

PensionChoice

Your guide



Find out the benefits of PensionChoice and what's in it for you



What is PensionChoice?

PensionChoice is a different way of paying for your pension. It's good news for most members because participating in PensionChoice will increase your take-home pay by reducing your National Insurance Contributions (NIC).

PensionChoice is available to members of the Universities Superannuation Scheme (USS) the University of Manchester Superannuation Scheme (UMSS) and The University of Manchester Pension Saver.



Jargon Buster

Adjusted Pay

This means your salary less the amount you would have used to fund your pension.

Pensionable Salary

This means your basic salary plus any pensionable pay elements as defined in your pension guide.

Reference Pay This means your salary before the adjustment for PensionChoice.

Will all members benefit from PensionChoice?

For most, it will be in your best interest to join. Joining PensionChoice will not affect your existing benefits.



Most members will benefit from PensionChoice.

This means:

- Your pension benefits will stay the same.
- All employment benefits will continue to be based on your Reference Pay, so there's no change to the basis for future pay increases, calculating overtime or paid leave.
- There will be a safety net – if you could be disadvantaged by participating, you will automatically opt out of PensionChoice.



Some members may not benefit from PensionChoice.

You may not benefit if you are:

- Over State Pension Age.
- Earning close to the Lower Earnings Limit for NIC.
- Earning close to the National Living Wage or the National Minimum Wage, whichever rate is applicable to you.

We will contact you if you may not benefit from PensionChoice.

You will be pleased to know you don't need to do anything!

When you join the University, you are automatically entered into the appropriate pension scheme.

Depending on your role, this will be USS or Pension Saver.

For the first three months you pay pension contributions directly from your salary. You will be entered into PensionChoice from the start of your fourth pay period. For Pension Saver this happens from your first pay period.

Being a member of Pension Choice does not affect the amount of pension you will receive from USS or Pension Saver.

If you are identified as someone who won't benefit from PensionChoice you will receive a letter to let you know.



How does PensionChoice work?

You no longer make pension contributions from your take-home pay

Instead, the University funds your membership by making pension contributions on your behalf as well as making their normal employer contributions.

Your Reference Pay is reduced.

The University reduces your Reference Pay by the amount you would have contributed (this reduced pay figure is called your Adjusted Pay).

You pay less National Insurance Contributions (NIC).

Your NIC is calculated based on your Adjusted Pay rather than the higher Reference Pay figure. The University will also make NIC savings.

Your take-home pay will increase.

For the majority of members, paying less in NIC will mean an increase in take-home pay.

Please note: As a member of PensionChoice, if you leave the University or your pension scheme with less than two years' qualifying service, you will not be able to claim a refund of the pension contributions made on your behalf, however:

- USS members will be offered the choice between taking deferred benefits or a transfer value.
- UMSS members will be offered a transfer value or an ex gratia payment equal to the amount you would have paid had you not participated in PensionChoice.
- Pension Saver members will have the option to defer or transfer their pension.

Here’s how it works...

Ben is a member of UMSS and earns £24,000 a year (£2,000 a month). Ben’s pension contributions are 6.5% (£130 a month) of his Pensionable Salary.

Let’s compare how much this costs him with and without PensionChoice:

	With PensionChoice	Without PensionChoice
	Ben’s reduced Pensionable Salary: £1,870 a month (£2,000 - £130)	Ben’s Pensionable Salary: £2,000 a month
Tax	£165.67	£165.67
NIC	£129.42	£145.00
Pension Contributions	£0 (£130 comes from the University)	£130
Take-home pay	£1,574.92	£1,559.33

In Ben’s case, being a member of PensionChoice means he is £15.59 a month or £187 a year better off, which is good news!



Can I opt in or out of PensionChoice?

If you would like to opt in or out of PensionChoice you will need to complete an Opt-in or Opt-out form available from HR Services, the Pensions Office or on StaffNet in the PensionChoice section.

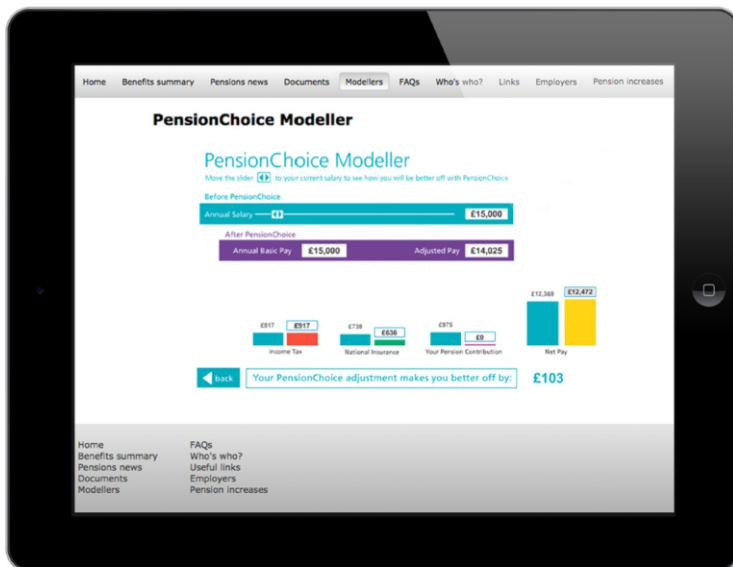
Additional Voluntary Contributions (AVCs)

If you are a member of UMSS, you can pay ordinary pension contributions and AVCs through PensionChoice.

For confirmation of the treatment of AVCs to the USS please refer to the Frequently Asked Questions on StaffNet.

Use the modeller

Use the modeller on StaffNet to find out how much you could save by participating in PensionChoice.



Does PensionChoice affect my...

Employment benefits?

No – All employment benefits will continue to be based on your Reference Pay.

This includes employment benefits such as:

- Future pay increases
- Calculating overtime
- Paid leave

Pension and death benefits?

No – Your pension and death benefits are based on your Pensionable Salary which will not be affected.

Tax credits?

No – Your Adjusted Pay is the figure used to calculate your entitlement to these credits. PensionChoice will not normally reduce tax credits.

Visit www.gov.uk for further information on tax credits.

State/statutory benefits?

No – The University has introduced a threshold to make sure no-one is worse off. This is because entitlement to some State benefits such as statutory maternity and adoption pay are based on the amount of NIC you pay. You will be contacted if your annual earnings are below the threshold.

State Pension?

No – PensionChoice will not affect your State Pension.

Other Salary Exchange benefits e.g. Childcare Vouchers, Bikes for Work?

No (for most people) – This will depend on your personal circumstances.

Salary enquiries?

No – Any enquiries about your salary (e.g. a mortgage reference) will refer to your Reference Pay.

Employment Terms & Conditions?

Yes – This is because the University is reducing your salary by the amount of pension contributions you currently pay from the date you join PensionChoice.

Student loan?

Yes – If you are repaying a student loan with the Student Loan Company (SLC), your loan repayments may be reduced slightly as they are based on your Adjusted Pay.

Maternity, paternity, adoption pay/leave?

Yes – As PensionChoice reduces your gross salary, this can affect the amount of some statutory benefits you may be entitled to. Please contact HR Services for more information.

Please note that systems have been put on place to make sure that you will be no worse off by participating in PensionChoice whilst on maternity/paternity/adoption leave.



Where can I get more information?

Head to StaffNet for further information on PensionChoice. We would recommend that you read the “Frequently Asked Questions” as they have been designed to answer the questions not addressed in this guide.

<https://www.staffnet.manchester.ac.uk/human-resources/pensions/pensionchoice/>

You can also contact the Pensions Office for more information about PensionChoice:



Tel:

0161 275 2043



Email:

pensions@manchester.ac.uk



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