

pensionsplus

making your money go further



UNIVERSITY
OF ABERDEEN



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What is Pensions Plus?

Pensions Plus gives the University of Aberdeen a smarter way to fund employee benefits as well as increasing your take home pay, by reducing the amount of National Insurance contributions you pay.

We have already provided four other benefits which run in a similar way: nursery scheme, home computer initiative, cycle to work and childcare vouchers. We are keen to make better use of this approach by adding another benefit – pension contributions – in the form of **Pensions Plus**.

Pensions Plus is a way to contribute to either the University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS) or the Universities Superannuation Scheme (USS) that will save National Insurance (NI) and increase your take home pay.

At the moment, your pension contributions are paid before tax, directly into the Scheme. From 1 April 2008, this will change. Instead of making monthly contributions into the Scheme, you agree to give up an amount of your contractual gross pay equal to your contributions. In return, the University increases its contributions by an equivalent amount.

don't forget...

Pensions Plus will not affect any other salary-related payments or benefits that you receive from the University such as salary increases and overtime. These will be based on your '**reference salary**' which is your basic pay before **Pensions Plus**. Your **pensionable salary** will be based on your reference salary including any other earnings as may be recognised by the University as pensionable.

Your reference salary will also be the amount used in any personal official letters e.g. mortgage letters, loan applications or job references, etc.

Please note that by participating in **Pensions Plus**, you are agreeing to a change in your terms and conditions of employment with effect from 1 April 2008.

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So why the change?

The University is committed to making your pension contributions work more efficiently.

Through the introduction of **Pensions Plus**, both you and the University can make savings, which means contributing to either the UASLAS or USS is even more worthwhile.

By agreeing to reduce your contractual gross pay by the value of your monthly pension contributions, the amount both you and the University pay in NI reduces. As your NI contributions decrease, your take home pay increases.

The savings made by the University will be reinvested into the ongoing maintenance of final salary pension arrangements and other strategic activities.

Pensions Plus will not affect your income tax position.

Should everyone participate?

Most employees will benefit under **Pensions Plus** and you will automatically be included.

However, there may be a few members for whom it is not advantageous and we explain this in more detail later in this booklet. If you fall into this category, you will be automatically opted out of **Pensions Plus** and will continue to pay your monthly contributions in the usual way.

In addition, if you personally decide not to participate, you need to request a **Pensions Plus** opt out form from the pensions co-ordinator on **01224 272289** or email pensions@abdn.ac.uk, which must be completed and returned no later than 28 March 2008.

If you are unsure about whether or not you should participate in **Pensions Plus**, you should seek your own financial advice. Details of an independent financial adviser (IFA) near you can be found by calling IFA Promotion Ltd on **0800 085 3250** or at www.unbiased.co.uk

Remember, however, that **Pensions Plus** is designed so that most members will benefit from taking part.





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How does it work?

- You will no longer pay your normal pension contributions directly
- Your salary will be reduced by 7.05% (UASLAS) or 6.35% (USS)
- In return, the University will increase its contributions by an equivalent amount, which will be paid into the pension fund
- You and the University will pay lower NI contributions
- Your actual take home pay will increase
- **Pensions Plus** will not affect your income tax position
- If you pay Additional Voluntary Contributions (AVCs), these are not included in **Pensions Plus**.

Your pensionable salary will be based on your reference salary, including any other earnings as may be recognised by the University as pensionable. Your basic state pension will not be affected.

Note: members 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 **Pensions Plus** as the University will still make savings on the NI it pays.

Example payslips

Without Pensions Plus (USS member earning £25,000 per year)

Date	Payroll Ref.	Name	Month No.
30/04/08	41001000	Mrs Ann N Other	01
Pay Group		Location	
Monthly Salaries		Payroll Contact Jackie 2127	
Pay Method	Tax Code	NI Number	NI Code
BACS	522LM1	ZZ1234565Z	D
PAYMENTS		VALUE	DEDUCTIONS
Salary		2,083.33	Tax Paid
			National Insurance
			USS (Pension)
			303.13
			152.22
			132.29
TOTAL			TOTAL
PAYMENTS		2,083.33	DEDUCTIONS
			587.64
		NET PAYMENTS	
			1,495.69

With Pensions Plus (USS member earning £25,000 per year)

Date	Payroll Ref.	Name	Month No.
30/04/08	41001000	Mrs Ann N Other	01
Pay Group		Location	
Monthly Salaries		Payroll Contact Jackie 2127	
Pay Method	Tax Code	NI Number	NI Code
BACS	522LM1	ZZ1234565Z	D
PAYMENTS		VALUE	DEDUCTIONS
Salary		2,083.33	Tax Paid
Pensions Plus		-132.29	National Insurance
			303.13
			139.78
TOTAL			TOTAL
PAYMENTS		1,951.04	DEDUCTIONS
			442.91
		NET PAYMENTS	
			1,508.13

As a result of **Pensions Plus** the employee saves £149.28 per year (£12.44 per month).



Who might not benefit from Pensions Plus?

Although most employees will benefit from **Pensions Plus**, there are some who may not for various reasons. These include:

- Members who earn less than the Earnings Threshold for National Insurance, £5,460 for the 2008/9 tax year. This is because you would not make any savings and may see your State benefits affected.
- Although the University does not pay below the National Minimum Wage (NMW), there may be staff whose pay could fall below the NMW by participating in other benefits that operate in the same way as **Pensions Plus** (e.g. childcare). These staff will not be able to reduce their actual earnings below the NMW as it is illegal to do so.

We are introducing a pay protection limit of £6,500 a year to ensure that no employees are worse off under **Pensions Plus**. If your earnings fall below this limit (£6,500) or the NMW, you will not be able to participate and will be taken out of **Pensions Plus** automatically. You will continue to pay your monthly pension contributions in the usual way.

- In addition, members who work less than 16 hours a week may find their Job Seekers Allowance affected. You will need to decide whether this is an issue for you and whether you wish to participate in **Pensions Plus** or not. If you require further information on this please contact the payroll office at payroll@abdn.ac.uk

Pensions Plus will not normally reduce Working Tax Credit or Child Tax Credit. Please call the Tax Credit Helpline (details can be found on the back page) for advice on how it will impact on your tax credits as it depends on your personal circumstances.

Please note that if your salary increases over the above thresholds, you will automatically be opted back into **Pensions Plus** with effect from the beginning of the next enrolment period which is 1 April each year.

A letter will be sent to you confirming this.





THE CHURCH

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What happens next?

From 1 April 2008, all existing pension members in both the USS and the UASLAS will automatically be enrolled into **Pensions Plus** unless you choose to opt out, you earn less than £6,500 a year, or your earnings would fall below the NMW if you were to participate.

Change in terms and conditions of employment

Please note that by participating in **Pensions Plus**, you are agreeing to a change in your terms and conditions of employment with effect from 1 April 2008. If you do not wish to participate, you can opt out by completing an 'opt out' form which you can get on request from the pensions co-ordinator on **01224 272289** or at **pensions@abdn.ac.uk**. The completed form must be received by 28 March 2008.

You will be deemed to have accepted the change if you do not complete and return an opt out form before 28 March 2008.

This booklet seeks to provide you with as much information as we can but if you are unsure about whether or not you should participate in **Pensions Plus**, you should seek your own financial advice. Details of an independent financial adviser (IFA) near you can be found by calling IFA Promotion Ltd on **0800 085 3250** or at **www.unbiased.co.uk**

Remember, however, that **Pensions Plus** is designed so that most members will benefit from taking part.

Frequently asked questions

Does this affect the pension I will get from either pension scheme?

No. Your pension will not be affected and continues to be a valuable benefit to you.

How much will I save in NI?

The amount that you will save will vary depending on your level of pay. However, the following table will give you a guide as to how much you can expect your take home pay to increase by paying less NI:

Annual Pensionable Salary	USS		UASLAS	
	Estimated Saving		Estimated Saving	
	per month	per year	per month	per year
£10,000	£4.97	£59.64	£5.52	£66.24
£15,000	£7.46	£89.52	£8.28	£99.36
£20,000	£9.95	£119.40	£11.05	£132.60
£25,000	£12.43	£149.16	£13.80	£165.60
£30,000	£14.92	£179.04	£16.57	£198.84
£40,000	£19.90	£238.80	£22.09	£265.08
£50,000	£2.65	£31.80	£2.94	£35.28

Why are savings different at 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), (£40,040 from April 2008), the employee NI rate is currently just 1%. If this rate increases in the future, then your savings will go up.

Can I opt out of Pensions Plus now?

If you do not want to reduce your gross contractual pay under **Pensions Plus**, you will need to complete an opt out form by 28 March 2008.

To request an opt out form, contact the pensions co-ordinator on 01224 272289 or at pensions@abdn.ac.uk

Can I opt out of Pensions Plus in the future if my situation changes?

If you wish to opt out after 28 March 2008, you can do so if your situation significantly changes following a lifestyle event, for example if your pay or hours change significantly, if you go on maternity leave or long term sick.

If your salary drops below the pay protection limit (currently £6,500 a year), you will automatically be removed from **Pensions Plus** so that you are not disadvantaged. You will be sent a letter confirming this if it applies to you.

If I decide to opt out of Pensions Plus, 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 1 April each year and you should contact the pensions co-ordinator in writing if you wish to do so.

If I am automatically opted out, can I opt back in?

If you have been opted out of **Pensions Plus**, it is unlikely that you will benefit from being opted back in. However, if you are aware of a lifestyle change e.g. an increase in working hours, and you feel you may benefit, please contact the payroll manager on **01227 273812** or email payroll@abdn.ac.uk or the pensions co-ordinator on **01224 272289** or email pensions@abdn.ac.uk

I am on maternity leave/on sick leave/on a secondment/have been posted abroad – am I eligible for Pensions Plus?

As long as you receive a monthly salary that is more than 1/12th of £6,500 from the University and you would not otherwise fall below the NMW, you will automatically be opted in to **Pensions Plus**. If you do not meet one or more of these criteria, you will automatically be opted out.

What happens if I go on unpaid leave?

When your earnings drop below 1/12th of £6,500 in any given month, you will automatically be opted out of **Pensions Plus** but will still remain a member of USS/UASLAS. When you return from your period of unpaid leave, you will automatically be included in **Pensions Plus**.

What happens if I go on maternity/paternity/adoption/parental leave?

You will keep the same **Pensions Plus** arrangements you have while you are on maternity/paternity/adoption/parental leave, unless it is not beneficial to you. If there is any risk that you may be disadvantaged by being in **Pensions Plus** whilst on leave, you will be automatically opted out.

When you advise the University of your intention to take maternity leave, your HR Adviser will send you a letter explaining your options. If you have any further queries please contact your HR Adviser or the HR main office on **01224 273500**.

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

Yes. If your earnings are above the pay protection limit when you return to work, you will be included in **Pensions Plus** and if they are below this limit, you will be opted out of **Pensions Plus**.

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

If you have more than one post with the University, your total pensionable pay for all your contracts will be taken into account. If you fall below the pay protection limit, you will be opted out. If you opt out of **Pensions Plus** you will be opted out for all your positions at the University.

What happens if I retire?

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

What happens if I leave the University?

If you leave the University and have been a member of either the USS or UASLAS for two years or more, your benefits will not change because of the introduction of **Pensions Plus**. Your benefits will be secured as normal.

For new starters of either the USS or UASLAS, the first three months will be on a contributory basis before being automatically opted into **Pensions Plus**, and therefore a refund of contributions will be paid in the normal way.

USS members who leave after the first three months, but before completing two years' pensionable service will be entitled to a transfer value, or a deferred pension. Under **Pensions Plus** you do not actually make any contributions, so you will not receive a refund. In this situation, it is up to you to decide whether joining **Pensions Plus** before you complete two years' pensionable service would be beneficial. The contributions paid in the first three months will be refunded to you, less the tax charge as usual.

UASLAS members who leave after the first three months, but before completing two years' pensionable service are entitled to a transfer value but **not** a deferred pension. To compensate for this, UASLAS members will be offered an ex-gratia payment by the University, along with the option to take a transfer value. In this situation, it is up to you to decide whether joining **Pensions Plus** before you complete two years' pensionable service would be beneficial.

If you were paying normal pension contributions directly, either before you participated in **Pensions Plus** or if you are opted out, you will be entitled to receive a refund of any normal pension contributions actually paid, should you leave either scheme within two years of joining it.

What's the difference between my reference salary, contractual gross pay and my pensionable salary?

Your reference salary is your annual salary before adjustment for **Pensions Plus**. The reference salary is the amount used to calculate your other salary-related benefits including salary increases and overtime. It is also the amount used in any personal official letters e.g. mortgage letters, loan applications or job references, etc.

The Total Payments figure shown on your payslip will be 1/12th of your reference salary plus any other contractual or non-contractual payments, less an amount equal to your normal monthly pension contributions (and any other contributions for benefits, such as childcare vouchers), made through a 'salary sacrifice' arrangement. This is also technically known as your contractual gross pay.

Your pension benefits are based on your pensionable salary. This is your annual salary or reference salary including any other earnings as may be recognised by the University as pensionable. Please refer to your Members' Booklet for further information on what elements of pay are pensionable.

Why are my terms and conditions of employment changed?

To benefit from the reduction in NI, it is necessary to reduce your contractual gross pay, which is a change to your terms and conditions of employment. This is the only change and there is no effect on any other element of your pay or benefits. In fact, you can be better off by participating in **Pensions Plus**.

Do I need to sign a new contract?

No. You will be deemed to have accepted the new terms unless you opt out and your existing contract will be varied to this effect.

Have the pension schemes' trustees and the Unions been consulted?

Yes, the trustees and the recognised Unions have been involved in partnership working towards the introduction of **Pensions Plus**.

How long will Pensions Plus last?

The University plans to operate **Pensions Plus** indefinitely. However, if tax, NI or pension law or practice is changed, or if it is no longer viable for the University, we reserve the right to withdraw **Pensions Plus** which would return you to your current position as regards to contractual gross pay and pension contributions.

Can I find out more about Pensions Plus?

Yes, the University is holding a series of information sessions during March where you can find out more about the implementation of **Pensions Plus**. Information on the briefing sessions can be found in your letter.

Further information

If you would like to see exactly how the switch to **Pensions Plus** would affect your take home pay, you can use the '**pensions modeller**' which can be found on the University's website. Simply go to www.abdn.ac.uk/hr/pensionsplus/ and follow the link or you can contact the payroll manager on 01224 273812 or email payroll@abdn.ac.uk

If you have any questions about **Pensions Plus**, please contact Alex Stirling (Financial Controller) on 01224 272130 or email a.stirling@abdn.ac.uk, or Heather Crabb (Human Resources Adviser) on 01224 272404 or email h.crabb@abdn.ac.uk

If you have any questions about **Pensions Plus**, the USS or UASLAS schemes, please contact the pensions co-ordinator on 01224 272289 or email pensions@abdn.ac.uk



Other useful resources

Tax Credit Helpline

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

State Pension Advice Helpline

Visit www.thepensionservice.gov.uk for more information, or you can call The Pension Service, Monday to Friday from 8am to 8pm on **0845 60 60 265**.

Independent financial advice

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



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