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| **Auto-enrolment for pensions: information for****Marie Curie Early Stage or post-graduate Researchers (ESR’s) or Experienced post-doctoral Researchers (ER’s)***This letter gives you important information about the University’s pension arrangements and the way the EC’s Marie Curie funding rules affect your ‘take-home’ pay/allowances.* |

The UK Pensions Regulations require that the University automatically enrols all new staff into an eligible pension scheme from their first day of employment. For your post the eligible pension scheme is the Universities Superannuation Scheme (USS) and you will be automatically enrolled into USS from the date your contract starts.

**What is USS?**

USS is a national pension open to certain employees of UK universities (for information about USS please see the University’s Pensions office’s USS website: <https://finance.admin.ox.ac.uk/uss>

**How much does it cost?**

Pension contributions are made up of two elements: employ***ee*** and employ***er*** contributions.

The costs (as at January 2024, subject to change) are:

* Employeecontributions: 6.1% of the basic salary
* Employer contributions: 14.5% of the basic salary

Due to the specific EC rules about the fellowship allowances (which are completely different to most grant-funded posts in the University) if you remain in the pension scheme **both** of these amounts will be deducted from the total monthly Living and Mobility Allowance allocated for your fellowship ie a total of 20.6% of your allowances will be deducted for pensions contributions.

USS, like other pensions providers, may change the level of employee and employer contribution from time to time, and in the event that either or both of the contribution levels change during the period of your employment, your monthly payments will be adjusted accordingly.

**Why are Marie Curie fellowships treated differently from other University staff with regard to pensions contributions?**

In short, because of the EC’s rules about Marie Curie grants.

Most external research sponsors allow the University to employ researchers through our normal employment processes, into a post which has been graded by the University’s standard grading process, and paid on a salary scale which is set for the UK University sector nationally. Funding bodies reimburse the University for the actual cost of the salary, plus the additional costs that the University has to pay for employer’s National Insurance (NI) and employer’s pension contributions. These are referred to as ‘on-costs’ and the salary and ‘on-costs’ remain separate for accounting purposes. If the individual chooses not to be a member of the pension scheme then the University does not have to pay employer’s pension contributions and therefore its ‘on-costs’ reduce, and the amount it can claim from the sponsor is similarly reduced.

The EC’s Marie Curie schemes are set up differently. The EC makes a flat-rate award which is not related to the normal grade and salary scale arrangements for the University, and specify that the full amount of money they award must be used ‘for the benefit’ of the fellow. The University then has to calculate and deduct the ‘on-costs’ (employers NI and pension costs) from the total awarded by the EC and then pay the remainder directly to the fellow as the living allowance (subject to deduction of tax, and employee NI and pensions contributions).

If the fellow chooses not to be a member of the pension scheme, then the ‘on-costs’ are reduced and this means that the amount that the University has to pay direct to the fellow increases. It also means that if the employer’s costs increase (for example if National Insurance, or employer’s pensions contributions go up) the amount paid directly to the fellow in their take-home pay will decrease.

The table below explains how the EC Marie Curie grants differ from other funding body grants.

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|  | **Typical non-EC grant** | **EC Marie Curie grant** |
| **Salary/****allowances** | A researcher post will be graded according to the Higher Education Roles Analysis system (HERA) and the employee will be paid against an appropriate University grade. The rate of pay will be based on a national pay scale. Typically, postgraduate researcher salaries are grade 6 (c £32- £38K p.a.)and early career postdoctoral researcher salaries are grade 7 (c £36-45Kp.a.). The salary increases each year on an incremental scale and in line with a nationally agreed UK Cost of Living Allowance.  | A fixed Euro sum is awarded as ‘allowances’ to support the fellows. The total depends on the personal circumstances of the individual (research experience, family status, possibly distance to town of origin, etc) and is made up of a number of allowances such as living allowance, mobility allowance, etc. The amount (in Euros) is **fixed** by the EC for the **full period** of the grant and the University pay the allowance in equal monthly instalments.The amount paid to the fellow may vary according to variances in the £/€ exchange rate during the course of the award.  |
| **Employer’s ‘on-costs’ (employer’s NI and pensions costs)** | In a grant application the expected costs of the actual salary plus the associated ‘on-costs’ will be calculated and requested from the funding body. The salary and on-costs are identified and accounted for separately. | The fixed sum award for ‘allowances’ made by the EC covers **all** the employment costs **including** the ‘on-costs’. On-costs for NI will **always** be deducted. Employer and employee pensions costs will be deducted from the allowances only **if** the fellow **chooses** to remain in the pension scheme. |
| Deductions from employee salary/allowances | * Employee NI (variable)
* tax (variable)
* employee pensions contributions (6.1%)

Typically this means c. 30% of gross salary is deducted (although tax relief makes this lower).Employer costs are accounted for separately within the funding award. | Allowances paid to the fellow will be subject to deductions for* Employee NI (variable)
* tax (variable)
* employee pensions contributions (6.1%)

**PLUS, the award must also cover*** employer National Insurance (variable)
* employer pensions contributions (14.5%)

Typically this would mean significantly **more than 30%** would be deducted from the award for allowances. |
| If member of staff opts out of pension | The employee’s take-home pay is not reduced by the 6.1% pensions contribution (although deductions are still made for tax and national insurance). The University does not have to pay the employer contributions. ‘Savings’ **cannot** be used to increase the salary of the employee. Typically ‘savings’ are either returned to the funding body or may be re-allocated for other purposes (e.g. research consumables.)  | The terms of the EC award require that whole amount of the awarded allowances must be used to the benefit of the fellow. Therefore, if the fellow opts out of pension then the money which would otherwise have paid for both employee and employer pensions contributions is instead paid directly to the fellow, increasing their take-home pay. |

**If I want to opt-out of USS, how can I do it?**

If you do not want to remain in USS, download the opt-out form which you will find at: [www.uss.co.uk/members/members-home/joining-the-scheme/](http://www.uss.co.uk/members/members-home/joining-the-scheme/%20) .

Complete this form and return it to the person who deals with salaries in your department: this might be your departmental administrator, HR or finance team.

PLEASE NOTE: according to the Pensions Regulations you can **only opt-out after** you have been enrolled, ie after your first day of employment.

**Who can I talk to if I want to find out more about pensions?**

You can contact the Pensions Office via email USS@admin.ox.ac.uk.