

Dear Colleague,

## **Pensions+**: making your money go further

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I am pleased to announce that Durham University is implementing **Pensions+**, which means that both scheme members and the University will save money on the cost of pension contributions. This proposed change is to be made to both of our final salary schemes - the Universities Superannuation Scheme (USS) and the University of Durham Retirement Benefits Plan (1969) (RBP).

### **Why the University wants to implement Pensions+**

As you know, we are committed to providing our employees with an excellent range of benefits, including a pension where the amount of money you receive when you retire will depend on your salary and the amount of service you have built up in your Scheme. We are also committed to making sure that we manage the University's funding in as efficient way as possible. Like many employers, the rising cost of pensions is creating even more strain on limited funds. The four campus trade unions have been involved in the development of Pensions+ and are supportive of the scheme.

### **How Pensions+ works in brief**

It works in exactly the same way as the nursery scheme and the childcare voucher scheme which some of you may already use. Under **Pensions+**, the University would pay your pension contributions directly to your Scheme, with an equivalent reduction in the salary paid to you. As this money is not paid to you, you will not have to pay National Insurance contributions on that amount and neither will the University. This means that staff who participate in **Pensions+**, will have slightly higher take-home pay and the University will have additional funding.

### **Finding out more about how Pensions+ works**

With this letter you will find a booklet which contains more details of how **Pensions+** works. We have also included some of the common questions that employees ask when this type of arrangement is put in place. We have also provided examples in the booklet, but as we know that your pension is very important to you, we have also put a simple modeller on the intranet so that you can see how this change might affect you. [Insert modeller address].

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For most of you, this change will increase your take home pay. There are some exceptions to this, and these are explained in the booklet in more detail, however, there is no need to worry as we have put in place a number of safeguards to ensure that those who may be adversely affected are not included.

The University is running a series of briefing sessions during January where you can find out more about **Pensions+** and ask any questions you may have. The briefing sessions will be held as follows:

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## **Benefits+**

As both the nursery scheme and the childcare voucher scheme operate in a similar way to **Pensions+**, we have decided to incorporate them under one umbrella, **Benefits+**.

**Benefits+** gives Durham University a smarter way to fund employee benefits as well as increasing your take-home pay, by reducing the amount of National Insurance contributions you pay. We already provide two benefits which are run in this way; the nursery scheme (**Nursery+**) and childcare voucher scheme (**Childcare+**), and the enclosed booklet also contains information about both of these schemes. We plan to add some more benefits in the future.

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## **What happens next?**

We are proposing to start **Pensions+** on 1 February 2008. From then on, as long as you are not adversely affected, your pension contributions will automatically be calculated in this new way and your payslip will reflect this change.

This proposed change will mean a change to your terms and conditions of employment, which will be effective from 1 February 2008. This is explained in more detail in the enclosed **Pensions+** booklet.

If you decide that you do not want to participate, you have until 31 January 2008 to opt out; you can find more information about this in the booklet.

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The implementation of **Pensions+** is important for both employees and the University. It is designed to support our policy of providing a final salary scheme that meets the needs of our employees and to help maintain the University's long-term financial health and continued future success. **Pensions+** also means that we are keeping pace with other Universities who have already introduced or are in the process of introducing this smarter way to make pension contributions.

Yours sincerely