Employee Plus Appendix 1a – Pensions Plus (UoY)

This note explains to you, as a member of the University of York Pension Fund, “UoY”, how your participation in Pensions Plus (UoY), part of the Company’s Employee Plus package of benefits, affects you.

Pensions Plus (UoY) changes the way pension contributions are made into the scheme. If you do not participate in Pensions Plus (UoY) you pay National Insurance Contributions (NIC) on your Pensionable Salary and make a pension contribution to UoY of either 7.25% or 3.75% of Pensionable Salary (depending on the Tier you contribute in).

Under Pensions Plus (UoY):
- you stop making your normal pension contributions to the UoY, excluding any Additional Voluntary Contributions (“AVCs”)
- The Company pays an amount equal to your normal pension contribution (7.25% or 3.75% of Pensionable Salary) directly to the UoY as a further employer contribution.
- your contractual gross pay is reduced by the amount that you used to pay into the Scheme - i.e. the 7.25% or 3.75% of Pensionable Salary mentioned above.

As a result, your take home pay increases because you are paying less National Insurance Contributions (NIC). This is because the employee pension contributions that you previously paid were subject to NIC whereas the employer contributions that will be paid as a further employer contribution going forward are not. The Company will also save NIC.

As almost every employee benefits financially from Pensions Plus, it will be pre-selected for you if you are on a contract of two years or longer. If you do not want to participate, you can opt out by clicking the opt-out box found on the Employee Plus benefit selection website. Please note that you will need to select the box before the end of your new starter enrolment election period otherwise you will be included in the arrangement. If you want to participate in Pensions Plus (UoY) but are on a contract of two years or less, you can opt-in by selecting the box before the end of your new starter enrolment election period. You are encouraged to contact the Pensions Office for more information before doing this.

One of the reasons the Company has introduced this arrangement is to help you and the Company to make contributions into the UoY pension scheme in the most cost-efficient way. The Company also offers salary exchange arrangements for other benefits such as Childcare Vouchers, the Campus Nursery and a Cycle2Work Scheme.

We will use the term “Notional Salary” to refer to your annual basic salary before taking account of the 7.25% or 3.75% UoY Pension Scheme reduction (and/or any other salary exchange arrangements which you have entered into). Your Notional Salary will remain on your payslip for reference purposes. In addition, death in service benefits, pension benefits and all other benefits that are currently provided will continue to be based on your Notional Salary. We will refer to your pay after the Pensions Plus (UoY) adjustment as your Post Salary Exchange Pay.

Pensions Plus (UoY) has been designed so that you can benefit from NIC savings which will lead to an increase in your take-home pay.

Pensions Plus (UoY) is based on current taxation and National Insurance law and practice. If these change, or if there is no longer a benefit in participating in this arrangement, The Company reserves the right to withdraw the Pensions Plus (UoY) arrangement and to substitute suitable alternative pension arrangements in the circumstances which are directly or broadly comparable with those that you would have enjoyed if you had continued to make contributions directly from your salary into the UoY Pension Fund. In the meantime you will have benefited from increased take home pay.

We hope that you will be able to take advantage of the financial benefits of Pensions Plus (UoY).

Jon Greenwood
Director of Commercial Services
December 2015
FAQ’s

1. What happens to my Pension Scheme contributions under Pensions Plus?
   - You will stop making your employee pension contributions to UoY.
   - The Company will increase its employer contributions and pay an additional amount equivalent to your current employee pension contribution directly into the UoY scheme.
   - Your contractual gross pay will be reduced by the amount that you previously paid into the pension scheme.
   - As a result your take home pay will increase because you are paying less National Insurance Contributions (NIC). This is because NIC’s are calculated on gross pay prior to the reduction of pension contributions. YCL will also make NIC savings in the same way.
   - Additional Voluntary Contributions (“AVCs”) will not form part of Employee Plus for the pension scheme.
   - The overall level of contributions being made to the scheme will remain unchanged.
   - The calculation of pay awards, increments, overtime, etc. will continue to be calculated on your pay before any Salary Exchanges and will not therefore be affected.

2. How much will I save through Salary Exchange?
   The increase in your take home pay under Salary Exchange depends on your Annual Salary and the number of schemes you participate in. Calculations of typical savings from the Pension Scheme are shown below.

   The table overleaf provides an indication of the annual NIC savings available to employees currently making contributions of 3.75% (Lower Tier Option) or 7.25% (Higher Tier Option) to the UoY Pension Scheme.