

Maternity and family leave

How will it affect my pension?

This factsheet explains how your pension benefits will be affected should you take time off work for a period of maternity, or other forms of family leave.

Fully covered

During Maternity Leave, contributing members of USS are fully covered for all the usual benefits of the scheme based on the pensionable salary they would have been paid but for their absence.

All women, irrespective of length of service or hours of work, are entitled to 26 weeks' ordinary Maternity Leave and 26 weeks of additional Maternity Leave. Under the Maternity (Compulsory Leave) Regulations, all women are required to take two weeks' leave from the date of childbirth. Normally these two weeks fall within the 26 week ordinary Maternity Leave period, but where they do not you may add the additional two weeks.

These are the requirements of UK employment law. You may be entitled to more leave depending on your terms of employment. You may also be entitled to be paid part, or all of your salary during some part of your period of absence and minimum payments are prescribed by the Statutory Maternity Pay (SMP) Regulations.

Please contact your employer for the most recent information that is specific to you.

USS contributions

If you are not entitled to any pay under your terms of employment and you are not eligible for SMP, your employer will pay your full employee contribution, together with the normal employer contribution, during the initial 26 weeks of ordinary Maternity Leave and during this period you will continue to build up pension as usual.

If you receive some pay (including SMP), but less than your pre-maternity salary, the contributions you then have to make to USS will be based on the income you actually receive. Your salary for USS purposes will be regarded as being that which you would have normally received if you had not been absent on Maternity Leave and your employer will pay contributions based on this. Your employer will also pay the shortfall in your contributions resulting from the reduction in your earnings. Your employer is committed to continuing these payments for up to 39 weeks or up to when you stop receiving maternity pay if earlier.

At the end of the 26 week statutory Maternity Leave period (or your period of paid Maternity Leave, if greater), you will stop paying contributions to USS and your membership will be suspended.

You may elect, before your leave commences, not to contribute to the scheme during your Maternity Leave. During a period of suspended membership you will not accrue pension and lump sum benefits. When you return to work you will have the option, with the consent of your employer, to pay additional contributions to USS to make up the difference so that all or part of your period of suspended membership can give rise to pension and lump sum benefits. If you decide to do this, your employer will also pay the appropriate normal employer contribution.

You will be treated as having left the scheme if you do not resume employment within the time limit agreed with your employer. If you do not return to work on the agreed date, your benefits will be calculated as though you had left USS on that date, or on the date you told your employer you would not be returning, if that was earlier.

If your contract of employment ends during a period of Maternity Leave, or you resign from your post, your employer still has the obligation to pay the full 26 weeks' SMP. However there will be no requirement to maintain pension contributions once your contract of employment has ceased. If your contract of employment is extended to the end of the Maternity Leave period, USS will expect both employer and employee contributions to be paid until the expiry date of your contract.

If you retire because of incapacity or die during a period of Maternity Leave while your membership is suspended, any benefits payable will not be affected but will be calculated based on contributions received up to the date of suspension.

The Match

During a period of **paid** maternity leave, if you have opted to pay the 1% match you will pay this on your full (pre-maternity leave) salary. Your employer is **NOT** required to make up the shortfall of your contributions on the match but will make up the shortfall of your ordinary contributions. You can commence the match during a period of paid maternity leave and you also have the option of suspending the DC match via My USS before or at any time during your period of maternity leave. During a period of **unpaid** maternity leave all contributions (employees and employers) will be suspended i.e. normal, match and AVCs.

AVCs to the Retirement Investment Builder

During a period of **paid** maternity leave, if you are paying an AVC to the Retirement Investment Builder you have the option of commencing, suspending or reducing these payments via My USS before or at any time during your period of maternity leave. It is important to note that AVC contributions will be paid in accordance with your instructions via My USS and will be a percentage of your salary **NOT** a percentage of the pay you actually receive. During a period of **unpaid** maternity leave all contributions will be suspended.

Additional Voluntary Contributions (AVCs)

If you were paying monthly AVCs to buy either Added Years (former final salary) or Revalued Benefits (former CRB) before you started a period of Maternity, Paternity, Shared Parental Leave or Adoption Leave, you should continue to pay the same percentage of your actual salary unless you want to terminate the arrangement. Whilst you continue to contribute, you will receive the full benefit based on your full salary.

When your pay stops so will your AVCs but you may be able to make up the shortfall in contributions when you return to work subject to the limit on maximum contributions. The amount of additional benefits you can purchase may be less than the original amount if there is a gap in your arrangement.

If you were paying additional contributions to the USS Retirement Income Builder or the money purchase AVC arrangement (with profits), you can continue these contributions for as long as you continue to be paid. Unlike the Added Years or Revalued Benefits AVCs, these contributions will be based on your full salary.

Salary sacrifice

SMP must not be reduced for employees who were taking part in a salary sacrifice arrangement prior to embarking on Maternity Leave.

If an employee is entitled to contractual maternity pay, which exceeds SMP, then pension contributions may be deducted from maternity pay providing the remaining payment to the employee does not fall below the current level of SMP.

Keeping-in-touch (KIT) days

KIT days allow a new or expectant mother (or adoptive parent) who is on Maternity/Adoption Leave to return to work for up to 10 days during the Maternity/Adoption Leave period. The idea is that he/she will be able to maintain contact with colleagues and remain up-to-date with developments in the working environment. These days are in addition to any general arrangements for maintaining reasonable contact during the absence period. The 10 days may be taken separately or together and must be agreed between the employee and the employer.

For the purposes of USS, if a KIT day occurs during a period of paid leave (including whilst only SMP or Statutory Adoption Pay is payable), contributions will be deducted on the actual level of salary received by the member, with the institution making up the difference in employee and employer contributions to what would have been payable had the member not taken a period of Maternity/Adoption Leave.

Where a KIT day is taken outside of such a paid leave period, no pension contributions will be deducted from any amount paid for the day. Upon the member's return to work, she/he will be given the opportunity to make pension contributions for the period of suspended membership, which will be based on the level of salary that otherwise would have been paid but for the absence (and incorporating the relevant KIT days, which occurred during this period).

Paternity

Ordinary Paternity Leave (OPL)

Contributing members of USS who are entitled to Paternity Leave are fully covered for all the usual benefits of the scheme, based on the pensionable salary they would have been paid but for their absence. The maximum amount of leave is a continuous period of two weeks. If you are entitled to Paternity Leave you will receive, as a minimum, Statutory Paternity Pay (SPP). If you receive SPP, the contributions you make to USS will be based on the income you actually receive. Your salary for USS purposes will be regarded as being that which you would have normally received if you had not been absent on Paternity Leave, and your employer will pay contributions based on this. Your employer will also pay the shortfall in your contributions resulting from the reduction in your earnings.

Additional Paternity Leave (APL)

This allows the father to take part of the mother's Maternity Leave so as to allow the mother to return to work. APL must be taken as one continuous period, must be for full weeks and for a period of between 2 and 26 weeks. APL can start 20 weeks after the date on which the child was born and must end before the child's first birthday.

Unless the employer agrees to waive the notice requirements, APL may not be taken until eight weeks after the date on which the father gives his employer the required notice. If the mother has not taken her full entitlement to SMP when she returns to work, the outstanding amount transfers to the father/her partner who is taking APL.

For any period that a member on APL receives any statutory or other maternity pay then the member will pay contributions based on this pay and the employer will top-up to the full amount based on the level of salary that would have been paid had the member not taken the APL. If contributions cease then this is treated as a period of absence and membership will be suspended. During this period of suspended membership you will not build up pension and lump sum benefits.

When you return to work you will have the option, with the consent of your employer, to pay additional contributions to USS to make up the difference so that all or part of your period of suspended membership can give rise to pension and lump sum benefits. If you decide to do this, your employer will also pay the appropriate normal employer contribution.

Please note that APL is replaced by Shared Parental Leave from April 2015 (see section further on).

Adoption

When During Adoption Leave contributing members of USS are fully covered for all the usual benefits of the scheme in the same manner as for Maternity Leave.

Adopters are entitled to 26 weeks' ordinary Adoption Leave followed immediately by up to 26 weeks' additional Adoption Leave. Ordinary Adoption Leave is normally paid leave and additional Adoption Leave is normally unpaid. Leave can start up to 14 days before the date of placement. Only one person can take Adoption Leave in respect of a child at any time, and where a couple proposes to adopt a child jointly, one may take Adoption Leave, but the other may only take Paternity Leave.

These are the requirements of UK employment law. You may be entitled to more leave depending on your terms of employment. You may also be entitled to be paid part, or all of your salary during some part of your period of absence and minimum payments are prescribed by the Statutory Adoption Pay Regulations. Please contact your employer for the most recent information that is specific to you.

Other paid family leave

If your contract of employment is governed by UK law and you are absent from work for family reasons not dealt with above and your employer pays you some remuneration for that period, but less than your salary for USS purposes, the ordinary USS contributions you have to pay for that period will be based only on the amount of that remuneration. Your benefits will be calculated as if that amount had been your salary for that period.

Parental leave

If you are entitled to parental leave under statute, or under an agreement that lawfully replaces your statutory rights, this leave will usually be unpaid. If this is the case it will be treated as a period of temporary absence and your membership will be suspended.

Shared Parental Leave (SPL)

Employed mothers will continue to be entitled to 52 weeks of Maternity Leave (26 weeks Ordinary Maternity Leave and 26 weeks Additional Maternity Leave) and 39 weeks of statutory maternity pay or maternity allowance.

If you choose to do so, you can end your Maternity Leave early (2 weeks being the statutory minimum) and, with your partner or the child's father, opt for Shared Parental Leave (SPL) instead of Maternity Leave. If you both meet the qualifying requirements, you will need to decide how you want to divide your SPL and Pay entitlement.

Paid Paternity Leave of two weeks will continue to be available, however Additional Paternity Leave will be removed and SPL will replace it.

Adopters will have the same rights as other parents to SPL and pay.

To qualify for SPL, the mother or adopter must be entitled to, and have given notice to, curtail their maternity or adoption entitlements and must share the main responsibility for caring for the child with the child's father or their partner.

SPL may be taken at any time within the period which begins on the date the child is born/date of the placement and ends 52 weeks after that date. You are entitled to submit three separate notices to book SPL. Leave must be taken in complete weeks and may be taken either in a continuous period, which an employer cannot refuse, or in a discontinuous period, which the employer may refuse.

Up to 39 weeks Statutory Shared Parental Pay (SSPP) is payable. If the mother or adopter curtails their entitlement to maternity/adoption pay or maternity allowance before they have used their full entitlement then SSPP can be claimed for any remaining weeks.

With regards to pension contributions, the same requirements that apply to normal Maternity Leave are applicable to Shared Parental Leave. Please refer to the section entitled "USS contributions".

For more information, please see the 'Absence' factsheet at www.uss.co.uk

This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the later prevail. Members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits.