

## Hybrid Section

### Factsheet 8 - Contributions

In order to build up benefits in the University's hybrid pension arrangement you will need to make contributions while you are employed by the University (or any other Participating Employer).

This factsheet provides details of what your contributions will be if you are a member of the hybrid pension arrangement.

#### WHAT CONTRIBUTIONS WILL BE PAID?

The hybrid pension arrangement provides a Defined Benefit (DB) pension from the Cambridge University Assistants' Contributory Pension Scheme (CUACPS) and a Defined Contribution (DC) pension from the Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS).

In order to be a member of the hybrid arrangement you must pay a contribution of 3% of your Pensionable Salary into the CUACPS. This contribution goes towards meeting the cost of your DB pension. You are not required to pay any additional contributions but any that you do pay will be paid directly into your fund with the CUADCPS scheme.

#### Employer contributions

Your Employer will pay the balance of the cost of providing your DB pension as well as paying 5% of your Pensionable Salary into your DC account with the CUADCPS. As such, most of the cost of providing your benefits will be met by your Employer.

With effect from 1 August 2023 the employer contribution rate to the CUACPS has been 7.6% of Pensionable Salaries.

The contributions payable by the Employers to the CUACPS are agreed between the University and the CUPTL and updated every 3 years following a detailed valuation carried out by the CUACPS Scheme Actuary.

#### What happens to the DB contributions?

Your contributions and the contributions paid by your Employer are invested under a Trust and used to pay out the DB part of your benefits when the time comes.

The contributions paid in the past by members and Employers have built up into a significant fund, which is managed by the C U Pension Trustee Limited

(CUPTL). The CUPTL takes professional advice to decide how the funds are invested. In addition, the Trustee may request additional contributions from Employers to ensure that it holds enough money to pay benefits in full.

#### What happens to the DC contributions?

The 5% contribution made by your Employer and any contributions that you make are paid into your DC account with the CUADCPS. They form your own personal account and are held in a scheme which is separate from the CUACPS.

Your DC account is invested in a default strategy or a fund of your choice. It will continue to grow with investment returns and as additional contributions are paid until you leave the CPS or retire.

#### MEMBER CONTRIBUTIONS

As a member of the CUACPS you will be required to pay 3% of your Pensionable Salary each year. Your Pensionable Salary is simply your basic salary plus any allowances your employer wishes to include as pensionable. You are not taxed on this 3% contribution.

You are not required to pay any contributions into your DC fund with the CUADCPS but you can pay Additional Voluntary Contributions (AVCs) if you wish to do so. Any AVCs will increase the value of your DC account and the level of DC benefits payable when you retire.

More information on Defined Contribution AVCs can be found in [Factsheet 10 – Topping up your CPS Benefits](#).

#### Salary sacrifice

Your Employer may operate a salary sacrifice arrangement that you already take part in. If so, your salary will be reduced by an amount equal to 3% of your salary and your employer will pay the contribution on your behalf. As a result, you will pay lower National Insurance Contributions than you would pay if you did not participate in the salary sacrifice arrangement.

Your Employer will be able to tell you if they have this arrangement.

For more detailed information on salary sacrifice and how it works, please see [Factsheet 9 - Salary Sacrifice](#).

## IMPORTANT NOTE

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This factsheet provides a summary of your contributions. However, your legal rights are governed by the Trust Deeds and Rules of the CUACPS and CUADCPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the CUACPS Rules can be found using the following link:

<https://www.pensions.admin.cam.ac.uk/cps>

More details on Defined Contribution Scheme manager, SEI, can be found on [www.seic.com](http://www.seic.com) or by contacting the SEI Master Trust administrator at [seic@capita.co.uk](mailto:seic@capita.co.uk).

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