

January 2013

University of Birmingham: Automatic Pension Enrolment

Work equivalent to academic and related grades (including Visiting Lecturers and Small Group Teachers)

Key messages:

- a) ***You may be eligible to be auto-enrolled into USS from 1 March 2013 or such later date as you may commence your work in the University. The University will utilise a 12 week postponement period from the date you first become eligible for auto enrolment. The contribution rate for the career average section of the scheme is currently 6.5% of your gross pay, however if you are already in receipt of any form of pension from USS the rate will be age related as shown below. This will be deducted from your pay at source.***
- b) ***If we are required to auto-enrol you, we will tell you and you may if you wish opt out of USS. Full detail on the process for opt out will be provided in the communication you receive. If you opt out within 30 days of being auto-enrolled, any contributions you have made to USS will be refunded to you.***

Automatic Pension Enrolment

- 1 With effect from 1 October 2012, the government is implementing legislation to encourage more workers to make pension provision so that they are able to maintain themselves in retirement. The implementation of 'auto-enrolment' is being phased in according to the size of the employer's workforce: for the University, the implementation (or 'staging') date is 1 March 2013; and the legislation permits us to defer auto-enrolment on an individual basis for three months.
- 2 Under the new legislation, the employer is required to 'auto-enrol' eligible workers into a 'qualifying pension scheme' at the start of their assignment. For those carrying out work in the University equivalent to that carried out by its academic and related staff, the 'qualifying pension scheme' is the Universities Superannuation Scheme (USS).
- 3 The worker USS contribution rate is currently 6.5% of gross pay (or 7.5% for those in the final salary section of the scheme ie who joined USS before 1 October 2011 without a subsequent break in service of more than 30 months). The University's contribution to USS is currently 16%. If you are already in receipt of any form of USS pension in your own right then the contribution rate is age related as shown in the table below.
- 4 Based on the government's current criteria (which are subject to periodic review), you will be auto enrolled if:
 - You are between the ages of 22 and state pension age – currently 65 (inclusive); and
 - You earn above a minimum threshold - £9440 a year or £181 a week from 1st April 2013; and
 - The work is due to continue for a period of more than 13 weeks.

Where it is not clear whether the assignment will match these criteria, the employer may defer a decision on whether or not to auto-enrol for 13 weeks.

- 5 Whether or not you meet the criteria for auto enrolment, you can join USS from the start of any assignment commencing after 1st March 2013 - please contact the Pensions Office (ext. 46489) for further information.

- 6 If you are auto-enrolled, the University will inform you and you will have an opportunity to opt out within 30 days. We are prevented by law from providing the opt out form with the notice of your auto-enrolment, or from making it available on our web-site so, if you wish to opt out, you will be informed of the procedure to be followed when you are notified that you have been auto-enrolled, and you must return the form to arrive in the Pensions Office within 30 days of your having been auto-enrolled.

- 7 Those who opt out of USS within 30 days of being auto-enrolled will have any USS contributions which have been deducted from their pay refunded to them. Those who opt out of USS after 30 days are not entitled to a refund of any USS contributions which have been deducted from their pay. Those who opt out of USS will lose the University's contribution to the scheme.

- 8 Further information about USS is available from <http://www.uss.co.uk/Pages/default.aspx> or from the Pensions Office (extension 46489).

Contribution rates for re-employed pensioners and flexible retirees

In the case of specific groups who join the scheme, such as (i) re-employed pensioners and (ii) flexible retirees who take up an additional post, a contribution rate which is higher than the ordinary 6.5% for the CRB section will be payable, based upon the individual's age at the date of rejoining. It was agreed that these members would pay the actual – and not the common – contribution rate. That is, they would pay a rate which reflects the actual cost of accrual for their age. Please note that these higher rates only apply to those who rejoin the scheme in these circumstances, and not to all members over age 50/55. The member contribution rates are shown in the table below. Please note that the contribution rate depends on the age at which the member joins USS for so long as s/he remains a contributing member of the scheme; the contribution rate does not otherwise increase with age (unless the member leaves and subsequently re-joins):

Age at date of rejoining	Ordinary CRB contribution rate	+ Additional contribution rate	= Contribution rate payable by member
50	6.5%	7.4%	13.9%
51	6.5%	7.7%	14.2%
52	6.5%	8.1%	14.6%
53	6.5%	8.2%	14.7%
54	6.5%	8.5%	15.0%
55	6.5%	8.9%	15.4%
56	6.5%	9.3%	15.8%
57	6.5%	9.6%	16.1%
58	6.5%	9.9%	16.4%
59	6.5%	10.4%	16.9%
60	6.5%	10.8%	17.3%
61	6.5%	11.2%	17.7%
62	6.5%	11.6%	18.1%
63	6.5%	12.3%	18.8%
64	6.5%	12.6%	19.1%
65 or over	6.5%	12.9%	19.4%