



PensionsPlus

a smarter way to make pension contributions

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what is Pensions Plus?

Pensions Plus is a way to contribute to either the University Superannuation Scheme (USS), the University of Dundee Superannuation Scheme (UoDSS) or the Royal London Pension Scheme that will save both you and the University National Insurance contributions (NI). It will therefore increase your take home pay and assist the University in meeting the increased costs of pension arrangements at the University.

Prior to Pensions Plus being implemented pension contributions were paid before tax, directly into one of the pension schemes. From 1 May 2008, the University introduced Pensions Plus which changed this arrangement. Instead of making monthly pension contributions, staff agreed to give up an amount of their contractual gross pay equal to their pension contributions. In return, the University increased its contributions by the same 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, bonuses and overtime. These will be based on your '**reference salary**' which is your annual salary before **Pensions Plus**. Your **pensionable salary** will be based on your reference salary including any other earnings as recognised by USS, UoDSS or Royal London as pensionable.

Your reference salary will also be the amount used in any personal official letters issued by the University on your behalf 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 the start of your employment.

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 USS, UoDSS or Royal London 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 assist in meeting the increased costs of pension arrangements at the University.

Pensions Plus will not affect your income tax position.

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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 on page 7. If you fall into this category, you will be fully protected by being automatically opted out of **Pensions Plus**, and will continue to pay your monthly contributions in the usual way. We will let you know if this applies to you.

The University will ensure that no member of staff in the **Pensions Plus** scheme will have a net take home pay less than they would have, had they not joined. If this was found to be the case, the University would correct and make good such an error as quickly as possible. As explained later in this document, there are systems in place to ensure that this situation should not arise.

In addition, if you personally decide not to participate, you need to complete a **Pensions Plus** 'opt out' form available [here](#). This should be submitted to Payroll at payroll-admin@dundee.ac.uk. Staff can withdraw from the Pensions Plus option at any time. Remember, however, that **Pensions Plus** is designed so that most members will benefit from taking part.

This leaflet seeks to provide as much information as possible but if you are unsure about whether or not you should participate in **Pensions Plus**, you should seek your own independent financial advice. Details of an independent financial adviser (IFA) near you – these can be found at: www.unbiased.co.uk

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How does it work?

- You will no longer pay your normal pension contributions directly
- Your contractual gross pay will be reduced by an amount equal to your ordinary employee pension contribution value
- In return, the University will increase its contributions by the same 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 by the amount equal to the difference in the value of the reduced National Insurance contribution cost.
- **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 recognised by USS, UoDSS or Royal London as pensionable.

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.

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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 relevant Earnings Threshold for National Insurance which applies in the 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 such as our childcare voucher scheme that operate in the same way as **Pensions Plus**. These staff will not be able to participate, as it is illegal to reduce an employee's pay below the NMW.

If your earnings currently or in the future fall below the value of the current National Minimum Wage level, you would not be able to participate and would be taken out of **Pensions Plus** automatically. Therefore, we are only including individuals whose annual pay is in excess of this figure to ensure no employees are worse off under **Pensions Plus**. 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. Members in this situation may need to seek further advice.

Pensions Plus will not normally reduce Working Tax Credit or Child Tax Credit. Please call the Tax Credit Helpline (details can be found on page 12) for advice on how it will impact on your tax credits as it depends on your personal circumstances.

If you are in receipt of other benefits, you must check with the relevant authority to explore any impact there may be on those benefits.

Please note that if your salary increases over the above thresholds, you will automatically be opted into **Pensions Plus** with effect from the beginning of the next payroll period, unless you have permanently opted out.

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what happens next?

All new members of staff eligible for USS and the UoDSS schemes will be automatically enrolled into **Pensions Plus** unless you choose to opt out, unless this would take your earnings under the National Minimum Wage if you were to participate.

If you do not wish to participate in **Pensions Plus**, you can opt out by completing an opt out form which you can get on request from Payroll, HR, or the Pensions Office. This booklet seeks to provide you with as much information as we can but if you are unsure about whether you should participate in **Pensions Plus**, you should seek your own independent financial advice. Details of an independent financial adviser (IFA) near you can be found 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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frequently asked questions

Does this affect the pension I will get from the USS, UoDSS or Royal London?

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 which Scheme you are in and your level of pay. The savings for both the employee and the University are driven entirely by the NI percentage for employers and employees for any given level of salary.

Why are savings different at different rates of pay?

The marginal rate of NI that you pay depends on how much you earn and is affected by the government's earnings levels and the percentages on current Employee NI rates.

Can I opt out of Pensions Plus now?

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

To request an opt out form, contact Payroll, HR, or the Pensions Office.

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

If you wish to opt out in the future, you can do so at any time by completing an opt out form.

If your salary drops below the pay protection limit, you will automatically be removed from **Pensions Plus** so that you are not disadvantaged.

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

You will be able to opt back in to do this you should contact the Payroll Office in writing or by email (pensionsoffice@dundee.ac.uk).

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

If you have been automatically opted out of **Pensions Plus** you will automatically be opted back in if your earnings increase to above the pay protection limit.

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 from the University that would not otherwise fall below the National Minimum Wage and are a member of either the USS, UoDSS or Royal London, you will be opted into **Pensions Plus**. If you do not meet one or more of these criteria, you will be opted out.

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frequently asked questions

What happens if I go on unpaid leave?

When your entitlement to payment drops below the National Minimum Wage level, you will be opted out of **Pensions Plus** but will still remain a member of the pension Scheme you contribute to. 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/shared parental leave?

You will keep the same **Pensions Plus** arrangements you have while you are on maternity/paternity/adoption/parental/shared 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.

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 multiple assignments or more than one post at the University?

If you have more than one assignment or more than one post with the University each assignment is treated as a separate employment for Pensions Plus purposes. 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 in the University.

What happens if I leave the University?

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

Members of the USS who leave 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. Members who leave within three months of joining will be put back into the position they would have been had they not joined the pension scheme.

Members of the UoDSS who leave before completing two years' pensionable service will be entitled to a transfer value or a special payment to refund you an amount equal to your pension contributions, less tax and NI. Members who leave within three months of joining will receive a special payment to refund you an amount equal to your pension contributions, less tax and NI.

Members of Royal London Pension Scheme who opt out within their 30 day window (please see your Royal London Welcome Pack for more information on this) will be entitled to a refund of contributions less an adjustment for tax and NI. Members who withdraw or leave the Scheme after this 30 day window has expired will not be entitled to a refund and Royal London will inform the member of their options. For more information on this, please click [here](#).

What happens if I retire?

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

frequently asked questions

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** and, if applicable to you, adjustments for childcare vouchers. The reference salary is the amount used to calculate your other salary-related benefits including salary increases, bonuses 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 your 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 recognised by USS or UoDSS as pensionable. Please refer to your members' booklet for further information on what elements of pay are pensionable.

Have the Scheme Trustees and the Unions been consulted?

Yes, the Trustees and the three recognised Unions have all 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 is changed, or if it is no longer viable for the University, we reserve the right to withdraw **Pensions Plus**.

further information

If you have any questions about the USS or UoDSS Pension Schemes, please contact the Pensions Office on 01382 384044 or email pensionsoffice@dundee.ac.uk.

other useful resources

Tax Credit Helpline

For more information about whether Pensions Plus would affect your tax credits please visit <https://www.gov.uk/browse/benefits/tax-credits>.

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 0800 731 0469.

Independent financial advice

<https://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser>

Modelling & Illustration Tools (for USS members only)

<https://www.uss.co.uk/members/members-home/resources/modelling-and-illustration-tools>