St Mary's University Group Personal Pension Plan (Staff Pension Scheme)

Pension Policy

1. Background

In the UK auto-enrolment (AE) regulations were introduced in 2012 as a way to increase the number of people saving towards their retirement. Under AE, employers are legally obliged to automatically enrol certain workers (this group includes permanent employees, temporary employees, casual workers and in some cases even contractors) into a qualifying workplace pension scheme.

AE was phased in over a number of years - at St Mary's, the staging date for implementing AE was September 2013. Both schemes open to new members – Teachers Pension Scheme (for those on academic contracts of employment), and the St Mary's Staff Pension Scheme (for those on support/professional services contracts of employment) – are AE compliant. The University has a third scheme – the Local Government Pension Scheme -which is closed to new members and is therefore not covered by the legislation.

This policy only applies to the St Mary's Staff Pension Scheme, which is a Group Personal Pension Plan currently administered by Aviva (as at March 2020).

2. What are the requirements?

A qualifying workplace pension scheme needs to:

- be open to new joiners (see Section 3 "Determining eligibility – membership categories");
- allow an employer to auto-enrol eligible jobholders (see Section 3 "Determining eligibility – membership categories");
- facilitate opt-ins (see Section 3 "Determining eligibility – membership categories");
- re-enrol workers (see Section 12.4 "Re-enrolment"); and
- have a default minimum contribution level, a default retirement age and a default investment arrangement in which the contributions are automatically invested, to ensure that employees can be auto-enrolled without having to provide information, complete a form or make any choices. (see section 10 "Default investment strategy").

3. Determining eligibility – membership categories

Employees will need to be categorised into different groups, as the University has different duties in relation to each. These categories have specific criteria, based on age and earnings, and are called:

- Eligible jobholder,
- Non-eligible jobholder, and
- Entitled worker

Those employees who do not meet the AE criteria can join the scheme by completing an Opt-in form and returning it to the Human Resources department – the form is available on Staffnet.

Eligible staff wishing to join the scheme before the end of the AE assessment period can also complete an Opt-in form and return it to the Human Resources department.

ALL eligible employees need to be auto enrolled into the scheme, even if they do not wish to be enrolled – if this is the case, they can choose to opt out of the scheme (see Section 11 "Opting out").

Category	Employees who are	Auto enrolment	Opt out period
Automatically enrolled or "**eligible jobholder**"	• aged at least 22 and under State Pension age, and • earning more than £10,000 for the 2020/21 tax year	Yes	Yes
Opt in **or "non-eligible jobholder"**	• aged 16-21 or state pension age • earning above £10,000 for the 2020/21 tax year or • aged 16-74 earning above £6,240 up to £10,000 a year	No, but the University must enrol and make contributions for them if they ask to opt in.	Yes
Workers without qualifying earnings (WWQE) or "**entitled workers**"	• aged at least 16-74 • earning £6,136 or less for the 2020/21 tax year	No, but the University must enrol them if they ask to join and will also make contributions.	No

*these earnings figures do not apply to workers who have been contractually enrolled (as with Teachers Pension Scheme enrolment).

3.1 Earnings triggers

As staff at St Mary's are paid monthly, the "pay reference period" i.e. the period over which earnings are assessed will be monthly.

The earnings trigger for automatic enrolment is reviewed by the government every year and might change. The figures shown in the summary table are for the 2020/21 tax year.

3.2 Initial assessment period (Postponement)

Postponement allows an employer to delay the date on which they need to automatically enrol their eligible jobholders, by up to three months.

At St Mary's we have adopted a three-month postponement, to cover part of the six-month probationary period new starters undergo when they join us. The auto enrolment assessment therefore takes place in the fourth month after an employee's start date – at this point eligibility is assessed on grounds of both age and earnings. If deemed "eligible", pension contributions start in the fifth month after an employee's start date.

4. Definition of "pensionable pay"

We calculate contributions on gross earnings:

- Basic salary including statutory pay received during paternity, maternity, adoption or any other kind of family leave;
- Market supplement;
- Shift allowance;
- Contractual (permanent) overtime; and
- Acting up/Additional responsibility allowance

It does not include bonus, ad-hoc overtime, or recognition payments.

5. Default contributions (employer & employee)

In order to calculate the minimum total contributions payable under AE, St Mary's falls into the "Set 1" category based on the above definition of pensionable pay (i.e. gross earnings). As at April 2019, the Set 1 minimum contributions are:

Employer pays:	Employee pay:	Total contribution
4% of pensionable pay	5% of pensionable pay	9% of pensionable pay

However, our default contributions are as follows:

St Mary's pays:	Employee pay:	Total contribution
6% of pensionable pay	**3%** of pensionable pay	9% of pensionable pay

6. Increasing contributions

Members can change their contribution % by contacting the HR department. At St Marys, the employer contribution is double the employee's contribution, capped at 12%:

Please note: the current default employee contribution is 3%.

Employee %	Employer %	Total paid
3% 4% 5% 6% or more	6% 8% 10% 12%	9% 12% 15% 18% or more

7. Salary sacrifice

The University's default method of employees making personal contributions into the Staff Pension Scheme is through salary sacrifice. Under this method, the employee agrees to a reduction in salary in exchange for an equivalent pension contribution paid by the employer. As pay is reduced, savings arise in the form of reduced tax and National Insurance (NI) contributions.

Salary sacrifice may not be appropriate for everyone as reducing pay can impact on national living wage, salary related employer benefits and state welfare benefits e.g. statutory sick pay, maternity pay, student loans, working tax credit to name a few. In these circumstances, the employee should seek financial advice, and if applicable, complete the necessary form on Staffnet and return to HR.

8. Circumstances where AE is not mandatory

If ordinarily deemed as "eligible", the University is not obliged to auto-enrol an employee in the following circumstances:

- He/she is in a notice period;
- He/she has been given notice of the end of their employment;
- He/she has exceeded their Lifetime Allowance. There is a limit on the amount that an individual can build up in a pension before having tax charges applied. This limit is called the Lifetime Allowance. It is possible to apply for protection against the Lifetime Allowance, but this does mean that any further pension contributions would invalidate the protection. In this instance, it is the employee's responsibility to notify HR of this;
- He/she has opted out of the scheme, and wishes to opt in again within 12 months

9. Default retirement age

Under employment law employers can no longer impose a default retirement age for their employees, but for the purposes of setting up an Auto-enrolment Scheme, employers can agree a provisional default retirement age (the "access age") for the scheme.

Our scheme access age is 65 and this acts as the employees' default retirement age. Employees can however amend their individual access age from a minimum of 55 years of age (57 years of age from 2028 onwards) up to a maximum of 75 years of age – by contacting Aviva directly.

10. Default investment strategy

A requirement of the AE regulations is that each scheme has to have a default investment fund i.e. employees cannot be asked where they would like to have their pension contributions invested before they are enrolled into the Auto-enrolment Scheme; however, they are able to change their investment fund after enrolment.

Our default is the Aviva **My Future Lifetime Investment Programme** (as at April 2020):

• It is a lifestyle strategy, giving increasing protection to the value of members' pension savings in the years approaching their access age by switching to less volatile investments

• Up to 15 years before a member's access age, it uses the My Future Growth Fund

• In the 15 years approaching a member's access age, it gradually switches to less volatile investments and your investments will be gradually and automatically transferred into the My Future Consolidation Fund.

• For further information on the Default, please contact Aviva

11. Opting out

Employees who are automatically enrolled into the scheme have up to a month in which to opt out.

Opt out forms cannot be held by the employer, as this could be seen as an inducement for the employee to opt out. An employee wishing to opt out must notify the pension provider and the pension provider then informs St Marys who then refunds any contributions.

The pension provider (Aviva) will let the employee know when their opt out window commences.

11.1 Opting out within one month of the pension provider sending joining information, and the member receiving the information (i.e. not the date of employment, change in eligibility)

• the individual contacts the provider and the pension account will be cancelled

• any payments made will be refunded

11.2 Opting out at any later time

• the individual notifies HR in writing confirming their decision to stop making payments into the scheme

• the pension account will not be cancelled but further payments will stop

• payments already made will remain invested in the individual's pension account for future use

12. Managing the scheme

Automatic enrolment is a continuous responsibility – the following duties need to be regularly carried out:

12.1 Maintaining contributions (monthly)

Payments of contributions to the pension scheme must be carried out on time, as per the arrangement with the pension provider. Please refer to the Payroll team for further information.

12.2 Monitor the ages & earnings of staff (monthly)

Individuals can move from category to category (due to changes in earnings or getting older), so the University will monitor the earnings and age of non-eligible employees and workers without qualifying earnings in each pay period i.e. monthly, to check that they are still in the right category – where a change happens i.e. an employee already earning £10,000+ pa reaches his/her 22nd birthday, he/she will be auto-enrolled into the scheme in the following month, as long as the initial three-month postponement has already taken place.

12.3 Scheme certification (annual)

As our definition of "pensionable pay" (see Section 4 "Pensionable pay") is different to *Qualifying Earnings*, we need to renew our auto-enrolment certificate at least every 18 months – at St Mary's, we have decided to do this annually. This certificate must be available for inspection if requested by the Pensions Regulator.

12.4 Re-enrolment (every three years)

Every three years, on the anniversary of the scheme's staging date (September 2013) the University is required to carry out re-enrolment to put back in any eligible staff who have previously opted out of the scheme – those who opt out within 12 months of the re-enrolment date are excluded from the re-enrolment process.

A Declaration of compliance must be completed within 5 months of re-enrolment taking place.

12.5 Storing information (ongoing)

Records of how St Mary's has met its legal duties regarding auto-enrolment must be kept – information required includes:

- the names and addresses of those entered into the pension scheme
- records that show when money was paid into the pension scheme
- any requests to join or leave the pension scheme
- the pension scheme reference or registry number

These records must be kept for six years except for requests to leave the pension scheme which must be kept for four years.

13. Governance

We have appointed an independent pension advisor – Barnett Waddingham – to monitor our scheme, and ensure:

- It continues to be compliant with auto-enrolment legislation;
- our chosen provider remains suitable relative to other pension providers in the market; and
- our scheme reflects the University's expectations e.g. the return on costs of pension provision, etc