National Insurance contributions. Therefore, by joining PensionPlus and reducing your National Insurance contributions, your 'student loan' deduction will also be reduced.

What is meant by notional salary?

Your notional salary is your annual salary before adjustment for PensionPlus. The notional salary is the amount used to calculate your other salary-related benefits including salary

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increases, bonuses and overtime. It is also the amount used in any personal official letters for example mortgage letters, loan applications or job references. Your pension benefits are calculated on your notional salary.

If I am posted abroad or on unpaid leave/ secondment/sabbatical/sick leave, am I eligible for PensionPlus?

As long as your salary from the University is over the pay protection limit (see www.bath.ac.uk/pensions/), you will automatically be opted into **PensionPlus**.

What happens if I go on maternity leave?

You will be in **PensionPlus** while you are entitled to enhanced maternity pay from the University. Should you be disadvantaged by being in **PensionPlus** whilst on maternity leave you will be automatically opted out.

I have been on maternity leave – am I eligible for PensionPlus on my return?

Yes - if your earnings are above the pay protection limit (current value can be found on www.bath.ac.uk/pensions/) when you return to work, you will be included in **PensionPlus** and if they are below this limit, you will be opted out.

What happens if I have more than one post at the University?

If you have more than one post at the University, which is eligible for USS pension, your total basic pay will be taken into account. If you fall below the current pay

protection limit (current value can be found on www.bath.ac.uk/pensions/) you will be opted out. If you opt out of **PensionPlus** you will be opted out for all posts at the University.

What happens if I join PensionPlus and then leave the University?

If you participate in **PensionPlus** for three months or more and then leave the University you will be entitled to preserved benefits in USS, which you can choose to transfer to another pension scheme.

What happens if I retire?

Participating in **PensionPlus** will have no impact on your retirement benefits.

Has the University & College Union (UCU) been consulted?

Yes - the UCU worked in partnership with the University towards the introduction of **PensionPlus**.

How long will PensionPlus last?

The University plans to operate **PensionPlus** indefinitely. However, if legislation changes or if it is no longer viable for the University, we reserve the right to withdraw **PensionPlus**.

PensionPlus opt out form

Complete this form if you **DO NOT** wish to participate in PensionPlus and return the form to the Pensions Office, Wessex House 4.08.

Surname:

NI Number:

Home Address:

First Name:

Department:

Payroll Number (if known):

I am an existing/new member of the Universities Superannuation Scheme (USS) and wish to opt out of PensionPlus. I understand that I will be opted out from:

- 1 Next April following the date of this form – existing members
- 2 The date of joining USS – new members.

Please read and sign the declaration below.

I am currently a member of/about to join USS and have read and understood the PensionPlus communications. I confirm that I wish to opt out of PensionPlus and understand that by opting out of this:

- I will make employee contributions direct to USS
- I will not benefit from any potential National Insurance savings that PensionPlus might otherwise achieve

Declaration by member

Signed:

Date: / /

Declaration by Employer I confirm that the above named member has opted-out of PensionPlus.

Signed:

Date: / /

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Other useful resources

Independent financial advice

Visit IFA Promotion Ltd at www.unbiased.co.uk or call 0800 085 3250.

Tax Credit Helpline

For more information about whether **PensionPlus** would affect your tax credits, please call 0845 300 3900 between 8am and 8pm.

State Pension Advice Helpline

Visit www.thepensionservice.gov.uk or call The Pension Service on 0845 60 60265 between 8am and 8pm.

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