

University of Aberdeen Superannuation and Life Assurance Scheme (UASLAS)

Factsheet 5 – Your benefits

When you retire you will receive the benefits which will have built up over the time during which you were a member of UASLAS. This factsheet provides details of what those benefits will be. Before you retire, you will be provided with a quotation showing what your benefits are and what options you have.

WHEN CAN I RETIRE?

Your Normal Pension Date is your 65th birthday, but you can decide to take your benefits before or after age 65.

Early retirement

If you take your benefits before age 65 they may be reduced to reflect the fact that benefits will be paid over a longer period. The reduction applied depends on when you joined UASLAS.

For more details on early retirement please refer to [Factsheet 7 – Early Retirement](#).

Late retirement

You may be able to carry on working for the University and continue to earn benefits in UASLAS beyond age 65.

For more details on late retirement please refer to [Factsheet 8 – Late Retirement](#).

Retirement due to ill health or incapacity

If you are suffering from ill health or disability which leaves you unable to carry out your work then you may be able to retire and receive your benefits early.

For more information on ill-health retirement please refer to [Factsheet 7 – Early Retirement](#).

WHAT WILL I RECEIVE AT RETIREMENT?

Career Average Revalued Earnings (CARE) Benefits

From 1 August 2011 you will build up benefits on a Career Average Revalued Earnings (CARE) basis.

From 1 January 2019 onwards:

- Each year you will earn a block of pension equal to 1/100th of your pensionable salary.
- Each year you will earn a block of tax-free lump sum equal to 3/100ths of your pensionable salary.

Service between 1 August 2011 and 31 December 2018:

- Each year you will have earned a block of pension equal to 1/80th of your pensionable salary.

- Each year you will have earned a block of tax-free lump sum equal to 3/80ths of your pensionable salary.

Each block of pension and lump sum will increase by the annual increase in the CPI measure of inflation up to a maximum of 3% per annum for benefits earned after 1 January 2019 and 5% per annum for benefits earned between 1 August 2011 and 31 December 2018, until your date of retirement.

At retirement, all of the blocks are added together to give your total CARE pension and lump sum.

Final salary benefits

The benefits in respect of your service up to 1 August 2011 will be based on your Final Pensionable Salary at retirement (or earlier date of leaving if you left UASLAS before you reached retirement age). The final salary benefits you will receive are calculated as follows:

- A pension equal to 1/80th of your Final Pensionable Salary for each year of Pensionable Service up to 1 August 2011.
- A tax-free cash lump sum equal to 3/80ths of your Final Pensionable Salary for each year of Pensionable Service up to 1 August 2011.

Your total pension, equal to the sum of your CARE pension and your Final Salary pension, will be payable for the rest of your life, in monthly instalments, and will start to be paid on the first day of the month following your retirement. It is subject to income tax, which will be deducted each month under the PAYE system, just like earnings.

Cash commutation

If you would like an extra tax free cash lump sum at retirement it is possible to “trade in” some of your pension for a cash sum. The Pensions Office will provide a retirement quotation which includes details of the maximum cash sum that you can take and what the impact would be on your pension.

If you have paid AVCs, you can use your AVC fund to provide part of your additional tax-free lump sum which will lessen the impact on your Scheme pension.

If you decide you would like a lower lump sum when you retire and receive a higher pension you can exchange some, or all, of your lump sum to do so.

Part-time employees

If you worked part-time for the University, your part-time hours will be converted into a full-time equivalent and your final salary pension will be calculated based on your Final Pensionable Salary and your full time equivalent service. If you worked part time on or after 1 August 2011, your UASLAS benefits will be based on your Pensionable Salary each year.

State Pension benefits

You will also be entitled to receive State Pension benefits although these are not payable until your State Pension Age. For more information, please refer to [Factsheet 12 - State Benefits](#).

WHAT HAPPENS WHEN I DIE?

If you die before or after retirement your dependants will receive a pension.

For more information on what happens if you die after retirement please refer to [Factsheet 9 - Death Benefits](#).

HMRC ALLOWANCES

Her Majesty's Revenue & Customs (HMRC) has set limits on how much pension savings you can have and still receive tax-relief. The Lifetime Allowance deals with your total pension savings and the Annual Allowance affects how much pension you can earn each year. Further guidance is available on:

<https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

Lifetime Allowance

It is your responsibility to check whether your total retirement savings exceed the Lifetime Allowance set by HMRC. It is rare to exceed the Lifetime Allowance but if you do, the value of your pension income will be reduced as you will need to pay additional tax. If you take the excess as a lump sum it will be taxed at a higher rate. It is your responsibility to report the value of your benefits on retirement to HMRC. You will be able to obtain a quotation of your benefits shortly before retirement from UASLAS.

Annual Allowance

HMRC has introduced a limit on the maximum amount of pension you can earn in a year whilst still receiving tax relief. This is known as the Annual Allowance.

Both the Annual Allowance and Lifetime Allowance are subject to change. The lifetime allowance is £1.03m from April 2018, and annual allowance reduced from that date too if your salary is above certain HMRC limits. If you are concerned that you are near the limits contact the pensions office for an illustration of your benefits, so that you are aware should the limits change again. An update on both allowance rates is available at the following website:

<https://www.gov.uk/tax-on-your-private-pension/annual-allowance>

IMPORTANT NOTE

This factsheet provides a summary of your retirement 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.