



Future contributions

This issue of bitesize is about how the risk sharing included in the Hybrid section could affect Company and member contributions to the DB core element in the future.

Company and member contributions could change depending on the outcome of each actuarial valuation.

An actuarial valuation usually happens every three years and this decides what the future service rate (FSR) will be for the next three years (or until the next valuation).

The FSR is the cost of providing the pension benefits members build up each year. This FSR percentage is split between the Company and the member.

From 1 April 2018 the FSR was 32.1%. The member contribution (for the DB core element only) would be 10% and the Company contribution would be the balance (c22.1%) of DB core pensionable earnings (£20,000 at 1 April 2018).

We've included some examples of how would work in practice in this guide.

Future contributions: how it works

The DB core element of the Hybrid section both Company and member contributions could change in the future, however:

- Members' DB core contribution remains at 10% **unless the future service rate (FSR) goes above 25% or above 40%**

	What happens if...		
	The FSR falls below 25%	The FSR is between 25% and 40%	The FSR increases above 40%
The Company contribution rate..	Drops to its minimum rate of 15%	<i>Either</i> <ul style="list-style-type: none"> • Decreases down to the FSR (less 10%) subject to a minimum Company rate of 15% <i>Or</i> <ul style="list-style-type: none"> • Increases up to the FSR (less 10%) subject to a maximum Company rate of 30% 	Increases to its maximum rate of 30%
The member contribution rate...	Reduces below 10% (to the FSR less 15%)	Stays at 10%	Increases above 10% (to the FSR less 30%)

DC top up contribution

- In the Hybrid section, pensionable earnings over the DB core goes into a DC to up
- The member contribution rate for the DC top up is 7% of pensionable salary above the DB core pensionable earnings (or you can choose to contribute at a lower rate subject to a minimum of 3%)
- The Company would match this for 2 for 1 up to a maximum of 14%

Notice period if, in the future, the member rate changes in the proposed Hybrid section.

- Once the valuation has been agreed with the Trustee, members would be given at least three months' notice of any changes to the member DB core contribution rate, giving them time to make a decision about whether they want to remain in the Hybrid section, change their DC top up contribution or move to the DC section.

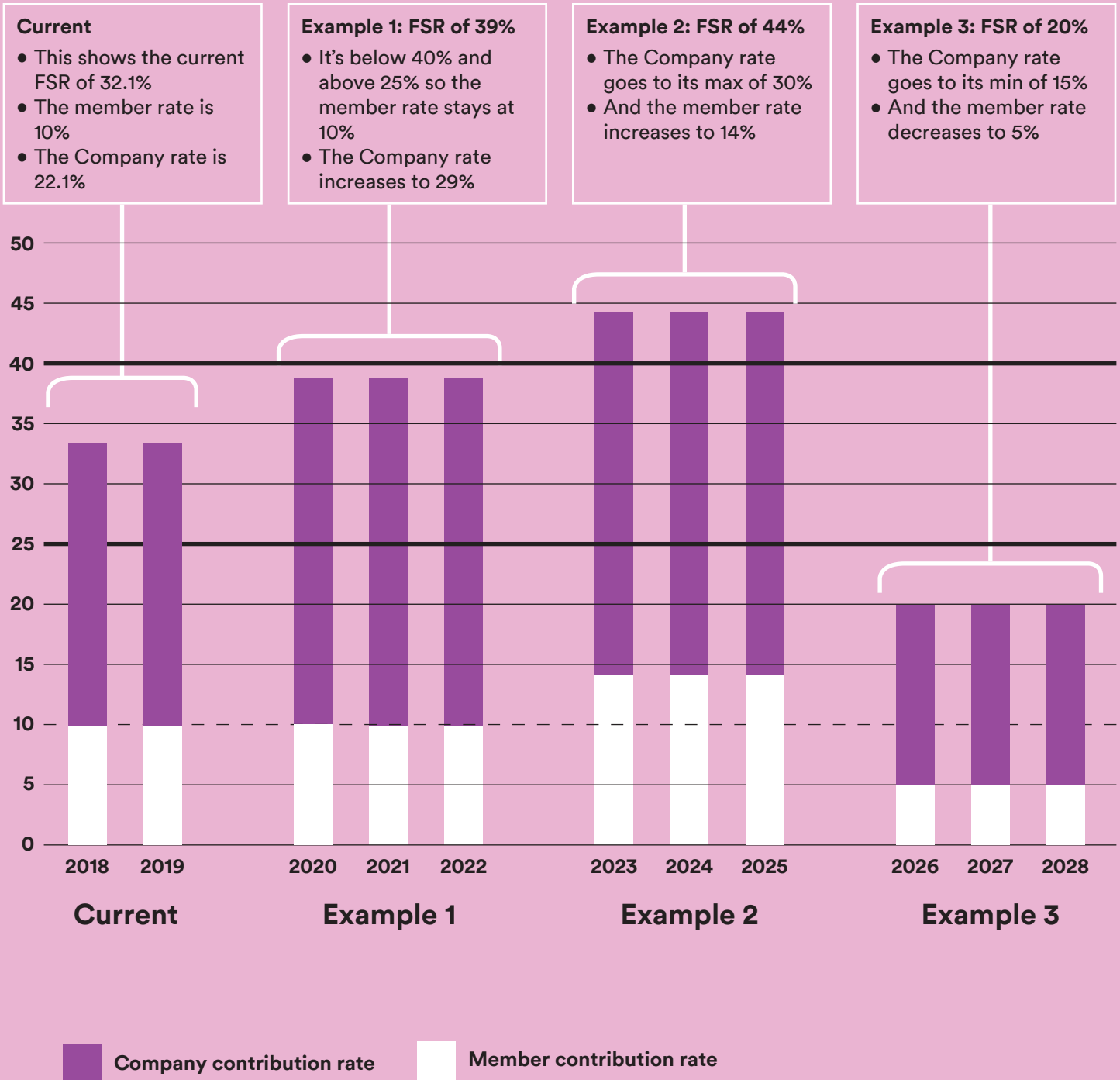
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For further information please contact WTW. Details can be found in the 'Contact Us' section of the UU pensions website



Future contributions - an illustration

Here are some examples to show how the risk sharing works if, in the future, the FSR changed above 40% or below 25%. Please note, they are for illustration only and not a forecast of future service rates (FSR)



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