

**From:** Jane Elliott-Simm [<mailto:jane.elliott-simm@newcastle.ac.uk>]

**Sent:** 27 April 2016 09:05

**To:** Undisclosed Recipients <[DoNotReply@newcastle.ac.uk](mailto:DoNotReply@newcastle.ac.uk)>

**Subject:** State Pension Changes

## Dear Pension Scheme Member

This email contains **important information** about changes to State Pension from **6<sup>th</sup> April** and the impact this will have on you as a member of one of the pension schemes offered by Newcastle University.

### Keeping You Updated State Pension Changes

The State Pension will change from 6<sup>th</sup> April 2016 to replace the currently means tested and complicated State Pension with a simplified, single tier system. These changes will only apply if you reach State Pension Age on or after 6<sup>th</sup> April 2016, or in other words if you are either:

- a man born on or after 6<sup>th</sup> April 1951
- a woman born on or after 6<sup>th</sup> April 1953

To find out more about the changes to the State Pension, go to [www.gov.uk/new-state-pension/overview](http://www.gov.uk/new-state-pension/overview)

### How do these changes affect your University Pension arrangements?

There is no impact on the benefits you will receive upon retirement as this will remain in line with the rules of the Scheme you are a member of. However, there will be an impact on your take home pay due to the end of “contracting out” as explained below.

### Impact on your NI Contributions of Contracting Out

The current State Pension consists of two parts; the basic State Pension and the Additional State Pension. Most defined benefit schemes offered in the HE sector are contracted out of the Additional State Pension. This includes the following schemes offered to employees at Newcastle University: USS, NHSPS and RBP. Being contracted out means that employees have been paying lower National Insurance contributions.

As the new State Pension will only have a single tier, contracting out will end and members will no longer receive a reduction in the amount of National Insurance Contributions they pay towards the State Pension Scheme. Therefore, **from 6 April 2016** members will pay an **extra 1.4%** in National Insurance Contributions. (For an employee earning £27,000 per year this will mean an increase in NI of approximately £24.70 per month.)

Further details on the specific financial impact and reasons for the change are outlined in the Employee FAQs which can be found at <http://www.ncl.ac.uk/hr/benefits/pensions>

## **Other changes you need to be aware of in relation to how the new State Pension is calculated**

The new State Pension is based on your National Insurance record.

Your National Insurance record before 6 April 2016 is used to calculate your “starting amount”. This will include a deduction for the time you were contracted out of the Additional State Pension and a member of USS, NHSPS or RBP.

More information about how the new State Pension is calculated is available at: <https://www.gov.uk/new-state-pension/how-its-calculated>

You can also watch a short information video about the State Pension Changes and contracting out available at <https://www.youtube.com/watch?v=SJNsjGHPHeU>

This communication from the University is also sent on behalf of the Trustee Directors of the Retirement Benefits Plan, University Superannuation Scheme and NHS Pension Scheme.

Elma Alexander  
Reward Manager  
Chartered MCIPD

Human Resources  
Level 4 Kings Gate  
Newcastle University  
NE1 7RU  
Tel: +44 (0 ) 191 208 8284

Email: [Elma.Alexander@ncl.ac.uk](mailto:Elma.Alexander@ncl.ac.uk)

