

## University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

### Factsheet 12 – State Benefits

In addition to the benefits you receive from UASLAS, you will also be entitled to receive State Pension benefits when you reach State Pension Age (SPA)

This factsheet describes the State Pension benefits previously payable as well as the changes to the State Pension system from April 2016

#### WHAT BENEFITS WILL I RECEIVE FROM THE STATE?

For those that have reached SPA before 6 April 2016, there are two State Pensions which you can receive. These are the Basic State Pension (BSP) and the State Second Pension (S2P).

If you reach SPA after this date the new single tier State Pension will apply (details below).

#### Basic State Pension (BSP)

This is a flat rate pension paid to everyone who has paid, or is credited with having paid, enough National Insurance Contributions. The number of contributory years needed to qualify for a full BSP is 30 for both men and women.

The Basic State Pension for 2018/19 is £6,549.40 per annum for a single person or £10,475.40 per annum for a married couple. The BSP is reviewed each year by the Government.

#### State Second Pension (S2P)

This used to be known as the State Earnings Related Pension Scheme or 'SERPS' and is paid in addition to the Basic State Pension if you pay full rate National Insurance Contributions.

S2P is based on your revalued earnings with annual earnings capped at around £40,000. Your earnings are split into bands with different accrual rates applied to different earnings bands.

If you were a member of a contracted out scheme you would have paid lower National Insurance Contributions but will not receive S2P. With effect from April 2016 contracting out ceased, which means there is no longer a National Insurance contribution rebate. Your take home pay will have fallen as a result of paying higher National Insurance contributions.

#### WHAT IS CONTRACTING OUT?

Instead of paying full rate National Insurance Contributions and building up an S2P Pension, you may be or may have been a member of a contracted out pension scheme prior to 6 April 2016.

'Contracted out' means that the University provided a pension scheme that met a required standard and the benefits from that scheme replaced the S2P benefits you would have otherwise earned. Both you and the University paid lower National Insurance Contributions whilst you were a member of a contracted out pension scheme.

#### Is UASLAS contracted out?

The UASLAS was a contracted out scheme until 6 April 2016. UASLAS will still provide statutory benefits in respect of the contracted out service prior to April 2016.

#### WHEN WILL I RECEIVE MY STATE BENEFITS?

The State Pension Age has historically been 65 for men. The State Pension Age for women was equalised to 65 by December 2018 through a phasing-in period.

The Government has confirmed further changes to State Pension Age from 2019 to reflect the fact that people are living for longer. The latest legislation allows for future increases in State Pension Age for both men and women as follows:

- To age 66 by October 2020
- To age 67 between 2026 and 2028
- To age 68 between 2044 and 2046.

Proposed changes to the State Pension Age after 2020 are subject to review by the Government.

## CHANGES TO STATE BENEFITS

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From 6 April 2016 there is a new simplified flat State Pension for anyone that reaches their SPA after 6 April 2016. (This only applies to any man who was born before 6 April 1951, and any female that was born before 6 April 1953) Anyone who had already reached their SPA by 6 April 2016 will receive the existing state pension described above.

From April 2016, how much of the new State pension you receive will depend on your National Insurance record. Membership of a contracted out Scheme prior to April 2016 will reduce the amount of new State pension that you are entitled to. In order to receive the full State pension, full National insurance contributions for 35 years will be required. There is the facility to top up contributions for any missed years, or years where you have been contracted out.

Further information can be obtained from the Government's new centralised website at the following address:

<https://www.gov.uk/yourstatepension>

## FURTHER INFORMATION ON STATE BENEFITS

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Further information on State Pension benefits, including updates and estimates of your benefits can be obtained via the following link:

<https://www.gov.uk/browse/working/state-pension>

## IMPORTANT NOTE

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This factsheet provides a summary of your State 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 factsheet, the Rules will override the factsheet.

A copy of the Rules can be obtained from the Pensions Office.