



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

### Factsheet 3 – Your retirement benefits

When you retire you will receive the benefits which will have built up over the time during which you were a member of UODSS. 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 65<sup>th</sup> 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 the number of years early you wish to retire.

For more details on early retirement please refer to [Factsheet 9 – Early Retirement](#).

##### Late retirement

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

Alternatively, you may leave employment from the University and wish to defer retirement until after age 65.

For more details on late retirement please refer to [Factsheet 10 – 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 14 – Ill Health Benefits](#).

#### 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.

- Each year you will earn a block of pension equal to  $\frac{1}{80}$ <sup>th</sup> of your pensionable salary.
- Each year you will earn a block of tax-free lump sum equal to  $\frac{3}{80}$ <sup>ths</sup> 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 5% per annum.

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 (if any) will be based on your Final Pensionable Salary at retirement (or earlier date of leaving the Scheme). The final salary benefits you will receive are calculated as follows:

- A pension equal to  $\frac{1}{80}$ <sup>th</sup> of your Final Pensionable Salary for each year of Pensionable Service up to 1 August 2011;
- A tax-free cash lump sum equal to  $\frac{3}{80}$ <sup>ths</sup> 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. 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.

The maximum cash sum you can take is 25% of the Lifetime Allowance value of your benefits. You will not need to carry out this calculation as your pension quotation will indicate the maximum cash sum you may take.

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





# UoDSS & Your Pension Benefits

## Pension Increase Exchange (PIE)

Shortly before you retire, you may be provided with the option of giving up pension increases in return for a higher pension. The PIE is only applicable on part of your pension built up before 6 April 1997, and in excess of your Guaranteed Minimum Pension.

Full details of this flexibility, should it be available to you, will be provided in your retirement quotation.

## Part-time employees

If you worked part-time for the University, your Final Salary benefits are calculated by converting you part-time salary to its full-time equivalent at retirement and adjusting your pensionable service accrued up to 31/7/11 to part-time. For CARE benefits earned from 1 August 2011 your actual (part-time) salary will be used to calculate the benefits you earn each year and your pensionable service will not be adjusted. For more information please see [Factsheet 4 – Part Time Service](#)

## 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 17 -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 12 - Death Benefits](#).

## HMRC ALLOWANCES

Her Majesty's Revenue & Customs (HMRC) has set limits on how much pension 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.

### 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 at 25% on the excess. If you take the excess as a lump sum it will instead be taxed at 55%. 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 UODSS.

### Annual Allowance

The Annual Allowance is set by HMRC and is the limit on the maximum amount of pension you can earn in a year whilst still receiving tax relief.

Both the Annual Allowance and Lifetime Allowance are subject to change. An update on the both allowance rates is available at the following website:

[www.gov.uk/government/publications/rates-and-allowances-pension-schemes/pension-schemes-rates](http://www.gov.uk/government/publications/rates-and-allowances-pension-schemes/pension-schemes-rates)

## IMPORTANT NOTE

This factsheet provides a summary of your retirement benefits. 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.

