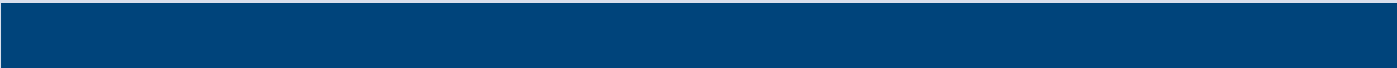


# UCL





### USS: Example 1

The example below highlights the before and after position of an employee earning £33,000 per year and contributing £2,095.50 (6.35% of Pensionable Salary) per year into USS. Under Pension Protection change the employee's 'Reference Salary' remains at £33,000 although the Adjusted Salary becomes £30,904.50.



Category	Before	After
Reference Salary	£33,000	£33,000
Adjusted Salary	£33,000	£30,904.50
USS Contributions	£2,095.50	£2,095.50
Net Take-Home Pay	£23,464.55	£23,661.52

The employee's net take-home pay has increased by £196.97 per annum from £23,464.55 to £23,661.52 and the total contributions to USS have remained the same.

## USS: Example 2

The example below highlights the before and after position of an employee earning 60,000 per year and contributing 3,810 (6.35% of Pensionable Salary) per year into USS. Under Pensions Exchange the employee's Reference Salary remains at 60,000 although the Adjusted Salary becomes 56,190.

Pre Pensions Exchange		Post Pensions Exchange	
Basic Salary ( )	£60,000.00	Reference Salary	£60,000.00
Less Pension Contributions	(£3,810.00)	Less Pensions Exchange Adjustment	(£3,810.00)
		Adjusted Salary	£56,190.00
Less Income Tax	(£12,406)	Less Income Tax	(£12,406.00)
Less NIC	(£3,798.91)	Less NIC	(£3,760.81)
<b>Net Take Home Pay</b>	<b>£39,985.09</b>	<b>Net Take Home Pay</b>	<b>£40,023.19</b>

The employee's annual net take-home pay has increased by £38.10 from £39,985.09 to £40,023.19 and the total contributions to USS have remained the same.

## SAUL: Example 1

The example below highlights the before and after position of an employee earning 18,000 per year and contributing 1,080 (6% of Pensionable Salary) per year into SAUL. Under Pensions Exchange the employee's Reference Salary remains at 18,000 although the Adjusted Salary becomes 16,920.

Pre Pensions Exchange		Post Pensions Exchange	
Basic Salary ( )	£18,000.00	Reference Salary	£18,000.00
Less Pension Contributions	(£1,080.00)	Less Pensions Exchange Adjustment	(£1,080.00)
		Adjusted Salary	£16,920.00
Less Income Tax	(£2,089.00)	Less Income Tax	(£2,089.00)
Less NIC	(£1,144.05)	Less NIC	(£1,042.53)
<b>Net Take Home Pay</b>	<b>£13,686.95</b>	<b>Net Take Home Pay</b>	<b>£13,788.47</b>

The employee's net take-home pay has increased by £101.52 per annum from £13,686.95 to £13,788.47 and the total contributions to SAUL have remained the same.

## SAUL: Example 2

The example below highlights the before and after position of an employee earning 33,000 per year and contributing 1,980.00 (6% of Pensionable Salary) per year into SAUL. Under Pensions Exchange the employee's Reference Salary remains at 33,000 although the Adjusted Salary becomes 31,020.00.

Pre Pensions Exchange		Post Pensions Exchange	
Basic Salary ( )	£33,000.00	Reference Salary	£33,000.00
Less Pension Contributions	(£1,980.00)	Less Pensions Exchange Adjustment	(£1,980.00)
		Adjusted Salary	£31,020.00
Less Income Tax	(£4,909.00)	Less Income Tax	(£4,909.00)
Less NIC	(£2,554.05)	Less NIC	(£2,367.93)
<b>Net Take Home Pay</b>	<b>£23,556.95</b>	<b>Net Take Home Pay</b>	<b>£23,743.07</b>

The employee's net take-home pay has increased by £186.12 per annum from £23,556.95 to £23,743.07 and the total contributions to SAUL have remained the same.

## 12. Will PensionsExchange affect the amount of tax relief I receive?

No, the amount of tax relief received will not be affected.

However if your income is in excess of 130,000 the tax relief you receive either under PensionsE change or in relation to your current method of making pension contributions, may be reduced. This is due to new legislation that has been introduced which applies from April 2011. Participation in PensionsE change will not alter the impact of these changes, and conversely will not increase the impact of these changes either.

If your income is above 130,000, as your tax relief may be reduced regardless of your participation in PensionsE change we recommend you take independent financial advice.

## 13. Are there any circumstances where it may not be advantageous to participate?

### 23. Will PensionsExchange have any impact on my payments to the Child Support Agency (CSA) / Child Maintenance and Enforcement Commission?

Child maintenance payments to the CSA / Child Maintenance and Enforcement Commission are calculated with reference to your net income i.e. your pay after the deduction of pension contributions, tax and NIC. Under PensionsExchange your net income increases because you are paying less NIC and your child maintenance payments may therefore increase as a result.

If you decide to participate in PensionsExchange you should notify the CSA of the change in your net income. Contact details for the CSA and further details can be obtained from the CSA's website at <http://www.csa.gov.uk>

### 24. Will my student loan repayments be affected?

If you are repaying a student loan taken out with the Student Loans Company, your student loan repayments may be reduced slightly as a result of participating in PensionsExchange. This is because your repayments are calculated based on your adjusted salary.

### 26. What if I do not want to participate in PensionsExchange?

You can request an opt-out form from Pension Services which should be completed and returned by the date stated on the opt-out form should you choose not to participate.

If you choose to opt-out of PensionsExchange you will still be able to participate in USS or SAUL but you will not be able to take advantage of the NIC savings resulting in an increase in take home pay which is achievable through participating in PensionsExchange.

### 27. What if I change my mind or my circumstances change?

If you decide not to participate in PensionsExchange you will need to opt-out by 30 April 2011 and thereafter any subsequent 30 April. All opt-outs received will be effective from 1 May. This is, unless you experience a life event:

These include the following:

- Birth/adoption of a child
- of a

## Basic Salary:

Your contract of employment with University College London (UCL) sets out your basic salary and grade. The changes under PensionsE change mean that your Basic Salary will be reduced with effect from 1 May 2010 by 6.35% (for USS members) or 6% (for SAUL members). UCL will increase its employer pension contribution into the Universities Superannuation Scheme (USS) or the Superannuation Arrangements of the University of London (SAUL) by the equivalent amount.

Your Reference Salary is your Basic Salary prior to an reduction for PensionsE change. This will have been notified to you in your original employment contract. Should your rate of pay change as a consequence of a pay review this will be applied to your Reference Salary.

**Pensionable Salary** Pensionable Salary is the sum of your Reference Salary and any other pensionable pay elements (e.g. London Allowance). Your Pensionable Salary and all entitlements to benefits under the USS or SAUL are unaffected by PensionsE change.

**Adjusted Salary** is the sum of your Reference Salary and other pensionable pay elements, reduced by 6.35% (for USS members) or 6% (for SAUL members), plus any non-pensionable payments you may receive. (The latter are unaffected by PensionsE change.) PAYE and NIC calculations will be made on your Adjusted Salary. These statutory deductions, together with some other statutory and voluntary deductions that may be applicable (e.g. season ticket loan repayments) are deducted from your Adjusted Salary to produce your 'net' take home pay.

If you are entitled to additional pay for overtime working, acting up and similar pay supplements, these will continue to be calculated based on your Reference Salary prior to a PensionsE change adjustment. Therefore such payments will not be affected by participation in PensionsE change.

PensionsE change is a salary sacrifice arrangement where an employee agrees to reduce their Basic salary and UCL agrees to provide the employee with an additional benefit equivalent to the salary reduction. In the case of PensionsE change this is additional pension contributions. UCL reserves the right to amend or discontinue PensionsE change should UCL determine that it is appropriate for it to do so taking into account such matters as it may consider relevant from time to time including changes to UK tax and National Insurance Contributions legislation. If you agree to these terms (i.e. do not opt-out by 30 April 2010) you will not be able to opt-out of PensionsE change until 30 April 2011 and thereafter an subsequent 30 April unless you experience a life event.

These include the following:

1. Marriage or civil partnership

2. Divorce or dissolution of civil partnership

3. Death of a spouse or civil partner

4. Death of you or your spouse or civil partner

5. Retirement

6. Change of residence to a property in a different country



