

Key Points on Salary Exchange for pension

What you get:

Salary Exchange for pension is an opportunity for:

- USS and AUPAS members on the University payroll to benefit from an increase in take-home pay, (provided you pay National Insurance Contributions (NIC)); and
- the University to benefit from year-on-year cost-savings in NIC.

How it works

When you participate in Salary Exchange for pension:

- you **will not** see pension deductions on your payslip (at 'A' on the example below);
- you **will** see instead a reduction – of the same amount – in the payments column, described as Salary Exchange for Pension (at 'B' on the example below);
- the University will make additional employer pension contributions to the scheme so that your pension benefits remain unaffected;
- due to the way National Insurance is calculated you should actually receive increased take-home;
- the University pays less National Insurance.

As individual circumstances vary please note that not everyone will gain under this scheme. **NOBODY HOWEVER WILL BE ANY THE WORSE OFF.**

A: Out of Salary Exchange for pension (The current arrangement)

Payments	Amount £	Deductions	Amount £	Take home pay per year £
Salary	20,000	Tax	2,448.00	
		NI	1,330.80	
		Pension	1,270.00	
Gross Pay	20,000	Total	5048.80	<u>£14,951.20</u>

B: In Salary Exchange for pension (The new arrangement)

Payments	Amount £	Deductions	Amount £	Take home pay per year £
Total gross pay	20,000	Tax	2,448.00	
Salary Exchange for pension	- 1,270	NI	1,211.40	
Gross Pay	18,730	Total	3,659.40	<u>£15,070.60</u>

You can see from the above that your take home pay goes up, in this example, by £119.40 per year.

The amount of income tax you pay will not change as a consequence of you participating in Salary Exchange for pension.