

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

### Factsheet 4 – Topping up your benefits

This factsheet provides information about the Scheme's Additional Voluntary Contributions (AVC) arrangement which is no longer open to new members.

If you are not already paying AVCs to the UASLAS AVC arrangement (the AVC arrangement) then you may choose to pay AVCs to a Free Standing AVC arrangement, usually provided by an insurance company of your choice. You can also pay into a 'stakeholder' or personal pension plan while a member of UASLAS.

If you wish to contribute to one of these, you must make your own arrangements with an authorised provider.

Please consider taking independent financial advice if you wish to supplement your UASLAS benefits.

#### UASLAS AVC arrangement

The remainder of this factsheet provides information about the AVC arrangement for members who are already paying AVCs (on a Money Purchase basis) to the AVC arrangement to supplement the benefits they will receive from UASLAS.

### INCREASING YOUR BENEFITS

#### Money Purchase AVCs

With Money Purchase AVCs your additional contributions are paid into an individual account. You can choose how your account is invested from one or more investment funds. If you did not choose how to invest your Money Purchase AVCs, your contributions will be invested in the With-profits fund, which was the default investment option. Your account will change in value depending on the investment returns achieved and the level of contributions you pay. **This value can go up as well as down.**

At retirement you can use your account in several ways. Some of your account can be used to provide a tax-free lump sum, with the balance being subject to income tax at your marginal rate of tax<sup>1</sup> or you have the option of buying extra pension income. If you wish to take advantage of the full range of flexibilities available from April 2015 you may have to transfer your Money Purchase AVCs to an alternative arrangement.

You have the option to transfer your AVC benefits to another arrangement whilst retaining their main scheme benefits in UASLAS.

Unlike your UASLAS benefits the level of pension provided by your AVCs is not guaranteed or known in advance. The extra income from the AVC arrangement will depend on a number of factors including the level of your contributions, the investment returns achieved by your account, and (if you choose this option) the type and cost of the annuity<sup>2</sup> you purchase at retirement.

#### Payment and Limits

You can make payments in regular monthly instalments, either as a percentage of your salary or at a flat rate, which are deducted from your salary. The minimum contribution you can make is either 4% of your Pensionable Salary or £30 per month. The maximum contribution you can pay is 100% of your earnings once your initial contribution of 8% has been taken into account.

Your AVCs are deducted before tax is calculated which will give you an automatic tax relief and, therefore, will reduce the cost of your contributions. You will not pay any direct UK taxes on your investment earnings from your AVCs. At retirement some of your account can be used to provide a tax-free lump sum, with the balance being subject to income tax at your marginal rate of tax or you have the option of buying extra pension income.

When deciding how much you want to pay in AVCs you should take into account the Annual Allowance and Lifetime Allowance set by Her Majesty's Revenue and Customs as described in [Factsheet 1 – Definitions](#).

If you require details of the annual increase in the value of your pension for annual allowance purposes please contact the Pensions Office at the address below:

Finance Department University of Aberdeen

King's College

Aberdeen

AB24 3FX

Telephone: 01224 272289

Email: [pensions@abdn.ac.uk](mailto:pensions@abdn.ac.uk)

<https://www.abdn.ac.uk/staffnet/working-here/pensions-208.php>

## Leaving Service

If you leave the University before you retire, your AVCs will remain invested until your retirement. Alternatively, if you transfer your main Scheme benefits to another pension arrangement, your AVC account will be transferred as well. If you die before retirement, the value of your AVC account will be paid to your spouse, dependants or other beneficiaries as selected by the Trustees at their discretion. If you retire before or after your Normal Pension Date, you can use the value of your account in the ways described in this Factsheet.

## Independent Advice

The decision to pay AVCs and which funds to invest in is entirely up to you. **Neither the Trustees nor the University are authorised to give you financial advice.**

If you are not sure what is best for you, **we strongly recommend you speak to an independent financial adviser** (IFA). You can find a local IFA through the following website:

<https://directory.moneyadvice.service.org.uk>

## Questions?

If you have any questions regarding the AVC arrangement please contact the Pension Office using the following email address:

[pensions@abdn.ac.uk](mailto:pensions@abdn.ac.uk)

## IMPORTANT NOTE

This factsheet provides a summary of UASLAS Additional Voluntary Contribution arrangement. 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.

<sup>1</sup>Your **marginal rate of tax** is the highest rate at which you pay income tax. You can find more information on income tax bands at the following website:

[www.moneyadvice.service.org.uk/en/articles/pensions-and-retirement-jargon-buster](http://www.moneyadvice.service.org.uk/en/articles/pensions-and-retirement-jargon-buster)

<sup>2</sup>An annuity is a traditional pension in the form of regular income payments for the rest of your life.

## Available Investment Funds

Fund Name	Fund Charge
Cash	0.875%
Equity	0.885%
European	0.905%
M&G Gilt and Fixed Interest	0.895%
International Pension	0.905%
Japanese	0.905%
M&G Episode Growth	1.045%
Managed	0.915%
North American	0.885%
Pacific Markets	0.985%
M&G Property Portfolio	1.315%
M&G Smaller Companies	0.885%
With Profits Cash Accumulation (Default)	Varies Approx. 1.00%

For more detailed information regarding the available funds, please see the Prudential Fund Guide available on the University website at:

<https://www.abdn.ac.uk/staffnet/working-here/pensions-208.php>

If you are already investing in the With-Profits Cash Accumulation Fund and choose to move your AVC account out of it, you may be charged a Market Value Reduction (MVR).

This charge is unique to with-profits funds and is made if you withdraw your investments before you retire.

The reason for the MVR is to protect the value of savings made by those investors who intend to remain in the Fund until retirement.

If you are considering moving out of the Prudential With-Profits Cash Accumulation Fund **we strongly recommend you speak to an IFA.**