

# Pensions Plus

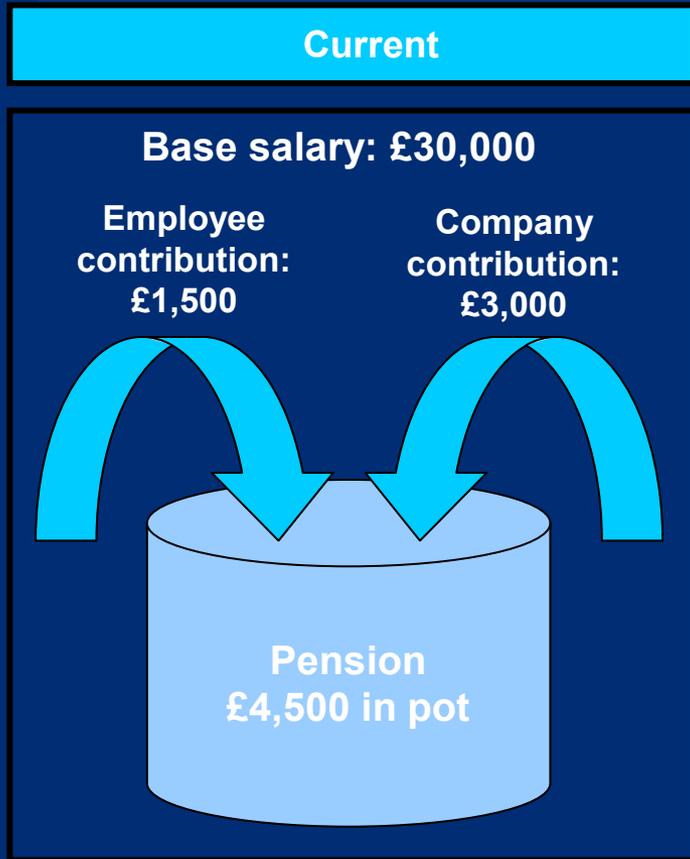
**A smarter way to make pension contributions**



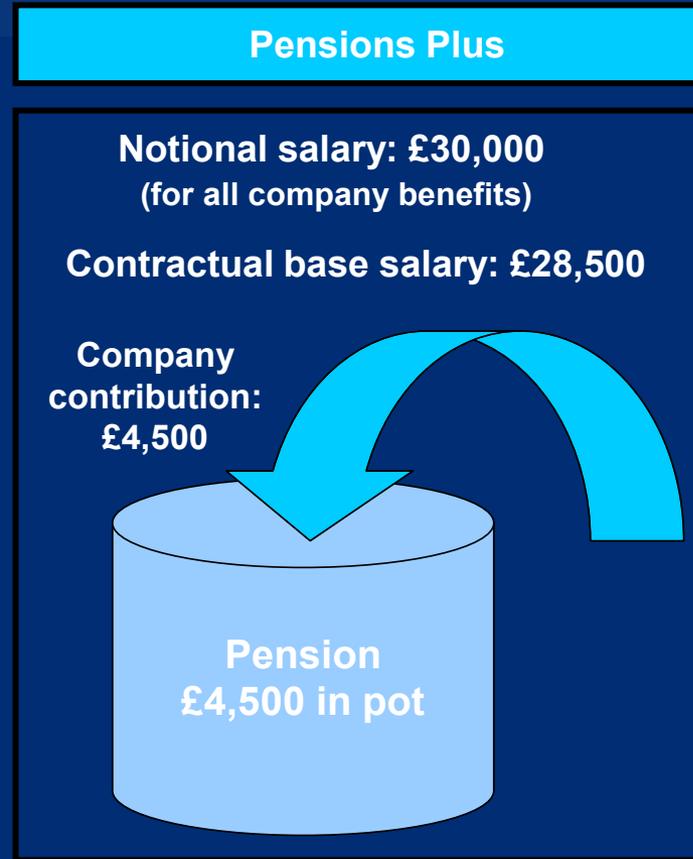
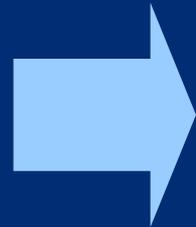
# Pensions Plus

- **Pensions Plus** is new from 1 May 2008, and it means both you and the University will save money
- We'll both pay less NI contributions
  - Most USS and UoDSS members will see an increase in take-home pay
  - Employees already receive tax relief on pension contributions
- **Childcare vouchers** is an existing benefit operating on a similar basis whereby employees can save both tax and National Insurance (NI)

# How it works



*NI on employee contributions*



*No NI on employer contributions*  
*Employee saves NI on £1,500 of salary*

# How it works

## **For Universities Superannuation Scheme members**

- You will no longer pay your 6.35% pension contributions directly
- Your contractual gross salary will be reduced by 6.35%

## **For University of Dundee Superannuation Scheme members**

- You will no longer pay your 7.75% pension contributions directly
- Your contractual gross salary will be reduced by 7.75%
- In return, the University will increase its contributions by an equivalent amount, which will be paid into the pension fund
- You will pay lower NI, increasing your take home pay
- Your reference salary for all other benefits purposes is unchanged
- Your pension benefit is unchanged

# Example payslip

Payments	£	Deductions	£
Basic salary	xxxx.xx	PAYE	xxx.xx
Overtime	xxx.xx	National insurance	xxx.xx
Allowances	xxx.xx	Pension	78.00
<b>Total payments</b>	<b>xxxx.xx</b>	<b>Total net salary</b>	<b>xxxx.xx</b>

Basic salary becomes 'reference salary' – used to calculate all company salary related benefits

Payments	£	Deductions	£
Reference salary	xxxx.xx	PAYE	xxx.xx
Overtime	xxx.xx	National insurance	<i>Reduces</i>
Allowances	xxx.xx		
<b>pensions+</b>	<b>-78.00</b>		
		<b>Total net salary</b>	<b><i>Increases</i></b>

NI reduces (for employee and employer) – net pay increases depending on salary

Employee pension contribution remains same – becomes 'negative payment'

# Your payslip

- Your payslip will look different because of the way **Pensions Plus** is deducted from your pay
- **Pensions Plus** is deducted before NI, so your take-home pay will, in most cases, increase
- As you will see from the examples, the NI paid is less as a result of **Pensions Plus**

# Example – before Pensions Plus

Payment Advice for May, 2008

Name:

**Mr D Dee**

Ref. No: **12345**

Annual Salary: **£35,000.00**

Payments

Monthly Salary **£2,916.67**

Total Payments ..... **£2,916.67**

**NET PAYMENT [£2,045.18]** to your bank account

National Insurance

Rate: **D** No: **AB123456A**

Income Tax Code: **543L**

Basis: **Cumulative**

Deductions

**USS Employee** **£185.21**

**NI D** **£230.58**

**PAYE** **£455.70**

Total Deductions ..... **£871.49**



# Example – after Pensions Plus

Payment Advice for May, 2008

Name:

**Mr D. Dee**

Ref. No: **12345**

Annual Salary: **£35,000.00**

National Insurance

Rate: **D** No: **AB123456A**

Income Tax Code: **543L**

Basis: **Cumulative**

## Payments

Monthly Salary **£2,916.67**

**Pensions Plus** **-£185.21**

## Deductions

NI D **£213.17**

PAYE **£455.70**

Total Payments ..... **£2,731.46**

Total Deductions ..... **£668.87**

NET PAYMENT [**£2,062.59**] to your bank account

**Saving £17.41 each month, which equates to an annual saving of £208.92**



# How much will you save?

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

Pay	Estimated annual saving (USS) £ Contribution rate 6.35%	Estimated annual saving (UoDSS) £ Contribution rate 7.75%
£15,315	91	112
£20,436	122	149
£25,436	150	183
£30,013	179	219
£40,334	216	269
£51,095	32	40

**The marginal rate of NI that you pay depends how much you earn. Earnings above the Upper Earnings Limit (UEL), £40,040 with effect from 6 April, the employee NI rate is currently 1%.**

# Modelling the increase in take home pay

## The Impact of Pensions Plus on your take home pay

Please insert the following detail about you

*These details can be located on your payslip - please use the Help buttons for further guidance.*

Your pension scheme:

Your National Insurance Rate:

Average Weekly Hours:

Annual Salary:

*If you participate in the Childcare Voucher Scheme:*

ANNUAL Childcare Vouchers:

*If you participate in the Home Computer Scheme:*

ANNUAL Home Computer Amount:

## Impact of Pensions Plus

	Before Pensions Plus	After Pensions Plus
Your annual salary is:	£25,000.00	£23,412.50
This is reduced by your pension contribution:	-£1,587.50	£0.00
Your actual salary is:	£23,412.50	£23,412.50
You pay National Insurance contributions of:	£1,827.03	£1,677.81
<b>What Your Annual Saving Will Be Through Pensions Plus</b>		<b>£149.23</b>

# Protecting your pay

- People who won't benefit are protected
  - If you earn less than the pay protection limit of £6,500 a year
  - Those whose pay could fall below National Minimum Wage (NMW) because of participating
- Your pension deductions will not change – everything stays the same as it was before **Pensions Plus**

# Changing terms and conditions

- This is a change to your contractual terms and conditions of employment with the University
- If you do **not** wish to participate with effect from **1 May 2008**, you must sign and return the opt out form by no later than **29 April 2008**
- You will be deemed to have accepted the change if you do not complete and return the form
- If you wish to opt out after this date, you can do so at the next enrolment period which is 1 April each year

# What happens next?

1. You are automatically part of **Pensions Plus** unless you choose to opt out from 1 May 2008
2. If you earn less than £6,500 a year, or your earnings fall below the NMW if you participate, you will see no change to how your pension contributions are made
3. If you decide not to participate, you need to contact the Payroll office, HR or the Pensions office for an opt out form
4. If you already take advantage childcare vouchers, these will remain the same until you advise payroll of a change

# More help

- Payroll office ext 84084 and Pensions office ext 84044
- If you would like to speak to someone about what **Pensions Plus** would mean for you, you need to talk to an IFA.
- Visit IFA Promotion Ltd at [www.unbiased.co.uk](http://www.unbiased.co.uk) or call 0800 085 3250.