

Bangor Benefits for Pensions – BUPAS FAQ

These Frequently Asked Questions, explain how Bangor Benefits for Pensions and Salary Exchange works and aims to answer any questions you may have. Please note that all amounts shown are subject to future changes in line with legislation. We have set out below answers to some questions that you may have in relation to the Bangor Benefits for Pensions and how the arrangement will affect you.

[How does Bangor Benefits for Pensions work?](#)

- You will stop making your employee pension contributions (9.25% contributions) to the Bangor University Pension and Assurance Scheme (“BUPAS”).
- The University will increase its employer contributions (currently 19.5%) and pay an additional amount equivalent to your current employee pension contribution (9.25% contributions) to make a total of 28.75% contribution directly into BUPAS.
- Your Base Salary plus any other Pensionable Allowances will be reduced by the amount that you previously paid into BUPAS.
- As a result your take home pay will increase because you are paying less National Insurance Contributions (NIC). This is because the employee pension contributions that you previously paid were subject to NIC whereas the employer contributions that will be paid in the future are not. The University will also make NIC savings in the same way.
- Additional Voluntary Contributions (“AVCs”) will not form part of Bangor Benefits for Pensions therefore you will continue to pay any AVCs in the same way as you do currently.
- The overall level of contributions going into the scheme will remain unchanged.
- Pay rises, overtime etc will not be affected.
- We will quote your Base Salary and Adjusted Salary for all external purposes, for example when quoting your pay for mortgage applications.
- Your pension and other benefits will be based on your Base Salary.

[Why did the University introduce Bangor Benefits for Pensions?](#)

Bangor Benefits for Pensions allows the University to make employer’s NIC savings which will help reduce costs. At the same time Bangor Benefits for Pensions maximises your take home pay by reducing your NIC.

The increase in your take home pay under Bangor Benefits for Pensions depends on your Base Salary. The table below provides an indication of the annual NIC savings available to employees currently making contributions of 9.25% to BUPAS.

Base Salary (£)	Annual Employee NIC saving (£)*
10,000	111

15,000	166.50
20,000	222
25,000	277.50
30,000	333
35,000	388.50
40,000	444

*These savings are illustrative and will vary in line with changes to NI Rates.

NIC savings are smaller for higher earners because the rate at which NIC is paid reduces from 12% to 2% for earnings over the NIC Upper Earnings Limit

[How will this affect my pay?](#)

From 1 June 2009 Bangor Benefits for Pensions operated on the basis that all normal contributions are paid by the University. Your Base Salary is reduced by the amount of pension contributions that you currently pay into BUPAS. This revised salary will be known as your Adjusted Salary. In exchange for this reduction in your salary, the University will make an equivalent additional employer contribution to BUPAS. This is known as “Bangor Benefits for Pensions”.

[Will my Pensionable Salary remain the same?](#)

Your Pensionable Salary is made up of your Base Salary plus any other contractual amounts allowed by the University (excluding non contractual overtime). Under Bangor Benefits for Pensions your Pensionable Salary will continue to be based on you Base Salary, and therefore will continue to be calculated as at present, i.e. before Bangor Benefits for Pensions and any other Salary Exchange reductions e.g. Childcare Vouchers or Nursery.

[Am I eligible to participate in Bangor Benefits for Pensions?](#)

If you are a Member of BUPAS, you are eligible to participate in Bangor Benefits for Pensions. You are not able to participate in Bangor Benefits for Pensions if your Adjusted Salary would be brought below the National Minimum Wage. We will monitor pay levels and advise you if you are likely to be affected, however if your circumstances change and you think you might fall into this category you should contact the HR Department on 01248 382058 or benefits@bangor.ac.uk.

[What happens if there are several Salary Exchange benefits?](#)

At present, the University offers a number of Salary Exchange benefits - , a Nursery through Salary Exchange, Cycle to Work Scheme, Buying Annual Leave. Further information on each can be found on these web-pages

You will be able to participate in all the Salary Exchange benefits as long as this does not bring your Adjusted Salary to below the National Minimum Wage or the Pay Protection Limit for NIC purposes). If this was an issue on the introduction of Bangor Benefits for Pensions, any existing Salary Exchange schemes will take precedence.

If this becomes an issue after the introduction of Bangor Benefits for Pensions, existing Salary Exchange schemes will continue to take precedence.

[If I agree to participate in Bangor Benefits for Pensions, will it affect any other payments?](#)

All future pay rises will continue to be based on your Base Salary and will therefore not be affected by the introduction of Bangor Benefits for Pensions. All of your pay related benefits will also be calculated on your Base Salary.

[What about Death in Service and Spouse's Pension?](#)

These benefits are unchanged and will continue to be based on your Base Salary

[Will I still get the same BUPAS pension at retirement?](#)

Yes. Your pension at retirement is based on your actual salary in BUPAS, which remains unchanged.

[If my pay is being reduced how will I be able to check my overtime etc has been worked out correctly and paid to me?](#)

Your payslips will look slightly different. You're Base Salary and any other pensionable allowances will be shown on your payslip together with the Bangor Benefits for Pensions reduction labelled "Bangor Benefits – BUPAS".

Your previous pension contributions deduction, shown as "BUPAS" will not be on the payslip as you are no longer paying any contributions.

[Will Bangor Benefits for Pensions 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 possible or advantageous to participate?](#)

You will not be able to participate in Bangor Benefits for Pensions if your salary is close to the National Minimum Wage. In addition, if your earnings are close the Pay Protection Limit you would be at risk of having a negative impact on your entitlement to state benefits. We will not, therefore automatically opt you in to Bangor Benefits for Pensions if your earnings are close to the Pay Protection limit. If however, you wish to take part in Bangor Benefits for Pensions you will need to complete an opt in form available from the HR department on 01248 38 2058 or by emailing benefits@bangor.ac.uk.

If during the course of the year, your monthly adjusted salary falls below the monthly Pay Protection Limit you will automatically be opted out of Bangor Benefits for Pensions for the remainder of the year. You will be able to reassess your enrolment in Bangor Benefits for Pensions at the following 1 August, or if you experience a Lifestyle Event.

If you do not have fixed hours you will not be automatically enrolled into Bangor Benefits for Pensions. If you wish to take part in Bangor Benefits for Pensions then you should contact the HR department on 01248 38 2058 or email benefits@bangor.ac.uk.

[I am over the State retirement age and therefore do not pay NIC. Can I participate in Bangor Benefits for Pensions?](#)

If you are over the State retirement age (currently between 65 and 68) you will not pay NIC on your pay and as a result you will not see any change in your take home pay through participating in Bangor Benefits for Pensions. However, the University is still required to pay employer's NIC on the pay you receive and will therefore make a saving, which will help to reduce its costs and the savings the University makes will be utilised by your department. Based on this, you will be automatically entered into the Bangor Benefits for Pensions arrangement.

[I pay NIC at the reduced married women's NIC rate. Will I benefit from NIC savings?](#)

If you pay NIC at the reduced rate for married women and widows (applicable to those employees who made this election prior to 12 May 1977), you pay NIC at a reduced rate on earnings.

You will still make NIC savings from participating in Bangor Benefits for Pensions but your savings will be based on these rates rather than the amounts referred to elsewhere in this document

[Will Bangor Benefits for Pensions affect Statutory Maternity Pay \(SMP\)?](#)

Employees commencing maternity leave will be entitled to Maternity pay in line with the University's Maternity Policy, currently this is

- First eight weeks' leave on full salary (this is inclusive of any entitlement to Statutory Maternity Pay payable during the eight week period)
- Next eighteen weeks' leave on half salary plus Statutory Maternity Pay as entitled, paid to the extent that full normal salary is not exceeded
- Next thirteen weeks paid at flat rate Statutory Maternity Pay, as entitled
- Up to thirteen further weeks unpaid

Your Statutory Maternity Pay will be based on your Adjusted Salary, and so the University will 'top-up' your pay to the level you would have received if you had not participated in Bangor Benefits for Pensions, to ensure you are not in a worse off position. Your Enhanced Maternity Pay will be based on your Base Salary (before any reductions for Bangor Benefits for Pensions, childcare vouchers or nursery). You will continue to exchange salary based on your Base Salary providing your Adjusted Salary is not brought below the Statutory Maternity Pay level. During periods where you are in receipt of Statutory Maternity Pay only, you will cease to exchange any salary; however the University will continue to make pension contributions based on your Base Salary prior to Maternity Leave.

[Will Bangor Benefits for Pensions affect Adoption Pay?](#)

The qualification rules for Adoption Leave and Adoption Pay are complex. If you are considering, or going through an adoption placement, please contact the HR department on 01248 383865 or email benefits@bangor.ac.uk for further advice. However, it is the University's intention that you will be no worse off as a result of participating in Bangor Benefits for Pensions.

[What about if I am asking for a reference for a mortgage or a loan?](#)

We will advise lenders of the amount of your Base Salary, which is your pay before any reduction under Bangor Benefits for Pensions or any other Salary Exchange schemes and your Adjusted Salary, after any reductions for Bangor Benefits for Pensions or other Salary Exchange arrangements. This means that Bangor Benefits for Pensions should not adversely impact on your ability to qualify for a mortgage or other loan.

[What happens to my pension if I cease employment with the University and leave BUPAS?](#)

If you cease employment with the University and leave BUPAS after more than two years, there will be no change. You will have the choice of a deferred pension or a transfer value of your deferred benefits.

Currently, if you leave after more than three months, but less than two years, you have the same options as above (a deferred pension or a transfer value) plus the option of a refund of your own contributions (less statutory deductions). Under Bangor Benefits for Pensions you will no longer make employee contributions and therefore you will not be able to receive a refund of any additional employer contributions made under Bangor Benefits for Pensions.

If you leave with less than three months' service you will be entitled to a notional refund of contributions equivalent to the level of Salary Exchange. This will extinguish any right to a deferred pension or a transfer value.

[Will Bangor Benefits for Pensions impact on my Tax Credits?](#)

No, participation in Bangor Benefits for Pensions alone will not impact on any HM Revenue & Customs Tax Credits.

[What about State pension benefits?](#)

No, there will be no effect on your State pension benefits.

[Will Bangor Benefits for Pensions have any impact on my payments to the Child Support Agency \(CSA\)?](#)

Child maintenance payments to the CSA are calculated with reference to your net income i.e. your pay after the deduction of pension contributions, tax and NIC. Under Bangor Benefits for Pensions your net income increases because you are paying less NIC and your child maintenance payments may therefore increase as a result.

If you decide to participate in Bangor Benefits for Pensions you should notify the CSA of the change in your net income immediately. Contact details for the CSA and further details can be obtained from the CSA's website at 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 student loan repayments may be reduced slightly as a result of participating in Bangor Benefits for Pensions. This is because your repayments are calculated based on your gross earnings which will be reduced under Bangor Benefits for Pensions by the Salary Exchange.

[How will new employees be treated?](#)

If they have completed an application form to become a member of BUPAS, they will also automatically be opted into Bangor Benefits for Pensions unless they complete a Bangor Benefits for Pensions opt-out form or we have identified that it is detrimental for them to participate. This will be explained in more detail in the starter pack.

[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 included automatically in Bangor Benefits for Pensions.

[What if I do not want to participate in Bangor Benefits for Pensions?](#)

You can request a Bangor Benefits for Pensions Opt-out form from the HR department on 01248 383865, by emailing benefits@bangor.ac.uk, or via the HR Intranet pages.

Opting out of Bangor Benefits for Pensions means that you will continue to participate in BUPAS, but will not be able to take advantage of the NIC savings resulting in an increase in take home pay which is achievable through participating in Bangor Benefits for Pensions.

[What if I change my mind or my circumstances change?](#)

If you decide to participate in Bangor Benefits for Pensions you will not be able to opt-out until the subsequent 1 August unless you experience one of the following "Lifestyle Events":

- Marriage or civil partnership
- Birth or at key stages in adoption of a child
- Notification of pregnancy or commencement of/ret
- Divorce/legal separation/dissolution of civil pa
- Death of a partner or dependant
- Long-term sick leave
- Return from long-term sick leave
- Redundancy of partner or involuntary loss of job

- Commencement of or return from unpaid leave of greater than 3 months (adoption, paternity, sabbatical, career break, etc.)
- A significant change in hours (20% or more)
- Decrease in Base Salary of 20% or more
- Commencement of or return from an overseas secondment
- Joining/ Leaving the Pension Scheme
- Leaving UPAS within three months of being auto-enrolled
- Reaching State Retirement Age (currently 60 for
- Moving House
- Placing a child with a registered child-carer

In these cases you may complete a Key Lifestyle Events form and opt out of Bangor Benefits for Pensions. If you decide to opt out of Bangor Benefits for Pensions you will have the opportunity to review your decision and elect to participate in Bangor Benefits for Pensions with effect from 1 August 2010 and thereafter any subsequent 1 August. You will also be able to elect to participate in Bangor Benefits for Pensions if you experience one of the lifestyle events listed above.

[Who can I ask if I have any additional questions?](#)

If you have any additional questions please visit the HR pages on the Intranet, contact the HR department directly on 01248 382058 the Pensions Manager on 01248 383261