

University of Dundee Superannuation and Life Assurance Scheme (UODSS)

Factsheet 8 – Topping up your benefits

You may wish to increase your benefits by paying Additional Voluntary Contributions (AVCs).

The Trustees have an arrangement with Prudential to allow members to set up an AVC policy. This factsheet outlines the key features of the Prudential AVC policy, your options with regards to contributions and investments and how to set up a new policy.

INCREASING YOUR BENEFITS BY PAYING AVCS

The Prudential AVC policy allows you to pay AVCs and build up a fund which can be used to top up the benefits payable from the Scheme when you retire.

You will have control over how your fund is invested so you can take into account your target retirement age and attitude to risk. You can change the amount you pay into your fund from time to time or you can stop and restart making contributions if you find it necessary to do so.

You will get tax relief on AVCs. At retirement you can use your fund to supplement your benefits from the Scheme for example you may use some of this to provide a tax free cash sum and the remainder to buy extra pension income via an annuity purchased on the open market.

Unlike your Scheme Defined Benefit pension, the benefits provided by your AVCs are not guaranteed or known in advance. The additional benefits provided by your Money Purchase fund will depend on a number of factors including the level of your contributions, the investment returns you actually achieve and how you choose to use your fund at retirement.

HOW CAN I SET UP A NEW AVC ACCOUNT?

If you wish to pay AVCs you must complete the form 'Setting up and adjusting your AVC benefits' found on the pension's office website:

<https://www.dundee.ac.uk/finance/our-services/pensions/superannuation-schemes/uodss/>

The following details are required prior to the new policy being set up:

- The date you wish to start paying AVCs.
- How you would like your contributions to be invested.
- The amount of AVCs you would like to make

As noted above, options are available in respect of how your contributions are invested and the amount of AVC's you can make.

INVESTING YOUR CONTRIBUTIONS

The default fund choice for the Scheme is the Prudential With-Profits Fund. This fund has the aim of maximising growth over the medium to long-term by investing in shares, property, fixed interest and other investments.

It is possible to select different funds that invest in different assets. It is important that when selecting a fund that you understand the potential risk and reward associated with each fund.

A guide to the key characteristics of all available funds is available on request.

You must inform the Pensions Office of your fund choice prior to a new AVC policy being set up (if no fund is selected your contributions will be invested in the default fund).

You may switch between Funds at any time by completing form 'Setting up and adjusting your AVC benefits' on the pension's office website.

LEVEL AND FORM OF CONTRIBUTIONS

You can choose to make a one-off contribution or to pay regular contributions into your AVC fund.

There is a minimum contribution level for both one-off and regular contributions.

- For regular contributions the minimums are £30 (monthly), £300 (yearly) or 4% of salary (if contributions are related to salary).
- For a one-off contribution the minimum is £5,000 however, this is reduced to £1,000 if you have existing regular AVC contributions.

There is also a minimum amount by which you can increase your contributions. For regular contributions these are £10 (monthly) and £100 (yearly).

It is also possible to take a contribution holiday and postpone regular payments into your AVC fund.

WHAT CHARGES APPLY?

The annual management charge for this AVC arrangement is 0.875% per annum. Further charges may apply depending the type of fund selected, details of which will also be confirmed by Prudential when your AVC policy is set up.

OTHER IMPORTANT INFORMATION

Be aware of tax limits

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: University Pensions Office, University of Dundee, Dundee, DD1 4HN.

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 fund 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 money purchase account to purchase additional pension benefits.

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's best for you, we strongly recommend you speak to an independent financial adviser (IFA). You can find a local IFA through the following website:

<http://www.unbiased.co.uk>

Do you have any questions?

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

pensionsoffice@dundee.ac.uk

IMPORTANT NOTE

This factsheet provides a summary of UODSS Additional Voluntary Contribution arrangement with Prudential. However, your legal rights are governed by the Trust Deed and Rules of UODSS. 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.