



# USS PensionPlus (USSPP)

## **Welcome to the Universities Superannuation Scheme PensionPlus (USSPP), a cost-efficient way to contribute to the Universities Superannuation Scheme (USS) pension.**

USSPP is a salary sacrifice scheme which allows both the University and employees to make savings in the amount of National Insurance contributions they pay. As the majority of individuals will benefit from USSPP, all eligible new starters are automatically included into this method of pension contribution.

This document provides further information about how the USSPP scheme works and includes a number of illustrations to highlight the financial benefits. You should read it carefully as participation in the USSPP constitutes a change to your terms and conditions of employment at Cranfield University regarding payment of your monthly salary.

After reading the information, if you believe this scheme is not right for your particular circumstances or you have any questions, please contact the Payroll and Pensions Manager to discuss this further or to request an opt-out form – **T: 01234 (75)4052**.

*Please note: all the amounts shown in this booklet are calculated as at 6 April 2019 in respect of the 2019/20 tax year and are subject to future changes in line with legislation. The examples/rates given in this booklet will be updated every two years. The latest figures can be found at [www.uss.co.uk/members/members-home/the-uss-scheme](http://www.uss.co.uk/members/members-home/the-uss-scheme) or on request from the Payroll and Pensions team.*

## What is USSPP?

USSPP is a more efficient way of making pension contributions to USS.

We believe that it will be of benefit for the majority of USS members and, for this reason, the decision was taken to automatically opt all eligible new starters into USSPP, unless you specifically request to be excluded by completing an opt-out form.

The USSPP scheme operates in a very similar manner to salary sacrifice schemes such as those for childcare vouchers etc.

## How does USSPP work in practice?

All eligible employees of the University are automatically enrolled into USS and therefore are able to participate in USSPP.

Participation means you agree to give up part of your cash remuneration due under your contract of employment. Under the scheme, your employee pension contributions (currently 8.8%) which would normally be paid directly to the Universities Superannuation Scheme (USS) will be reduced to nil and instead your contractual gross pay will be reduced by the amount that you would have paid into USS.

The University will make a payment equal to the one you would have made, as an individual, directly into USS (currently 8.8%), in addition to the employer pension contributions (currently 19.5%). As a result, your take home pay will increase because you are paying less National Insurance. This is because the employee pension contributions are subject to National Insurance, whereas the employer contributions are not. The University will also make National Insurance savings in the same way.

The overall level of contributions to USS therefore remain unchanged and are just paid in a different way.

Any new Additional Voluntary Contributions (AVCs) will also form part of USSPP.

## How does USSPP affect me?

**My contract** – your basic salary (pre any USSPP adjustment) is the figure that life cover, maternity pay and other benefits are based on. It is also the figure that any pay rises will be based on and, indeed, the figure on which your pensionable salary is calculated. Your basic salary is also the figure that should be used for applications for mortgages and other financial requirements.

**My pension** – the amount of money that goes into the pension scheme and the benefits related to the pension do not change, therefore, your accrual rates and final USS pension are not affected by this scheme.

**My National Insurance** – employee pension contributions outside of this scheme are subject to National Insurance, whereas the employer contributions paid as a result of participation in the scheme, are not. The National Insurance that you pay will reduce with USSPP.

All information received in relation to your USS pension will be stored and processed in line with applicable data protection legislation. To learn more about how we handle your data please review our [Privacy Notice](#).

## Why does Cranfield University offer USSPP?

The scheme delivers savings to you by reducing your National Insurance (NI) contributions and thereby increasing your take-home pay. Likewise, it is an efficient way of delivering savings to the University by reducing the amount of employer's NI it pays.

The savings made by the University will go direct to schools/service departments to be used for the benefit of all.

The increase in your take-home pay under USSPP depends on your annual salary and the table below provides an indication of the annual NI savings available to employees.

USS (8.8%)	
Annual salary (£)	Annual employee NI saving (£) *
10,000	105
15,000	158
20,000	211
25,000	264
30,000	316
35,000	369
40,000	422
45,000	475
50,000	528
55,000	96
60,000	105
65,000	114
70,000	123
75,000	132
80,000	141

*\*these savings are based on tax and NI rates 2019/20*

NI savings are smaller for higher earners because the rate at which NI is paid reduces from 12% to 2% for earnings over the NI Upper Earnings Limit (£50,004 per annum for 2019/20).

## How will my salary be affected by USSPP?

USSPP will operate on the basis that all normal contributions are paid by the University. Therefore, you will not pay employee pension contributions directly from your salary. Instead, your salary will be reduced by the amount of pension contributions that you would have paid into USS.

The University will make an equivalent additional employer contribution to USS.

The term 'basic salary' will be retained and represents your salary before taking account of any USSPP adjustment. The term 'gross salary' will be used to refer to your basic salary after the USSPP adjustment.

### Example 1

The example below highlights the pre and post USSPP position of an employee earning £18,000 per year and contributing £1,584 (being 8.8% of pensionable salary) per year into USS.

Under USSPP, the employee's Basic Salary remains at £18,000 although the amount paid via payroll to take account of the USSPP adjustment (the gross salary) becomes £16,416.

Pre USS pension payments		Post USS PensionPlus	
Basic salary	£18,000.00	Basic salary	£18,000.00
Less pension contributions	(£1,584.00)	Less USSPP adjustment	(£1,584.00)
		Gross salary	£16,416.00
Less Income Tax	(£783.00)	Less Income Tax	(£783.00)
Less National Insurance	(£1,124.64)	Less National Insurance	(£934.56)
<b>Net take-home pay</b>	<b>£14,508.36</b>	<b>Net take-home pay</b>	<b>£14,698.44</b>

The employee's net take-home pay has increased by **£190.08** per annum from **£14,508.36** to **£14,698.44**. Total contributions to USS have remained the same.

## Example 2

The example below highlights the pre and post USSPP position of an employee earning £33,000 per year and contributing £2,904 (being 8.8% of pensionable salary) per year into USS.

Under USSPP, the employee's Basic Salary remains at £33,000 although the amount paid via payroll to take account of the USSPP adjustment (the gross salary) becomes £30,096.

Pre USS pension payments		Post USS PensionPlus	
Basic salary	£33,000.00	Basic salary	£33,000.00
Less pension contributions	(£2,904.00)	Less USSPP adjustment	(£2,904.00)
		Gross salary	£30,096.00
Less Income Tax	(£3,519.20)	Less Income Tax	(£3,519.20)
Less National Insurance	(£2,924.64)	Less National Insurance	(£2,576.16)
<b>Net take-home pay</b>	<b>£23,652.16</b>	<b>Net take-home pay</b>	<b>£24,000.64</b>

The employee's net take-home pay has increased by **£348.48** per annum from **£23,652.16** to **£24,000.64**. Total contributions to USS have remained the same.

## Example 3

The example below highlights the pre and post USSPP position of an employee earning £60,000 per year and contributing £5,280 (being 8.8% of pensionable salary) per year into USS.

Under USSPP, the employee's Basic Salary remains at £60,000 although the amount paid via payroll to take account of the USSPP adjustment (the gross salary) becomes £54,720.

Pre USS pension payments		Post USS PensionPlus	
Basic salary	£60,000.00	Basic salary	£60,000.00
Less pension contributions	(£5,280.00)	Less USSPP adjustment	(£5,280.00)
		Gross salary	£54,720.00
Less Income Tax	(£9,388.00)	Less Income Tax	(£9,388.00)
Less National Insurance	(£5,165.04)	Less National Insurance	(£5,059.44)
<b>Net take-home pay</b>	<b>£40,166.96</b>	<b>Net take-home pay</b>	<b>£40,272.56</b>

The employee's net take-home pay has increased by **£105.60** per annum from **£40,166.96** to **£40,272.56**. Total contributions to USS have remained the same.

## **How do I participate in USSPP?**

To participate in USSPP, Cranfield University make amendments to your terms and conditions of employment (details of which are contained at Appendix 1 of this document).

It is important that you understand and agree the amendments to your basic pay, as you will automatically be included unless the University feels you may not benefit from participation as intended, in which case you will be contacted separately (see page 8 for more details).

By you working for and receiving pay from the University and by not opting out of USSPP, this constitutes your agreement to take part in the arrangements and acceptance of the amendments to your terms and conditions of employment. Details of these amendments are outlined in Appendix 1.

## **Will my pensionable salary remain the same?**

Your pensionable salary will continue to be calculated as at present, i.e. based on your basic salary.

## **Who will participate in USSPP?**

If you are eligible to be a member of USS, you will be able to participate in USSPP.

Please note: we are unable to operate this type of arrangement under the Local Government Pension Scheme (LGPS).

## **If I agree to participate in USSPP, will it affect any other payments?**

All future pay rises will continue to be based on your basic salary. All of your salary-related pay and benefits from the University e.g. overtime will also be calculated on your basic salary. However, Statutory Maternity Pay may be affected – see page 8.

## **What about death in service and spouse's pension?**

These benefits are based on your pensionable salary which is not affected by USSPP.

## **Will this affect my pension at retirement?**

No, your pension at retirement is based on your service in USS and your pensionable salary. Your pensionable salary will be based on your basic salary, therefore your pension benefits will be unchanged.

## **Will participation in USSPP affect my overtime rate?**

Any overtime you may receive will not be affected by your participation in USSPP. The hourly rate for overtime will be calculated on your basic salary and will be unaffected by participation in USSPP.

## How will USSPP be shown on my payslip?

Your payslip will detail a pay element to show that you are participating in USSPP. You will see the USSPP adjustment represented as 'USSPP' on your payslip.

## Will USSPP affect the amount of tax relief I receive?

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

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

It may not be advantageous for you to participate if any of the following apply to you:

- your earnings are close to the Lower Earnings Limit (£6,144 per annum for 2019/20)
- if you plan to leave USS and get a refund of contributions.

## I am over the state retirement age and therefore do not pay National Insurance. Can I participate in USSPP?

If you are over the state retirement age, you will not pay National Insurance on your earnings and, as a result, you will not benefit from any National Insurance savings through participating in USSPP. The University will, however, make savings and therefore it is assumed that you will wish to participate in USSPP on the same basis as your colleagues, however if you wish to opt out you may do so.

## Will USSPP affect maternity pay?

The University provides occupational maternity pay over and above Statutory Maternity Pay (SMP) for eligible employees. Your eligibility for occupational maternity pay and the level of occupational maternity pay you will receive depends on your length of service and your terms and conditions of employment.

Any occupational maternity pay you are eligible to receive will be calculated based on your basic salary, therefore in such cases you will be no worse off. Unless you apply to opt out of USSPP under a 'lifestyle event' (see page 13), your basic salary will continue to be adjusted by an amount equivalent to 8.8% of your maternity pay, during any period you are in receipt of occupational maternity pay. This is on the basis that this does not reduce your basic salary to below SMP.

If, however, you are only entitled to SMP i.e. if you have less than 12 months service (but more than 26 weeks) at the 15th week before the expected week of childbirth, during the first six weeks of payment, SMP is calculated with reference to gross salary (after the USS PensionPlus adjustment and any other adjustments e.g. childcare vouchers). Therefore, SMP will be lower during this period than the SMP that would have been received if you had not been participating in USSPP. However, in almost all cases this reduction is more than offset by the savings that you will make in National Insurance on pre and post maternity leave pay and the fact that no pension contributions are payable from SMP for members participating in USSPP (whereas contributions are required from members who are not participating in USSPP).



If you are entitled to the Maternity Allowance only and not SMP, you should contact Payroll for more information on the potential impact of participation in USSPP.

## **What happens about Statutory Sick Pay (SSP), Statutory Adoption Pay (SAP) and Statutory Paternity Pay (SPP)?**

In the majority of cases, sick, adoption and paternity pay will not be affected by participation in USSPP as your earnings will be sufficient so that you will receive the maximum statutory payment. However, for those with lower earnings, the total amounts of sick, adoption and paternity pay you are paid may be affected by your participation in USSPP. These payments can comprise of a statutory element which is determined by law and may in some circumstances reduce slightly, and a non-statutory element.

You should speak to Payroll if you have any questions about this.

## **How will the USSPP adjustment be shown on my personal payroll and tax documents?**

You will see the reduction on your monthly payslip represented as 'USSPP'. Your P60 will however, reflect your taxable salary i.e. your gross pay minus the USSPP adjustment. You must bear this in mind when using your P60 for a financial reference. Financial institutions usually recognise the concept of salary sacrifice (here represented as the USSPP adjustment) and understand how this affects salary reporting. The University will be happy to provide you with a mortgage/tenancy reference letter to accompany any such request and will advise lenders of the amount of your basic salary.

## **What happens to my pension if I leave USS or Cranfield University?**

If you leave Cranfield University and/or USS, there will be no change. You will have the choice of a deferred pension and lump sum, or a transfer value to another pension arrangement.

You will not be able to select a refund of contributions made under USSPP because these are not member contributions.

## **What about Working and Child Tax Credits?**

Reducing your salary can have an impact on any working tax credits and/or child tax credits you receive. If you are in receipt of these credits, you should contact the Tax Credit Helpline or check the website at: <http://taxcredits.direct.gov.uk>.

## **What about state pension benefits?**

The USSPP has no negative impact on your state pension.

## **Will USSPP 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 generally calculated with reference to your net income i.e. your pay after the deduction of pension contributions, tax and National Insurance. Under USSPP your net income increases because you are paying less National Insurance and your child maintenance payments may therefore increase as a result.

Unless you opt out of USSPP, 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>.

## **Will my student loan repayments be affected?**

If you are repaying a student loan taken out with the Student Loans Company, your loan repayments may be reduced slightly as a result of participating in USSPP. This is because your repayments are calculated based on your gross earnings, which will be reduced under USSPP by the USSPP adjustment.

## **What protection measures are in place for USSPP?**

If for any reason your basic salary reduces below £6,144, the University will automatically opt you out of USSPP. This is to ensure that we are complying with legislation by not paying you too little and that, where possible, any statutory payments (maternity, sick pay etc.) you are entitled to will not be affected.

On the first occasion of being opted out of USSPP for the above reason (during the USSPP year which is September to August), you will be able to re-join once your basic salary permits. However, if you are opted out twice within the PensionPlus year then you will be opted out for the remainder of the year unless you experience a valid 'lifestyle event' (see page 13).

You will, however, remain part of the USS pension scheme, making contributions outside of USSPP for this period.

## **Will other schemes that I belong to be affected by joining USSPP?**

If you are participating in other similar schemes, such as childcare vouchers, you may find that you are reducing your pay too close to the lower earnings limit or national minimum wage. In the event that this occurs, you will be contacted by Payroll to discuss the situation.

## **Do I have to do anything to participate, e.g. sign any forms?**

No, you do not need to take any further action as you will be automatically included in USSPP.

## **How long will the USSPP arrangement last?**

It is planned that USSPP will operate indefinitely. However, the University reserves the right to withdraw USSPP if, for example, tax, National Insurance or pensions law or practice changes, or it is no longer viable for the University to operate USSPP.

## **Who can I speak to if I have additional questions?**

If you have any additional questions, please contact the Payroll and Pensions Manager –  
T: 01234 (75) 4052; E: [K.F.Owen@cranfield.ac.uk](mailto:K.F.Owen@cranfield.ac.uk) or visit in person at Building 29, Cranfield campus.

## Appendix 1

### Changes to terms and conditions of employment under the Cranfield University pension salary sacrifice arrangement – USSPP

When enrolled in the Universities Superannuation Scheme (USS) you will automatically be included in the Cranfield University Pension Salary Sacrifice Arrangement – ‘USS PensionPlus’ and the following shall apply.

<b>Basic salary</b>	<p>The statement of terms and conditions in your contract of employment with Cranfield University (‘the University’) sets out the salary scale for your grade and your basic salary, or refers to a fixed salary which is personal to you. The adjustments under the USS PensionPlus mean that your basic salary will remain unchanged and a new contractual gross salary will be calculated to reflect that the employer will now make the 8.8% pension contribution to USS. The University will increase its employer pension contribution into the Universities Superannuation Scheme by the equivalent amount. Reviews of your basic salary will continue to be undertaken. Should your rate of pay change as a consequence of such a review, you will be advised of your revised rate of basic salary.</p>
<b>Pensionable salary</b>	<p>Your pensionable salary is the sum of your basic salary and any other pensionable pay elements, using the basic salary values in every case. In other words, your pensionable salary and all entitlements to benefits under the USS are unaffected by USS PensionPlus.</p>
<b>Other pensionable pay elements</b>	<p>Under USS PensionPlus any other pensionable pay elements you receive will also be reduced by 8.8% and an equivalent amount will be paid by the University as an employer pension contribution into the USS Gross salary.</p> <p>Your gross salary is the sum of your basic salary and other pensionable pay elements, reduced by 8.8%, plus any other non-pensionable payments you may receive. (The latter are unaffected by USS PensionPlus.) PAYE and National Insurance calculations will be made on your gross salary. These statutory deductions, together with some other statutory and voluntary deductions that may be applicable (e.g. childcare vouchers) are deducted from your gross salary to produce your ‘net’ take home pay.</p>
<b>Overtime etc.</b>	<p>If you are entitled to additional pay for overtime working, acting up and similar pay supplements, these will continue to be calculated by reference to the relevant basic salary values.</p> <p>In accordance with statutory requirements Statutory Sick Pay, Statutory Maternity Pay, Statutory Adoption Pay and Statutory Paternity Pay will be based on your gross salary.</p>

<p><b>Enhanced/ Statutory Maternity Pay</b></p>	<p><b>Enhanced Maternity Pay</b> Your SMP will be calculated based on your gross salary in line with statutory requirements; however the University pays an enhanced occupational maternity pay for eligible employees which tops up the statutory payments so that the amount of pay you receive will not be affected by USS PensionPlus. Unless you apply to opt out of USS PensionPlus under a 'lifestyle event', your salary will continue to be adjusted by an amount equivalent to 8.8% of your maternity pay, during any period you are in receipt of occupational maternity pay. This is on the basis that this does not reduce your gross salary to below SMP.</p> <p><b>Statutory Maternity Pay</b> If you have less than 12 months service (but more than 26 weeks) at the 15th week before the expected week of childbirth, you will be entitled to Statutory Maternity Pay (SMP) only. During the first 6 weeks of payment, SMP is calculated with reference to gross salary (after the USS PensionPlus adjustment and any other adjustments e.g. childcare vouchers). Therefore SMP will be lower during this period than the SMP that would have been received if you had not been participating in USS PensionPlus. However, in almost all cases this reduction is more than offset by the savings that you will make in National Insurance on your pre and post maternity leave pay and the fact that no pension contributions are payable from SMP for members participating in USS PensionPlus (whereas contributions are required from members who are not participating in USS PensionPlus).</p>
<p><b>Statutory Sick Pay, Statutory Paternity Pay, Statutory Adoption Pay</b></p>	<p>In the majority of cases, Sick, Adoption and Paternity Pay will not be affected by participation in USS PensionPlus as your earnings will be sufficient so that you will receive the maximum statutory payment. However for those with lower earnings, the total amounts of Sick, Adoption and Paternity Pay you are paid may be affected by your participation in USS PensionPlus. These payments can comprise of a statutory element which is determined by law and may in some circumstances reduce slightly, and a non-statutory element.</p>
<p><b>Holiday pay</b></p>	<p>Any holiday pay which you are entitled to receive in cash on leaving the University's employment will be based on your basic salary.</p>
<p><b>USS PensionPlus</b></p>	<p>Cranfield University reserves the right to amend or discontinue USS PensionPlus should the University 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, you will not be able to opt-out of USS PensionPlus unless you experience a 'lifestyle event'.</p>