



# UODSS & Your Pension Benefits

## University of Dundee Superannuation and Life Assurance Scheme (UODSS)

### Factsheet 18 – Pension flexibilities

A number of new pension choices were introduced by the Government from April 2015. These new “pension freedoms” apply to pension benefits taken from Money Purchase (also known as Defined Contribution) pension schemes such as personal pension plans and group personal pension plans.

#### HOW CAN I ACCESS THE NEW PENSION FREEDOMS?

Any member of the Scheme who wishes to take advantage of the new pension freedoms must transfer their pension entitlement to a Money Purchase pension plan that offers these pension choices. This normally means transferring pension rights to an individual personal pension plan. Any transfer of pension rights from the UODSS to a Money Purchase pension plan can only be done when a member has received independent financial advice from an authorised advisor.

#### WHAT ARE THE NEW PENSION FLEXIBILITIES?

**Before** the new pension choices were introduced from April 2015, members of Money Purchase pension plans had the following choices:

- Take up to a quarter of the fund as a tax-free cash sum.
- Use the remaining fund to purchase an annuity (i.e. a pension bought with an insurance company). There are various different kinds of annuity available: increasing or non-increasing while in payment, continuing or not continuing after death to a surviving spouse, etc.
- Instead of buying an annuity, members with sufficient income from other pensions (broadly, over £20,000 a year including State pension) were allowed to take “drawdown” income from their pension fund over a number of months and years.

**After** the new pension choices were introduced in April 2015, the existing choices were expanded to include the following (i.e. in addition to the existing choices):

- Take the whole pension fund as cash with a quarter of the fund tax-free and the rest taxed as income.

- Take cash in more than one withdrawal with 25% of each withdrawal tax-free and the rest taxed as income.
- Take up to a quarter of the pension fund as tax-free cash and draw income from the rest of the fund that remains invested. This is the same as the current income “drawdown” option that existed before April 2015 except that it is now available to all members.

A useful guide to the new pension freedoms that includes more detail can be found on the Pensions Advisory Service website via this link:

<http://www.pensionsadvisoryservice.org.uk/about-pensions/pension-reform/freedom-and-choice>

#### HOW DO I SELECT A MONEY PURCHASE ARRANGEMENT TO TRANSFER MY PENSION RIGHTS?

Information on the options available can be provided by an independent financial advisor.

When selecting a Money Purchase arrangement in which you access the new pension flexibilities, you should be aware that not all Money Purchase pension plans offer all of the available freedoms.

#### ADVICE REQUIREMENT AND STAYING SAFE

The Trustees of the Scheme recommend that all members take advice from an authorised independent financial advisor before transferring their benefits from the Scheme to a flexible benefits arrangement (noting that members with a pension value of greater than £30,000 are required by law to obtain independent financial advice prior to transfer).

There have also been a marked increase in scam activity since the introduction of the pension freedoms in April 2015. All members should be aware of this risk. The Trustees have implemented a telephone based check to help protect members against the scammers.

#### IMPORTANT NOTE

This factsheet provides a summary of the pension flexibilities available to members. 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.

