

Your Pension choices

For new employees on grades
UE01-UE05.





Welcome to the University of Edinburgh

This booklet has been created to help you understand your pension saving options as a new employee at the University of Edinburgh.

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Auto enrolment

Auto Enrolment – what is it?

If you are between the age of 22 and State Pension Age and earn over £10,000 per year (£833.33 per month) we will automatically enrol you into our workplace pension arrangement. The workplace pension arrangement we use for those employed on grades UE01-UE05 is the **National Employment Savings Trust (NEST)**. This is a government backed pension arrangement.

If you have multiple assignments within your employment at the University, we will assess each contract individually so you may be enrolled into NEST for more than one contract.

Is it worth joining a workplace pension scheme?

Joining your workplace pension scheme offers many benefits:

- You will receive tax relief on the money that you put in to your pension so it doesn't cost as much as you first think. The University has a helpful "net pay calculator" that shows the difference in your take home pay by being in a workplace pension, based on each salary level within the University. The calculator can be found here: <http://www.ed.ac.uk/finance/about/sections/payroll/salary-calculator>
- You can pay your pension contributions in an even more cost-effective way if you take the default option of paying by way of Pensions Plus (this is a salary sacrifice arrangement that attracts some National Insurance savings for you). Please read on to find out more detail on Pensions Plus.
- The University pays into your pension scheme in addition to your own contribution. The amount the University pays in depends on the Scheme and you can find out more on the next page under the section "How much does Scheme membership cost".



National Employment Savings Trust (NEST)

NEST is a government backed Defined Contribution pension arrangement. What this means is that each month you pay a set percentage of your salary into your NEST retirement pot. The University will also pay a percentage of your salary into your pot to help it grow. That's not all, you will get tax relief on the contributions that you pay into your NEST pension pot and if you pay by the default salary sacrifice arrangement (Pensions Plus) you will also save on the amount of National Insurance you pay each month.

To make the most of being a NEST member and to monitor your retirement pot you should register for your online account. To register you will need your NEST ID, your National Insurance number and your date of birth. Your NEST ID will be on the welcome letter you receive from NEST within the next few weeks. If you do not have a National Insurance number, we will use your University payroll number as an alternative identifier with NEST.

NEST will invest the monies in your savings pot, helping it to grow over time. You can pay more into your NEST pension arrangement at any time and any additional contributions you make will also receive tax relief so this is a good way to save for your future.

When you reach retirement, you will have a range of options available to you for taking your pension pot. This can include taking a tax-free lump sum or taking money out regularly to maintain your income. More information about the options open to you can be found on the NEST website at <https://www.nestpensions.org.uk/schemeweb/nest/my-nest-pension.html>

Although NEST does not offer life cover as part of its workplace pension arrangement, membership of NEST will entitle you to separate life cover from the University of Edinburgh. A death in service lump sum equal to 3 times basic annual salary would be paid from the University upon death whilst in active membership of NEST. To help the University pay this to your preferred beneficiary you can request an Expression of Wishes form from pensionsmanager@ed.ac.uk



Alternative Pension option

University of Edinburgh Staff Benefits Scheme (SBS)

As an alternative to NEST, you can join the University of Edinburgh Staff Benefits Scheme (SBS). SBS is a Defined Benefit scheme that offers a higher level of pension benefit on retirement for most people, as it is based on a formula (currently $1/75^{\text{th}}$ of salary for each year you contribute). You can join SBS by completing the relevant section of the Pension Scheme Application form found at <http://www.ed.ac.uk/finance/about/sections/pensions/joining> or by emailing the pensions team at pensionsmanager@ed.ac.uk

What does SBS offer?

SBS is a Career Average Defined Benefit scheme that offers the following benefits:-

- An annual pension at retirement calculated as $1/75^{\text{th}}$ of your salary for each year that you save into the Scheme, plus
- A tax free lump sum equal to $3/75^{\text{th}}$ of your salary for each year that you save into the Scheme;
- A pension benefit that is paid to you based on the formula above regardless of how your savings perform through investments;
- Automatic life cover equal to three times your annual salary (*conditions may apply if you join the scheme more than 12 months after you are first eligible to join*);
- You can keep track of the benefits you have built up by registering for the online service;
- You can contribute more to your SBS benefits by making Additional Voluntary Contributions to help you get even more benefits at retirement.

Where can I get more information?

You can get more information and download a Guide for Members booklet from the website at <https://uoessbspensions.co.uk> or you can obtain a Guide for Members booklet by contacting the University's pensions team by email to pensionsmanager@ed.ac.uk



As a new member of the Staff Benefits Scheme, you have access to a wide range of information by logging on to <http://www.uoesbspensions.co.uk>

Here you can:

- ✓ Register/Log in to your online SBS account <https://secure.uoesbspensions.co.uk/>
- ✓ Find all the useful guides and factsheets about the structure of SBS.
- ✓ Check SBS news section.
- ✓ Access forms to register your dependents.
- ✓ View your active SBS records and annual benefit statement.
- ✓ See your deferred pension revalued to date once you leave employment.
- ✓ Access to an online pension planner for retirement quotes and future projections.



What it costs

Pension contributions receive tax relief at the highest rate of tax you pay, which makes them a good way to save for the future.

What it costs for:	Employee (EE) Contribution	Employer Contribution
NEST	5%	3%
SBS	9.1%	25.8%

Can I pay more?

You can pay Additional Voluntary Contributions (AVCS) over and above the normal contribution confirmed above. Please contact the pensions team if you are interested in paying AVCs.



What is Pensions Plus?

Pensions Plus is a way for members of NEST and SBS to pay their contributions in a way that will save National Insurance contributions (NI) and will, for many staff, increase take-home pay.

Pensions Plus works by you giving up an amount of your contractual gross pay equal to your pension contributions. In return, the University increases its contributions to cover both the employee and employer pension contributions.

Pensions Plus does not affect any other salary-related payments or benefits that you receive from the University such as salary increases, bonuses and overtime. These will be based on your gross annual salary. Your pensionable salary will be based on your annual salary including any other earnings that may be recognised by the University of Edinburgh as pensionable.

Your gross annual salary will also be the amount used in any personal official letters e.g. mortgage letters, loan applications or job references.

Should everyone participate?

The University of Edinburgh automatically opts you into Pensions Plus when you join the pension scheme as most employees benefit from it. Almost all scheme members for whom the scheme is advantageous choose to participate in Pensions Plus. There may be a few members for whom it is not advantageous, such as members who earn below the salary threshold for taxation or anyone earning below the National Living Wage, and if you think you will fall into this category you should contact the pensions team to discuss whether participation in Pensions Plus is right for you.



If you decide not to participate, you need to complete the Pensions Plus opt out form, available from the University's pensions team, as soon as possible. If you are unsure about whether or not you should participate in Pensions Plus, you should seek your own financial advice. More information about pensions and retirement, including where to find a financial adviser, can be found at <https://www.moneyhelper.org.uk>



Opting out of pensions savings

If you DO NOT wish to remain a member of a Scheme, you will be required to follow the opt-out instructions provided below. If at a later date you wish to join a pension scheme please complete the relevant Pension Scheme Application form which can be downloaded from here <http://www.ed.ac.uk/finance/about/sections/pensions/joining>

Opting out of NEST

Please follow the instructions you received in your NEST welcome pack. You will need to log onto your online account and follow the instruction on their website. **To obtain a refund of your contribution you will need to opt out within 28 days of joining.**

To opt out after 28 days of joining, please login to your NEST account and follow the instructions to cease contributions or you can email the pensions team at pensionsmanager@ed.ac.uk and we can stop your future contributions. The value of your NEST account including contributions already paid in will be payable to you when you retire.

Opting out of SBS

Please complete the SBS opt out form. This can be found on the SBS website in forms and publications: <http://www.uoesbspensions.co.uk/resources>

Please complete and return the opt-out form to the Pensions Team at Charles Stewart House and we will action your request. Scanned copies are acceptable and can be emailed to pensionsmanager@ed.ac.uk.



General Information

Guaranteed Hours contracts

If you have a Guaranteed Hours contract, you will be automatically enrolled into NEST if you are between the ages of 22 and State Pension Age and your earnings in either your first or any future month amounts to £833 or more. Once automatically enrolled, contributions will be deducted on all future earnings paid under this contract.

If your earnings are below the minimum threshold for auto enrolment, you can apply to join the Scheme relevant to your grade by completing a Pension Scheme Application form. For an application form please visit <http://www.ed.ac.uk/finance/about/pensions/sections/joining>.

Automatic Re-Enrolment

If you decide NOT to remain in a pension scheme the University will be required to assess your earnings at 3 yearly intervals. If you are paid 'qualifying earnings' the University will be required to automatically re-enrol you into a pension scheme as is required by the Pensions Act 2011. Full re-enrolment details will be provided to affected employees prior to re-enrolment dates.

Financial guidance

You may wish to seek independent financial advice regarding your pension benefits. To obtain more information or find a local Financial Adviser or go to: <https://www.moneyhelper.org.uk>



CONTACT INFORMATION

Pensions Department / Charles Stewart
House / 9-16 Chambers Street /
Edinburgh, EH1 1HT

USEFUL WEBSITES

Our website
<http://www.ed.ac.uk/finance/pensions>

NEST: www.nestpensions.org.uk
SBS: www.uoesbspensions.co.uk