Aberdeen & your pension benefits

University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

Key information

A Guide for Members
ABOUT THIS GUIDE
This guide is prepared on behalf of the UASLAS Trustees and sets out a summary of the benefits provided.

DETAILED INFORMATION
A series of factsheets which contain more detailed information can be obtained from the UASLAS website at:

www.abdn.ac.uk/staffnet/working-here/uaslas-210

or by writing to:

Pensions Office
Finance Department
University of Aberdeen
King’s College
Aberdeen
AB24 3FX

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Introduction

All members of UASLAS will be provided with a pension and tax free cash sum at retirement. Benefits may also be paid if you die or if you are unable to work due to ill health.

If you die either before or after retirement, benefits will be payable to your dependants.

In addition to the benefits you build up in UASLAS, you will also earn State pension benefits. Please see the State Benefits factsheet for more information.

It is important to save towards a pension to ensure that you have an adequate standard of living when you retire. As a member of UASLAS, the University will also make a contribution towards your pension.

When reading this guide please look out for the following symbols:

ℹ️ This means more detailed information is available in the factsheets provided on the UASLAS website or from the Pensions Office

📝 This means you may need to complete a form to receive the appropriate benefits
How can I join UASLAS?

If you work for the University of Aberdeen, and are not in the Universities Superannuation Scheme (USS), and are not currently a member of UASLAS, you may be entitled to join the Scheme provided you are aged between 16 and 75.

See Membership factsheet

If you have recently started working for the University you may be automatically enrolled into the UASLAS depending on your age and salary.

AUTO ENROLMENT

Starting in October 2012, new regulations require every employer in the UK to automatically enrol the vast majority of their employees into a suitable pension arrangement. There are a number of requirements which must be met including pension scheme design and regulation.

The UASLAS meets or exceeds the requirements and is therefore a “qualifying” scheme. As a member of UASLAS you don’t need to do anything about auto enrolment unless you do not want to be part of the Scheme. Details of how you can opt-out will be provided to you by the University along with other key information as set out in the Government’s auto enrolment legislation.

Complete opt out form
What are the main benefits?

**PENSION**

Pension earned before 1 August 2011 will be equal to $1/80^{th}$ of your final salary for each year of service up to that date. From 1 August 2011 you will build up a block of pension equal to $1/80^{th}$ of the salary you earn each year.

The blocks of pension that you build up from 1 August 2011 are revalued each year so that your benefits keep up with inflation. The pension you have earned before August 2011 will remain linked to your salary until you leave employment with the University.

**TAX FREE LUMP SUM**

You will also build up a cash lump sum equal to $3/80$ths of your final salary for each year of service up to 1 August 2011. From 1 August 2011 your cash lump sum earned will be in blocks of $3/80$ths of your salary for each year of service.

The blocks of cash that you build up from 1 August 2011 are revalued each year so that your benefits are protected against inflation. The cash sum you have earned before August 2011 will remain linked to your salary until you leave employment with the University.

*see Retirement benefits factsheet*
**What are the main benefits?**

<table>
<thead>
<tr>
<th><strong>PENSION INCREASES</strong></th>
</tr>
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<tbody>
<tr>
<td>Your benefits will be protected against the effects of inflation after you retire. The precise increase you will receive will depend on the period in which you built up your pension and the general increases in inflation. For this reason, different elements of your pension may increase at slightly different rates after retirement. If you leave UASLAS, your pension and your cash lump sum will be protected against the effects of inflation in the period up to retirement.</td>
</tr>
</tbody>
</table>

*see [Pension increase factsheet](#)*

<table>
<thead>
<tr>
<th><strong>DEATH BENEFITS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>If you die either before or after retirement, a pension will be payable to your dependants. In addition, a tax free lump sum will be payable. The Trustees are responsible for the payment of benefits to your beneficiaries.</td>
</tr>
</tbody>
</table>

*see [Death benefits factsheet](#)*

<table>
<thead>
<tr>
<th><strong>ILL HEALTH BENEFITS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>If you are not able to work due to ill health you may be able to receive a pension and tax free lump sum.</td>
</tr>
</tbody>
</table>

*see [Early retirement factsheet](#)*
Aberdeen & your pension benefits

What are the main benefits?

CONTRIBUTIONS
Your contribution rate to the Scheme is 7.05% of Pensionable Pay. You will get tax relief on your contributions, which means that the real cost is lower than 7.05% for most members. The contribution rate paid by your employer is set by the Scheme Actuary to ensure all benefits can be paid in full.

see Contribution factsheet

EARLY RETIREMENT
You may be able to retire as early as age 55 instead of at your Normal Pension Age of 65. In addition, you may be able to retire early on grounds of ill health or incapacity.

see Early retirement factsheet

DIVORCE
If you divorce your pension benefits will be taken into account when the courts assess and distribute your marital assets. It is likely that you would need to take some action with respect to your benefits.

For further details please contact the Pensions Office at the address on page 2.

PAY MORE TO GET MORE
You can increase your benefits by paying additional voluntary contributions (AVCs).

see Topping up your benefits factsheet
As described on page 5 of this guide, your pension builds up while you contribute to the Scheme.

Each year before 1 August 2011 you build up a pension equal to 1/80th of your final salary and a cash sum of 3/80ths of your final salary.

Each year from 1 August 2011 you build up a block of pension equal to 1/80th of your salary and a cash sum of 3/80ths of your salary. Each block of pension and cash you earn is increased every year in line with changes in the Consumer Prices Index (CPI), subject to an overall maximum of 5% a year.

The following simplified example, which is based on a member with exactly 5 years of service in UASLAS, shows you how it works. We have assumed that CPI increases by 3% per annum.

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary in year</th>
<th>Pension earned in year</th>
<th>Cash earned in year</th>
<th>Pension revalued to end of year 5</th>
<th>Cash revalued to end of yr 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£20,000</td>
<td>£250</td>
<td>£750</td>
<td>£281</td>
<td>£844</td>
</tr>
<tr>
<td>2</td>
<td>£20,400</td>
<td>£255</td>
<td>£765</td>
<td>£279</td>
<td>£836</td>
</tr>
<tr>
<td>3</td>
<td>£20,800</td>
<td>£260</td>
<td>£780</td>
<td>£276</td>
<td>£828</td>
</tr>
<tr>
<td>4</td>
<td>£21,200</td>
<td>£265</td>
<td>£795</td>
<td>£273</td>
<td>£819</td>
</tr>
<tr>
<td>5</td>
<td>£21,600</td>
<td>£270</td>
<td>£810</td>
<td>£270</td>
<td>£810</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total annual pension at end of year 5</strong></td>
<td><strong>£1,379</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>£4,137</strong></td>
<td></td>
</tr>
</tbody>
</table>

In this example, the member has built up five ‘blocks’ of pension which total £1,389. The member has also built up five blocks of cash totalling £4,167 (which is three times the pension).

These amounts will continue to increase both before and after retirement in line with changes in the Retail Prices Index.

*see Retirement benefits factsheet*
Aberdeen & your pension benefits

Will I receive any State benefits?

The UASLAS is a contracted out pension scheme. This means you will receive the Basic State Pension from the Government from your State Pension Age, however, you will not receive the State Second Pension in respect of the period you were a member of UASLAS.

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see State benefits factsheet
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STATE SECOND PENSION (S2P)

As a member of UASLAS you are contracted-out of S2P. You will still receive your Basic State Pension but, instead of receiving S2P as well, UASLAS will provide you with a Guaranteed Minimum Pension (GMP) for service up to April 1997. For any service after April 1997 your benefits paid from the Scheme must meet minimum criteria called the “Reference Scheme Test”.

SINGLE STATE PENSION

The Government plans to merge the Basic State Pension and the State Second Pension into a Single Tier State Pension. This new system is expected to start in 2016.

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

As a member of UASLAS you will pay lower National Insurance contributions as you are contracted-out of S2P. If UASLAS stops being a contracted-out Scheme or you transfer to another Scheme you may need to pay higher National Insurance contributions.

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How do I increase my benefits?

The UASLAS is a good way of saving towards your retirement. However, you may want to consider paying additional voluntary contributions (AVCs) into UASLAS to increase your benefits at retirement. You will get tax relief on any extra contributions you pay since they will be classed as ‘pensions savings’.

You can also pay extra contributions to other pension arrangements. It is important to note that there is an annual allowance limit on pension savings which, if breached, could result in a tax charge. By paying AVCs you will be increasing your pension savings and may exceed this annual allowance.

You may wish to take independent financial advice before you increase your contributions.

MONEY PURCHASE AVCs

The UASLAS includes a facility for members to pay AVCs and build up an account which can be used to top up the benefits payable from UASLAS when you retire. You can change the amount of AVCs you pay into your account, and how often you pay them, at any time.

see *Topping up your benefits factsheet*

[request AVC application form]
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When can I take my benefits?

Normal Pension Age in the UASLAS is 65. However, it may be possible to take your benefits before or after age 65.

**LATE RETIREMENT**
You can choose to take your benefits after age 65. If you do, your retirement pension and lump sum will include the extra blocks built up after age 65 as well as those built up before age 65. Your total pension will be checked to ensure you are no worse off than had you left the Scheme on your 65th birthday.

![see Late retirement factsheet](link)

**EARLY RETIREMENT**
If you take your benefits before age 65 your benefits will be calculated in the same way as deferred benefits. Excluding retirement due to ill health, the pension and cash lump sum you receive before your Normal Pension Date may be reduced because the pension will be paid for a longer period of time. However, there are certain guarantees available within the UASALS which may mean some elements of your benefits are not reduced. The minimum age for early retirement in UASLAS is currently 55 except for ill health circumstances.

![see Early retirement factsheet](link)
What happens if I die?

**DEATH IN SERVICE**
If you die while still in service of UASLAS, a lump sum of three times your salary at the date of your death is payable free of tax. A refund of your contributions to the Scheme will also be paid. In addition, if you are married or have a civil partner, your spouse or partner is entitled to receive a pension of 50% of the pension you would have received at your Normal Pension Date.

If you are not married or in a civil partnership, you may be able to nominate someone else to receive the spouse’ pension. You should complete a Nomination of Beneficiary form if this is the case.

*complete Nomination of Beneficiary form*

*complete Potential Dependant Nomination form*

*see Death benefits factsheet*

**DEATH AFTER RETIREMENT**
If you die after your pension has started, a pension of 50% of your pension at death will be paid to your spouse or partner. Some of this pension may be reduced if you were 10 or more years older than your spouse.

If you die within five years of retirement then a lump sum will be payable equal to the balance of the first 5 years’ worth of the pension being paid at the date of your death.

*see Death benefits factsheet*
WHAT IS SALARY SACRIFICE?
Under the salary sacrifice scheme your salary is reduced by an amount equal to your contribution to the Scheme (i.e. 7.05%). Your employer then pays the contribution on your behalf. As a result, members can make savings on their National Insurance Contributions which in turn leads to an increase in take home pay.

The salary sacrifice scheme does not have any effect on the amount of your Scheme pension benefits.

PENSIONS PLUS
The University operates Pensions Plus which is a salary sacrifice arrangement outlined in your contract of employment. Unless you asked not to join it or if your earnings fall below the pay protection limit, you will take part in this arrangement, which means your salary is reduced but the University pays your contributions to UASLAS.

NATIONAL INSURANCE
Members who use the salary sacrifice scheme may make additional NI savings which reduces the net cost of the Scheme for those members.

see Contributions factsheet
What happens if I leave the Scheme?

If you leave the Scheme either because you have left employment or because you opt out of the Scheme you have a number of choices with respect to your benefits.

1. DEFERRED BENEFITS
If you have completed at least two years’ service, you can leave your pension and lump sum in the Scheme and payment of your benefits will normally start the day after your Normal Pension Date. Between your date of leaving and receiving your benefits your deferred pension and cash sum will increase. Your AVC account will also remain invested until your deferred pension starts.

2. TRANSFER
You may be able to transfer your benefits to another approved pension arrangement. If you are considering a transfer it is important that you take independent financial advice. The following websites may be useful if you need independent advice:
www.unbiased.co.uk
www.findanadviser.org

3. REFUND OF CONTRIBUTIONS
If you have less than two years’ service you will be able to obtain a refund of your contributions to the scheme.

In addition, the Trustees will make a payment to allow you to receive your State Second Pension for the time you were a contracted out member of UASLAS.
TAX
In the UK, pension contributions are exempt from tax. However, you may be liable for tax charges if the pension benefits you build up breach the annual or lifetime allowance limits set by HMRC.

More details on the annual and lifetime allowance limits set by HMRC can be found via their website at www.hmrc.gov.uk/rates/pensionschemes

It is important that you seek independent financial advice in relation to your retirement planning. The relationship between tax and pension saving can be complex, and an independent financial advisor will be able to assist you.

DATA PROTECTION
The Trustees of the Scheme will use the details and personal information (including any sensitive personal data) you have given on this form together with any other information about you in accordance with the Data Protection Act 1998. The information will be used in connection with the administration, servicing, risk assessment, fraud prevention and regulatory purposes in relation to the Scheme. We may also need to disclose your information to our other service providers (including the Trustees' advisors) for these purposes and to pass it to the sponsoring employer or the HM Revenue & Customs (HMRC) and as we are otherwise required by law to do.

You have a right to apply for a copy of your personal information (for which a fee may be charged) and to have any inaccuracies corrected.
SCHEME DOCUMENTS
Copies of all Scheme documents available to you can be found on the University of Aberdeen pensions website at:

www.abdn.ac.uk/staffnet/working-here/uaslas-210

SCHEME RULES
This guide provides a summary of your benefits. However, your legal rights are governed by the Trust Deed and Rules of UASLAS. If there are any differences between the Scheme Rules and this guide, the Rules will override the guide. A copy of the rules can be found using the following link:

www.abdn.ac.uk/staffnet/working-here/uaslas-210

SCHEME QUERIES
If you have any questions relating to your benefits you can contact the Pensions Office using the email address below:

pensions@abdn.ac.uk

SCHEME COMPLAINTS
We have a formal procedure for dealing with member disputes and complaints. The appropriate forms are available from the Pensions Office.

In the first instance, if you have a problem or complaint relating to the Scheme, please write to the Pensions Office at the address given on page 2 of this guide. If the complaint is not resolved there is the opportunity to refer this to a full meeting of the Trustees.
Aberdeen & your pension benefits

Important information and contacts

THE PENSIONS REGULATOR
Is the regulatory body responsible for enforcing the law on occupational pension schemes such as UOASLAS. Its address is:
The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW
Tel: 0845 600 0707
www.thepensionsregulator.gov.uk

THE PENSIONS OMBUDSMAN
May investigate any complaints or disputes of fact or law with respect to an occupational pension scheme. Its address is:
The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Tel: 0207 630 2200
www.pensions-ombudsman.org.uk

PENSIONS ADVISORY SERVICE
May assist members and beneficiaries with any unresolved pension queries. Its address is:
TPAS
11 Belgrave Road
London
SW1V 1RB
Tel: 0845 601 2923
www.pensionsadvisoryservice.org.uk

PENSION TRACING SERVICE
Is a central register to help people trace details of pension schemes they may have lost contact with. Its address is:
Pension Tracing Service
Tyne View Park
Whitely Road
Newcastle Upon Tyne NE98 1BA
Tel: 0845 6002 537
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List of detailed factsheets available

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8. Late Retirement
9. Death Benefits
10. Leaving Service Benefits
11. Transfers
12. State benefits