



Membership of the Scheme, contributions and payment of additional contributions

How to join

For a number of employees, there is no need to apply to join - the Union and the Trustee will enrol you in the Scheme automatically as long as you are a permanent employee of the Union, aged between 22 and 63, and not a member of another Union sponsored scheme.

Other pension schemes (other than Union sponsored schemes)

You are allowed to belong to more than one pension arrangement if you want to. So, if you already have a personal pension, for example, you can still pay into it alongside the Scheme.

Please bear in mind that allowances imposed by HM Revenue & Customs apply to all your pension contributions and benefits, apart from your State Pension - so you need to take any other arrangements you have into account along with your Scheme membership (See page 18 of the scheme booklet at <http://www.unitepensions.org> for details of the HM RC allowances).

Choosing not to join

Scheme membership is voluntary, and you can 'opt out' of joining if you want to. You must return the 'opting out' form which was enclosed with the guide given to you on starting to the Administrators as soon as you have made this decision.

The automatic enrolment laws will mean we must check regularly for employees who are not in a Union scheme and 're-enrol' them if they meet certain conditions. Employees will be re-enrolled into the Union's stakeholder scheme (which is not the Scheme and is not a final salary pension scheme) in the event that they opt out of the Scheme having been initially enrolled into it.

Please note that if you decide not to belong to the Scheme, you should think about where your retirement income will come from instead. If you decide to save into a personal pension, bear in mind that the Union cannot contribute to outside arrangements, and that you may have to pay extra charges and running costs to your provider. Please consider taking financial advice if you are thinking of opting out.

Opting out or leaving for other reasons

Once you have been a member of the Scheme for at least 1 month, to opt out of membership you need to give at least three months' notice to the Trustee (by writing to the Union's HR department) to opt out.

You will usually also have to leave the Scheme if you cease to be a permanent employee. You may also need to leave if you permanently begin to work within the European Economic Area, but outside the UK.

If you were a member of the Scheme and opted out then you need to ask the Union to become a member again. You will not be able to re-enter Union service or re-join the Scheme if you are already receiving benefits from the Scheme.

If you were forced to leave the Scheme because you ceased to be a permanent employee or began working elsewhere in the European Economic Area then you can resume membership when you become a permanent employee of the Union again or cease to work elsewhere in the European Economic Area and provided you are aged between 18 and 63.

There are two contribution rates to choose from - 8% or 11% of your basic salary (London weighted where appropriate).

You build up a lower or higher level of pension benefit depending on the rate you choose. You can 'switch' between the rates once a year, by informing the Union's payroll department by 1 March, and your choice will apply for the 12 months starting on the next 5 April.

Whichever rate you choose, the real cost to you is normally lower as pension contributions (up to certain limits) are not subject to tax and can be paid direct from gross pay. For example:

- You earn £25,000 a year gross — or £2,083 a month
- You pay basic rate tax at 20%
- If you choose the 11% contribution rate, that works out at £229 a month
- Because you do not actually pay tax on your £229 contribution, it reduces your take home pay by only £183 a month not £229 a month (ie. 20% of £229 = £45.80).

Salary sacrifice

'Salary sacrifice' is a way of arranging pension contributions so that you and the Union can make extra savings on National Insurance (because neither you nor the Union has to pay National Insurance contributions on the amount paid into the Scheme).

How does it work?

You decide your contribution level and agree with the Union that contractually this is not part of your direct pay but is a form of benefit in kind (ie you give up — or 'sacrifice' — the same amount from your salary).

The Union then pays this contribution level directly into the Scheme along with its own contribution.

Overall, this means that the contribution to the Scheme is the same. The only difference is that your pension contribution never becomes part of your pay. As a result, your take-home pay will go up slightly, because you only pay National Insurance on the salary you actually receive. (The Union makes a similar saving because it only has to pay National Insurance on the salaries its employees actually receive.)

This simple example in the table below gives you an idea of the National Insurance saving you might make over a year, using the £25,000 pa gross salary figure and 11% contribution rate from before:

Estimated Figures Per Annum	Without Salary Sacrifice	With Salary Sacrifice	Effect on Take-Home Pay
Gross Salary	£25,000	£22,250	-
Pension Contributions	£2,750	Nil	-
Income Tax	£1,950	£1,950	Nil
NI Contributions	£1,964	£1,634	+£330
Take-Home Pay	£18,336	£18,666	+£330

The above example is based on the Income Tax and National Insurance rates applicable for the 2020/21 tax year. Salary sacrifice only affects contributions — not benefits in the Scheme.

The Union keeps a record of your salary before you give up the contribution amount, and uses this higher figure to work out your pension and cash sum, or any ill-health or death benefits payable. It will also supply the higher salary amount if you need a quotation for a loan or mortgage application.

Most people benefit from taking part in salary sacrifice, although if someone is a relatively low earner (for example, working a small number of hours part-time), the following issues may arise:

An individual cannot take part in salary sacrifice if it will take them below the minimum wage.

Your National Insurance payments go towards your State benefits, including statutory maternity and sick pay, as well as pension. Paying lower National Insurance could reduce your entitlement to these benefits.

The Union checks for these situations and will contact you if you are likely to be affected. You have the option (whether you are affected or not) to come out of salary sacrifice and pay contributions into the Scheme the normal way. This means that tax relief would still apply to your contributions, but you would not make the National Insurance saving.

What the Union pays

The Union pays the remainder of the cost of the Scheme's benefits and the running costs, on top of pension contributions from members and the returns on the Scheme's investments.

This is normally a higher amount than the member contribution rates. The Actuary recommends the overall contributions needed from the Union and members when monitoring the Scheme's funding. All contributions can vary over time.

Payment of Additional Contributions

If you are interested in adding to your main benefits, you can pay additional voluntary contributions ('AVCs') on top of the contribution to your main Scheme pension.

AVCs work in a different way (similar to 'defined contribution' or 'money purchase' pension plans) to your main Scheme pension. The amount you choose to pay goes into an individual account set up on your behalf. You then decide how you want to invest this account (from the options given by the Trustee) and then use the money you have built up in it to either provide part or all of your tax free cash in the Scheme (with the consent of the Trustee and the Union) when you retire, or secure benefits with another pension arrangement.

Note that the value of your AVCs when you come to access them is subject to a number of factors including the amount of contributions made, the charges payable, the performance of the investments (ie they can go up or down in value), and how and when you decide to take them (for example, if you decide to take them as an annuity there will be a cost). The Trustee is not responsible for the specific performance of your AVCs (if any).

AVCs are also a flexible way to save. You can pay them regularly every month, with the freedom to change, stop or re-start them at any time on one month's notice to the Trustee. If you prefer, you can also pay AVCs as 'stand-alone' amounts instead of committing to a monthly contribution.

AVCs receive the same tax treatment as your main Scheme contributions - tax relief still applies to them. The Union also permits members to pay regular AVCs through salary sacrifice and as such receive National Insurance savings similar to that on regular contributions to the Scheme.

By law, your pension contributions are restricted to 100% of earnings - which, for most people, would mean that there is effectively no limit on the level of AVCs they can pay. However, please note that your AVCs will also count towards the tax allowances.

Please contact the Union's payroll department if you are interested in paying AVCs.

Useful contacts

Contact details for the Administrators

If you have any questions about your benefits, please contact the Administrators of the Unite Pension Scheme:

First Actuarial LLP
Trafford House
Chester Road
Manchester
M32 0RS

T: 0161 348 7498
E: unite.pensions@firstactuarial.co.uk

Contact details for the Union's payroll department are:

Payroll Department
Unite the Union
Unite House
128 Theobald's Road
London
WC1X 8TN

T: 020 7611 2264 or 020 7611 2688
E: payroll@unitetheunion.org

Website

There is also a members' section on the website set up by the Trustee to enable access to information on the Scheme:

<http://www.unitepensions.org>

Pension Wise

A free and impartial government service about your defined contribution pension options.

www.pensionwise.gov.uk

Contact details for the Trustee Secretary are:

Alex Ryan
Trustee Secretary for the UPS
Unite the Union
Unite House
128 Theobald's Road
London
WC1X 8TN

T: 020 7611 2663
E: pensions@unitetheunion.org

Contact details for the Union's HR department are:

HR Department
Unite the Union
Unite House
128 Theobald's Road
London
WC1X 8TN

T: 020 7611 2549 or 020 7611 2685
E: hr@unitetheunion.org

TPAS (The Pensions Advisory Service)

You can contact TPAS at any time with pension questions or problems about your retirement savings (whether at the Union or elsewhere). Any help you receive from TPAS is free of charge.

Money and Pension Service
120 Holborn
London
EC1N 2TD

T: 0800 011 3797
E: enquiries@pensionsadvisoryservice.org.uk

www.pensionadvisoryservice.org.uk