UNIVERSITY OF LEEDS

Pension & Assurance Scheme Booklet

Grab a slice of the action

PAS Pension & Assurance Scheme

outside of tab

Understanding the jargon

Actuary
The person who advises the **Trustees** on the cost of the benefit promises made by the **Scheme** and how much money is needed to meet that cost.

Additional Voluntary Contributions (AVCs)
An option for you to pay extra contributions to top up your Scheme benefits on retirement.

Adult Dependant
An adult you are supporting financially when you die.

Commutation factor
The figure used in converting pension to extra tax-free cash sum.

Dependent Child/Children
A child or children of yours (either natural, adopted or step child/children), dependent on you, who is/are under the age of 18 or under age 23 and in full-time education.

Final Pensionable Salary
The **Pensionable Salary** earned during your last year of service before retirement, or if earlier, the date you leave the Scheme. If your **Pensionable Salary** was higher during either of the two years before this, then this is taken as your **Final Pensionable Salary**.

Normal Retirement Age
Age 65.

Pensionable Salary
Your basic salary, excluding overtime and including certain allowances.

Pensionable Service
The number of years and days of continuous service you have as a contributing member of the **Scheme**. It includes continuous service in the Pension and Insurance **Scheme**, which was the previous scheme offered to support staff, as well as any service you may have as the result of a transfer payment from a previous pension arrangement.

Apart from enhanced benefits payable on ill health or on death in service, there is no longer any limit on the maximum **Pensionable Service** you may build up in the **Scheme**.

Retail Prices Index (RPI)
The index of retail prices compiled by the Government's Office of National Statistics, often used as a measure of inflation.

Scheme
The University of Leeds Pension & Assurance Scheme.

Spouse
The person to whom you are married, or with whom you have registered a civil partnership.

Trustees
Individuals appointed to administer the **Scheme**.

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A golden opportunity

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University of Leeds Pension & Assurance Scheme

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A healthy start

Introduction to the Scheme

The University is committed to providing pension benefits for its employees, and has done so since its first pension scheme was introduced in 1931.

The current **Scheme** has been in place since 1972 and further improvements have been introduced to it over the years.

The **Scheme** is a Final Salary type scheme, which means that the benefits it provides are linked to your salary and service. It is regarded as a good occupational pension scheme. Both the University and the recognised Trade Unions are committed to the **Scheme**, as the most reliable way for the great majority of staff to provide for their future security and that of their families.

The **Scheme** provides you with a pension and tax-free cash sum when you retire. In addition, if you were to die whilst a contributing **Scheme** member, a lump sum and pension benefits would be paid to your **Spouse** or an **Adult Dependant**, and to any qualifying **Dependent Children**. On death in retirement a pension would be paid as detailed above.

If you were to consider contributing an equivalent amount to an individual personal pension plan, it is unlikely that you would obtain the same range and cover of benefits that the **Scheme** provides.

This booklet describes the benefits which apply to all active **Scheme** members from 6 April 2006 and is designed to give an overview of the **Scheme**. It should not be taken as a definitive statement of **Scheme** benefits. For legal purposes the **Scheme** is governed by a Trust Deed and Rules which will override this booklet in the event of any uncertainty regarding benefits. These are the formal and definitive statement of the **Scheme** and copies are available on request from the Pensions Department.

The **Trustees** of the **Scheme** are responsible for looking after the **Scheme** and running it in line with the Rules for the benefit of all members and beneficiaries. Their responsibilities include administering the **Scheme**, receiving and investing contributions, managing the **Scheme**'s investments and paying benefits to members. They need to ensure that the contributions paid in, together with investment returns, are adequate to meet promised benefits.

The terms that appear in **bold** in this booklet are defined in the 'Understanding the jargon' section on the fold out flap. Should you have any queries regarding your **Scheme** membership, you can contact the Pensions Department as follows:

Address: The Pensions Department, Human Resources, University of Leeds, Leeds, LS2 9JT
Telephone: 0113 3434156 or 3434147
Email: pensions@leeds.ac.uk
Website: www.leeds.ac.uk/hr/pensions/pas.htm

August 2008

Your benefits in a nutshell

Page	Summary of your benefits
04	**Eligibility** You must be over age 18 and under age 60 to join the **Scheme**.
08	**Pension** At your **Normal Retirement Age** (65 for men and women), you will receive a pension, paid monthly, for the rest of your life which is calculated as follows: 1/80 x **Pensionable Service** x **Pensionable Salary**.
08	**Tax-free cash** When you retire, you will also receive a tax-free cash sum equal to three times your annual pension. You may take a higher tax-free cash sum by giving up part of your pension.
09	**Early retirement** With University consent, you may retire and take your pension and tax-free cash sum at any time after your 50th birthday (this will increase to age 55 from 6 April 2010) but you must have at least five years' **Pensionable Service**. If you retire before age 60, an early retirement factor will be applied to these benefits. There is no reduction after age 60.
10	**Ill-health retirement** If you have to retire due to ill health, you may receive an enhanced pension and cash sum. You must have more than two years' **Scheme** service.
11	**Pension increases** Pensions in payment are increased annually in line with the increase in the **Consumer Prices Index (CPI)**.
12	**Life cover (death in service)** If you die whilst you are still contributing to the **Scheme**, a tax-free cash sum of three times your **Pensionable Salary** will be payable.
12	**Dependants' pensions** When you die, the **Scheme** provides a pension to your **Spouse** and, where appropriate, children's allowances. If you do not have a **Spouse**, then the **Trustees** may agree to pay a **Spouse**'s pension to another **Adult Dependant**.
14	**If you leave the University** You cannot remain a member of the **Scheme** if you leave the University. If you have less than two years' **Pensionable Service**, you may receive a refund of your contributions, less certain deductions. Instead, you may choose to defer your benefits or transfer them to another pension arrangement. If you have more than two years' **Pensionable Service**, you have the option to either defer your benefits or transfer them to another suitable pension arrangement.

Something juicy to join

Joining the Scheme

Who can join?

You can join the **Scheme** if you are a full-time or part-time member of the University of Leeds support staff, no matter how many hours you are employed for, provided you are:

- aged 18 or over;
- under age 60; and
- appointed for a period of three months or more.

How do I join?

If you are a full-time employee, you will automatically be entered into the **Scheme**, unless you complete an opting-out form telling us that you do not wish to join.

If you are a part-time employee you will **not** be put in the **Scheme** automatically. You will need to complete an application form and return it to the Pensions Department.

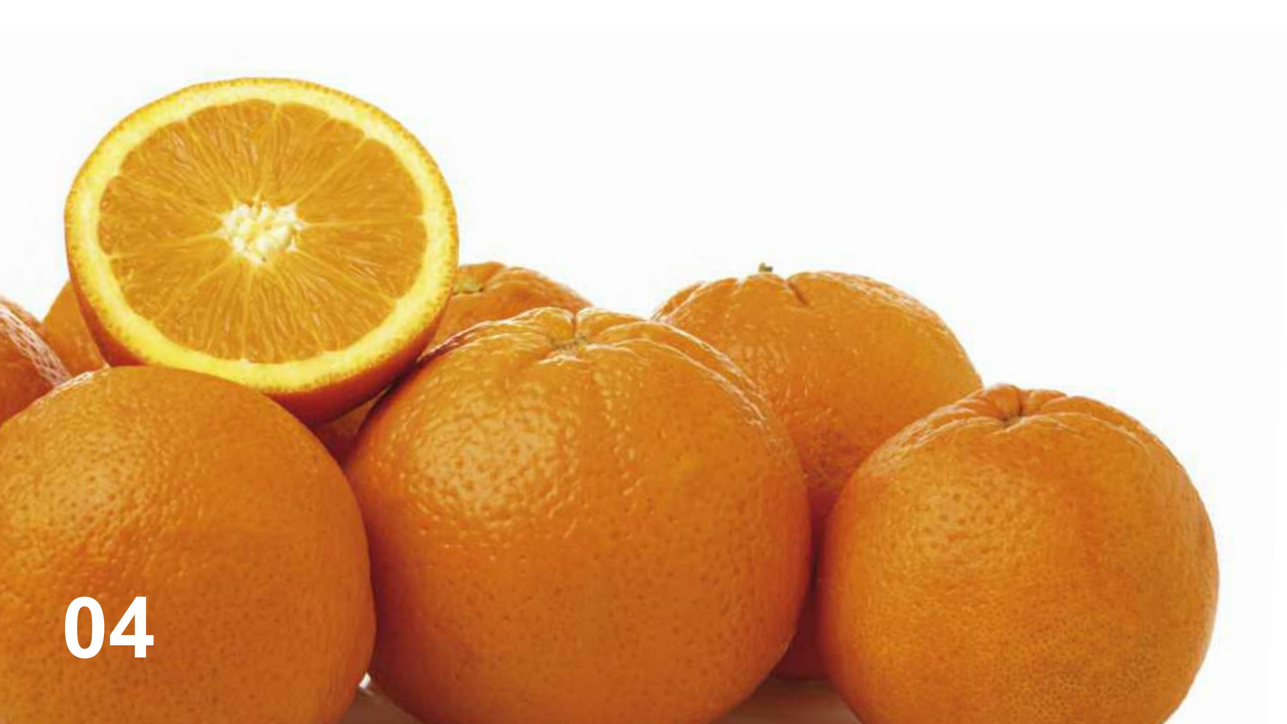
If you have any queries, the Pensions Department will be happy to help you.

Do I have to join?

No, membership of the **Scheme** is optional, you can decide that you do not wish to join. Please remember that you will still need to save for retirement in some other way and the University will not contribute to any other pension plan you choose.

If you choose to join and then later opt out of the **Scheme**, you will have to complete an opting-out form and give one month's notice. Whether to join or not is an important decision. If you are unsure what action to take, please talk to the Pensions Department or to a financial adviser.

Should you opt out of the **Scheme** having been a member for a period of time, the options regarding the benefits you have built up depend on your length of **Pensionable Service** and are detailed on page 14.



Can I rejoin the Scheme at a later date?

After opting out of the **Scheme**, you may later wish to rejoin. You can apply to rejoin, but this will be subject to the conditions that the University considers appropriate. This may involve a health check and you may be asked to meet any costs associated with this.

Can I join the Scheme and have a personal pension as well?

Yes, you can be a **Scheme** member and also contribute to a personal pension arrangement.

Can I transfer pension benefits into the Scheme?

The **Scheme** can usually accept transfers from other pension schemes up to one year before your normal retirement date. If you wish to investigate a transfer of benefits into the **Scheme**, please contact the Pensions Department for an enquiry form.

The only other condition is that the transfer value must be over £1,000.

Your transfer would normally provide extra years and days of **Pensionable Service**, which counts towards your pension at retirement.

We recommend that you get professional advice before deciding whether or not to transfer your benefits.

Bitesize Summary

- Both full and part-time members of the University of Leeds support staff can join the **Scheme**.
- Membership of the **Scheme** is optional.
- You will be automatically entered into the **Scheme** if you are a full-time employee.
- If you are a part-time employee, you will need to complete an application form if you would like to join the **Scheme**.
- You can opt out of the **Scheme** and you may be able to rejoin at a later date.
- You can contribute to personal pension arrangements in addition to the **Scheme**.
- You will normally be able to transfer other pension benefits into the **Scheme**.

Fruitful ways to add value to your future

Normal Contributions

How much do I contribute?

The current employee contribution rate is 6.25% of your **Pensionable Salary**.

The real cost to you is much less than this because your contribution is deducted from your pay before tax is calculated, so you automatically receive tax relief at your highest rate. You also pay a lower rate of National Insurance contributions.

example

Emma's salary is **£20,000 (£1,666.67 a month)** and her gross monthly contribution is **£104.17**. With tax relief of **£20.83** and a saving in National Insurance contributions of **£20.43** (2008/09 rates), the real cost to Emma is only **£62.91 a month**.

How much does the University pay?

The University pays the balance of the cost of the benefits, at a rate which is recommended by the **Actuary**, and which is generally substantially higher than the contribution paid by **Scheme** members. The University rate varies from time to time following regular valuations of the **Scheme**. A full valuation is carried out every three years by the **Scheme Actuary**. The purpose of the valuation is to check the **Scheme**'s assets against the liabilities.

How do I pay my contributions?

The contribution is deducted directly from your pay and the gross contribution is shown on the deductions part of your payslip. As explained above, the net cost to you is less because your contribution is deducted before tax is calculated and you pay lower National Insurance contributions.

Why do I pay lower National Insurance contributions?

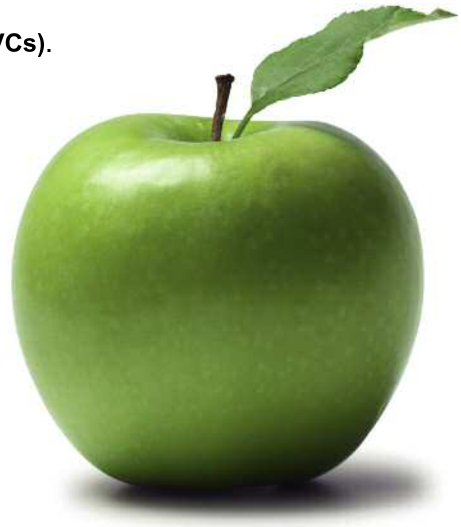
The **Scheme** is contracted out of the State Second Pension (S2P) which means that you pay lower National Insurance contributions. This does not affect your Basic State Pension in any way. For more details please see page 17, State Pension benefits.

Can I pay extra contributions to increase my benefits?

You can top up your pension by making **Additional Voluntary Contributions (AVCs)**. These are described in more detail on page 7 and there is a separate booklet available which provides more information. This can be found on our website at **www.leeds.ac.uk/hr/pensions/pas.htm**

When do I stop paying contributions?

You would normally stop paying contributions at **Normal Retirement Age**, or when you leave the **Scheme**, if earlier. If you continue working for the University after **Normal Retirement Age**, you may be able to stay in **Pensionable Service** if the University and the **Trustees** agree, and if you do, then you will continue to pay contributions until you leave **Pensionable Service**.



Additional Voluntary Contributions

What are Additional Voluntary Contributions?

Additional Voluntary Contributions (AVCs) are a tax-efficient way of saving more towards your retirement. **AVCs** are paid in addition to your normal contributions. You can pay **AVCs** to provide either extra benefits on retirement or to provide extra tax-free cash.

Why may AVCs be useful to me?

If you have had a career break, were late in joining the **Scheme**, or you wish to retire early, **AVCs** can be a useful way of topping up your benefits.

What are the advantages of AVCs?

They are a simple, highly effective way of increasing your benefits on retirement. As with ordinary **Scheme** contributions, you get tax relief at your highest rate. If you are a basic-rate taxpayer, each £10 you pay in **AVCs** costs you only £8. **AVCs** are deducted from your salary and invested on your behalf by the **Trustees**.

How can I invest my AVCs?

You have a choice about the way you invest your **AVCs**:

- You can choose to buy extra years and days of service in the **Scheme**, these are known as Added Years **AVCs**. This means that you agree to pay contributions at a specified percentage of your **Pensionable Salary** to buy a specified amount of **Pensionable Service** at retirement. The maximum percentage of salary you may pay in Added Years **AVCs** is 15%.

  In addition to your pension from normal contributions, you will get extra pension and lump sum benefits based on the additional service you have purchased. The contributions must be paid over the full period of the contract to qualify to receive the full service. The factors used to work out the cost of buying the service are dependent on your age at the date you take out the contract.

- You can invest your **AVCs** in a Money Purchase AVC account, where they will benefit from tax-free investment returns until you reach retirement. You can start, stop or change the amount of **AVCs** you pay at any time. The maximum contribution you can pay is 100% of your salary, less the ordinary **Scheme** contribution and any contributions you may pay to any other schemes.

  On retirement, under current Government legislation, you have the choice of either using your fund to provide additional pension benefits, or taking your fund as a tax-free cash sum. The tax-free cash sum may be limited to ensure that you do not exceed the maximum cash sum permitted by legislation.

What happens if I leave the Scheme?

Unless you have less than two years' **Scheme** membership, you will not be permitted to withdraw your AVC contributions, as they are a long-term investment. If you leave the **Scheme** or stop paying **AVCs**, the money will remain invested to provide you with extra benefits on retirement.

Can I get further information?

An AVC booklet which provides more details about the AVC scheme is available from the Pensions Department.

Bitesize Summary

- Employee contribution is 6.25% of **Pensionable Salary**.
- Contributions are deducted directly from your pay.
- You can save more towards your retirement by making **Additional Voluntary Contributions (AVCs)**.
- **AVCs** are a tax-efficient way of saving more towards your retirement.
- You have a choice about how your **AVCs** are invested.
- If you leave the **Scheme** with more than two years' membership, your **AVCs** will remain invested in the **Scheme**.

An offering that is just ripe

Normal retirement

What are my benefits at Normal Retirement Age?

At **Normal Retirement Age** (age 65), you can take your benefits from the **Scheme**. You will get a pension and a tax-free cash sum. Your benefits will be calculated as follows:

Pension = 1/80 x Final Pensionable Salary x Pensionable Service

+

Tax-free cash sum = 3/80 x Final Pensionable Salary x Pensionable Service

Where possible, you will normally receive a cheque for your tax-free cash sum on your date of retirement.

How are my benefits calculated?

If you have a **Final Pensionable Salary** of £20,000 and **Pensionable Service** of 20 years, your benefits will be calculated as follows:

Pension 1/80 x £20,000 x 20 = **£5,000 a year** **+** **Tax-free cash sum** 3/80 x £20,000 x 20 = **£15,000**

Can I take a larger tax-free cash sum?

You can take a maximum of 25% of the value of your benefits as a tax-free cash sum. For most members this will mean that you will be able to take nearly double the standard tax-free cash sum.

To obtain this extra cash, you will have to give up some of your pension. The **Commutation factors** for converting pension to cash are decided by the **Trustees** after taking advice from the **Actuary** and depend on your age at retirement.

How is my pension calculated if I work part time?

If you have spent all or part of your employment at the University working part time, the part-time service will not count as full **Pensionable Service**, it will be converted to the full-time equivalent. If you are working part time when you retire, your part-time **Pensionable Salary** will also be converted to the full-time equivalent.

example

If you have been a **Scheme** member for 20 years, working 50% of full-time hours and your part-time salary is £10,000, your benefits will be calculated as follows:

	Pension	1/80 x (£10,000 x 100/50) x (20 x 50%)	=	**£2,500 a year**
+	**Tax-free cash sum**	£2,500 x 3	=	**£7,500**

How is my pension paid?

Once you have retired, your pension will be paid monthly in advance, into the bank or building society of your choice. Normally, income tax is deducted from all pensions before they are paid. The amount of tax deducted will depend on your personal tax coding. Your pension will also be increased each year. Please see page 11 for further details.

Late retirement

Do I have to take my pension at age 65?

With the consent of the University, you may be allowed to remain in employment after age 65 and take late retirement benefits. Your **Pensionable Service** will normally cease and you will not pay any further contributions to the **Scheme**. When you retire from the University, your pension will be paid based on your **Pensionable Service** and **Final Pensionable Salary** at **Normal Retirement Age**, increased to reflect the late payment. If the University and the **Trustees** agree to allow you to remain in **Pensionable Service** then you will still pay pension contributions and your benefits on retirement will be based on your **Pensionable Service** and **Final Pensionable Salary** up to your later retirement date. You will not be able to take your pension benefits until you finally leave the University.

Early retirement

Can I retire before age 65?

Normal Retirement Age in the **Scheme** is 65, however you may be able to retire earlier as long as you meet all of the following conditions:

- you have completed five years' **Pensionable Service**;
- you are over age 50 (age 55 from 6 April 2010);
- you give the period of notice appropriate to your contract of employment; and
- you have the consent of the University.

What benefits will I receive if I retire between age 50 (55) and 60?

Provided that you meet the conditions above, you may retire after age 50 (age 55 from 6 April 2010). Your pension and tax-free cash sum will be calculated in the same way as shown in the example on page 8, but based on your **Pensionable Service** and **Final Pensionable Salary** at your early retirement date. Your benefits will be subject to an early retirement reduction, to take account of your pension being paid for longer.

How are my early retirement benefits calculated?

If you retire at age 55 (University consent required), with a **Final Pensionable Salary** of £20,000 and **Pensionable Service** of 20 years, your benefits will be calculated as follows:

	Pension 1/80 x £20,000 x 20	=	**£5,000**
	Less early retirement reduction of 24%	=	**£1,200**
	Early retirement pension payable	=	**£3,800 a year**
+	Tax-free cash sum £3,800 x 3	=	**£11,400**

The early retirement factor is based on your age at the date you retire and so may vary from the above example. Please note, the early retirement factors are subject to review by the **Scheme Actuary** and may change from time to time. The early retirement factors take into account the extra number of years that the pension will be paid to you as a result of retiring before **Normal Retirement Age**.

What if I retire after age 60?

If you retire on or after your 60th birthday, as long as you meet the conditions above, and retire with the consent of the University, no early retirement reduction will be applied to your benefits.

Can I opt for a higher level of pension up to State Pension Age?

If you retire before State Pension Age, you may, if you wish, 'respread' your pension to provide a higher level of pension up to State Pension Age, with a lower pension afterwards. This will give you a total retirement income, including the Basic State Pension, which is roughly constant. Please contact the Pensions Department for further details.

An offering that is just ripe

Ill-health retirement

What happens if I have to retire early due to ill health?

Ill-health retirement benefits are payable at the discretion of the **Trustees**. You may be eligible for an immediate pension and lump sum as long as:

- you have completed more than two years' **Scheme** service (excluding benefits transferred in to the **Scheme**); and
- the **Trustees** have acceptable evidence of your medical condition.

What benefits would I receive?

As long as you meet the eligibility conditions, an ill-health pension can be paid from any age. There are two levels of ill-health pension benefits and the **Trustees** will decide, on the basis of medical evidence, which level of benefit will be paid. These levels are:

Partial ill health – Generally, where there is a physical or mental deterioration which means that you are prevented from following your normal employment or any similar employment, or that your earnings capacity is seriously impaired.

The granting of partial ill-health benefits will result in the pension you have built up being paid immediately, with no early retirement reduction being applied.

Total ill health – Generally where there is a physical or mental deterioration in health which means that you are permanently prevented from engaging in any occupation and may have an impaired life expectancy.

Your pension in these circumstances would be based on your **Final Pensionable Salary** at the time of your ill-health retirement and on the number of years of **Pensionable Service** you could have completed to age 65, up to a maximum of 40 years.

example

If you are age 55 with a **Final Pensionable Salary** of £20,000 and have 20 years' **Pensionable Service**, with possible service to age 65 of 10 years, your pension will be calculated as follows:

Pension	1/80 x £20,000 x 30	=	**£7,500**
+ **Lump sum**	£7,500 x 3	=	**£22,500**

How do I qualify?

Ill-health early retirement is granted at the discretion of the **Trustees**, based on medical evidence. The evidence can include reports from the University Occupational Health Adviser, your GP or Consultant.

If you joined the **Scheme** after 1 January 2008 and have a pre-existing medical condition, you may not be eligible for an ill-health early retirement pension if your ill health is as a result of your pre-existing condition, unless the **Trustees** or University agree otherwise.

What if my health improves?

The **Trustees** will monitor your health after your retirement. If your health later improves, the **Trustees** have a right to reduce, suspend or terminate the pension you are receiving.

Pension increases

Will my pension increase?
Once in payment, your pension will be increased automatically each year.

How much will the increase be?
Your pension will be increased in line with the increase in the **Consumer Prices Index (CPI)** each year. If you have not been retired for a full year, you will receive a proportionate increase based on the number of months you have been retired.

When is the increase paid?
The increase is paid each April. You will be notified in writing of the amount of the increase.

How is the pension increase calculated?
Up to State Pension Age, the whole of your pension is increased by the **Scheme**.

Once your reach State Pension Age the increase is calculated in a different way. If you were a member of the **Scheme** prior to 6 April 1997, as a result of the **Scheme** being contracted out of SERPS (see page 17), you have what is known as a Guaranteed Minimum Pension (GMP). This is equivalent to the additional pension you would have built up if you had been in the Additional State Pension scheme. As a result of this, the pension from the **Scheme** increases as follows:

- GMP built up prior to 6 April 1988; this is increased in line with **CPI**, but is the responsibility of the State. The increase will be paid with your Basic State Pension and not with your **Scheme** pension.
- GMP built up between 6 April 1988 and 5 April 1997 will be increased by the **Scheme** up to 3%. Any increase over this will be paid with your Basic State Pension.
- The pension in excess of the GMP is increased in line with **CPI** as above.

Will the same increase apply to spouse's and children's pensions?
Once in payment, these pensions will increase in the same way as other pension benefits.

Bitesize Summary

- At age 65, you will receive a pension and tax-free cash sum from the **Scheme**.
- You can take up to 25% of the value of your benefits as a tax-free cash sum.
- Any part-time employment will be converted to the full-time equivalent for the purpose of calculating your pension.
- When you retire, your pension will be paid into your bank or building society account each month.
- You may be able to remain in employment past age 65 and defer taking your pension benefits.
- You may be able to retire early from the **Scheme**.
- If you are unable to continue working for the University due to ill health, you may be eligible for an immediate pension and lump sum.
- Once in payment, your pension will increase each year.

Protecting your bunch

Death in service benefits

What benefits are payable if I die in service?

If you die whilst still paying contributions to the **Scheme**, the following benefits will be payable:

- a tax-free cash sum of three times your **Pensionable Salary** at the date of your death;
- a pension to your **Spouse**/**Adult Dependant** and **Dependent Children**; and
- a refund of any **AVCs** you have paid, except Added Years **AVCs**.

What is the tax-free cash sum?

If you die in service on or before you retire, you are automatically covered for life insurance of three times your **Pensionable Salary** at your date of death. Plus you will receive a refund of your **AVCs** (except any Added Years **AVCs**).

How is the cash sum paid?

The cash sum is payable at the discretion of the **Trustees**, which means that it does not form part of your estate and is normally paid free of tax.

The **Trustees** are responsible for deciding who receives the cash sum. So that the **Trustees** are aware of who you would like to receive the cash sum in the event of your death, you should complete a Beneficiary Nomination form, which is available from the Pensions Department or the website. This form should be kept up to date should your circumstances change. The form is not legally binding on the **Trustees**, but they will generally respect your wishes.

You can nominate your **Spouse**, a close relative such as a parent, brother or sister, or any other person you wish.

What benefits will my Spouse receive?

Your **Spouse** will be eligible to receive a pension equal to half of your prospective pension. This will be payable for life and will be based on your **Final Pensionable Salary** at the date of your death and the **Pensionable Service** you would have completed had you retired at age 65, up to a maximum of 40 years' **Pensionable Service**.

example

If you die in service at age 55, with a **Final Pensionable Salary** of £20,000 and **Pensionable Service** of 20 years, with prospective service to age 65 of 10 years, your **Spouse**'s pension will be calculated as follows:

Pension £20,000 x 30 x 1/160 = **£3,750 a year**

The pension will be reduced if your **Spouse** is more than 10 years younger than you.

What if I am not married?

If you are not married, the **Trustees** may decide to pay the pension to any **Adult Dependant** who, in the opinion of the **Trustees**, was financially dependent on you at the date of your death.

Do my children get a pension?

There is a **Dependent Children**'s allowance payable for your children while they are under age 18 or in full-time education up to age 23. The amount of the allowance depends on whether a **Spouse**'s or **Adult Dependant**'s pension is paid and the number of **Dependent Children**.

If there is only one **Dependent Child**, then the allowance will be half the **Spouse**'s pension.

If there are two or more **Dependent Children**, the total allowance will be equal to the **Spouse**'s pension and will be divided equally between the **Dependent Children**.

Where no **Spouse's** or **Adult Dependant's** pension is being paid, the **Dependent Children**'s allowances will be increased by 50%.

Where the **Spouse**'s pension is reduced because your **Spouse** is more than 10 years younger than you, the **Dependent Children**'s allowances will be based on the unreduced pension.

Death in retirement

What benefits are payable on my death in retirement?

The following may be payable on your death in retirement:

- A **Spouse's**/**Adult Dependant's** pension
- Children's allowances
- A cash sum

What pension will my Spouse receive?

On your death in retirement, your pension will cease. However, if you have a **Spouse**, a pension will be paid equal to half of your pension at your date of death. If you retired after 6 April 2006 and chose to take the maximum tax-free cash sum on retirement, this will not affect the pension paid to your **Spouse**, as the **Spouse**'s pension will be based on 50% of your pension prior to you taking the extra cash sum. The pension will be reduced if your **Spouse** is more than 10 years younger than you and may be reduced if you have been married for less than six months.

What if I am not married?

If you are not married, the **Trustees** may decide to pay the pension to any **Adult Dependant** who, in the opinion of the **Trustees**, was financially dependent on you at the date of your death.

Do my children get a pension?

Children's allowances would be paid as described opposite.

Would there be a cash sum payable?

If you die within five years of retirement, a cash sum is payable equal to the balance of five years' pension payments. This is in addition to any **Spouse**'s pension which may be paid. The payment of this cash sum is at the discretion of the **Trustees**, as described on page 12.

If you retire after age 70 and die after age 75, it will not be possible to pay this benefit as a lump sum. Instead, your pension will continue to be paid until the end of the five-year period and will be taxed in the normal way.

Bitesize Summary

- If you die whilst you are still paying contributions to the **Scheme**, benefits will be payable to your dependants.
- If you die in retirement, your **Spouse**/**Adult Dependant** and **Dependent Child**/**Children** may receive benefits from the **Scheme**.

Something different?

Leaving the Scheme

What options are available to me if I leave the University?

The benefits you receive will depend on your length of service in the **Scheme**:

- If you have less than two years' **Pensionable Service**, you have the option of a refund of your contributions, a deferred pension or a transfer payment.
- If you have more than two years' **Pensionable Service**, you can have a deferred pension or a transfer payment. If you are over age 55, you may wish to consider early retirement benefits. Please see page 9 for further details.

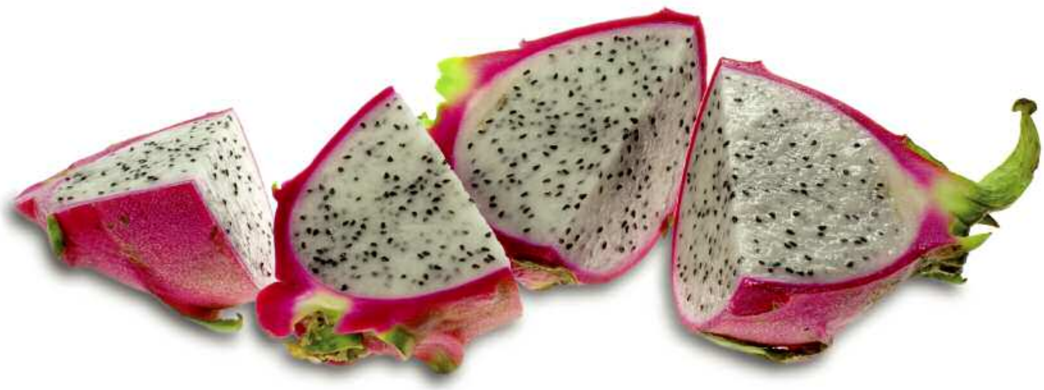
Refund of contributions

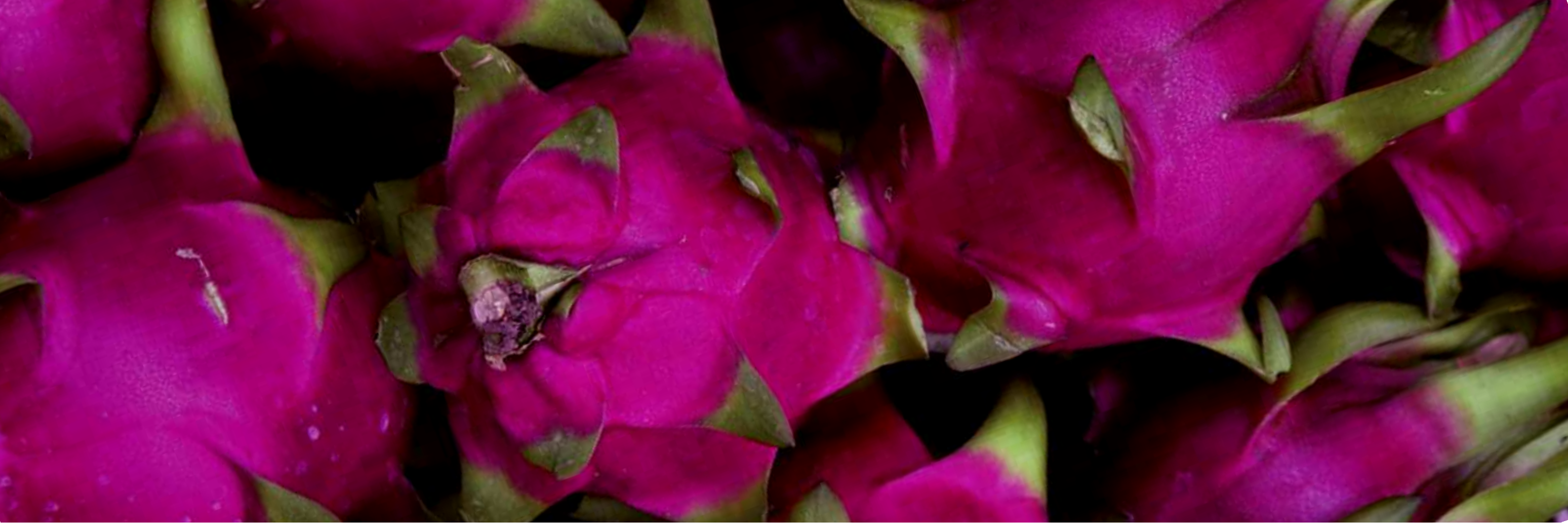
How is the refund calculated?

The refund is based on your own contributions and includes compound interest at the rate of 4% for each complete year your contributions are held in the **Scheme**.

From this certain deductions are made:

- As the **Scheme** is contracted out of the State Second Pension, you have paid lower National Insurance contributions. If you leave and take a refund, the **Scheme** must make a payment to HM Revenue & Customs to buy you back into the State scheme. Effectively, this will put you back in the position you would have been in had you not joined the **Scheme**.
- A deduction for tax is also made. Tax at the rate of 20% is paid on the first £10,800 of the refund. 40% is paid on the balance.





Deferred pension benefits

How are the deferred benefits calculated?

These benefits are calculated in the same way as for normal retirement, see page 8, but based on your **Final Pensionable Salary** and **Pensionable Service** to your date of leaving.

Do deferred pensions increase in value?

Deferred pensions are increased each year between leaving and retirement in line with the increase in **CPI**. Once in payment, the pension will increase as explained on page 11.

When are the benefits paid?

A deferred pension would normally be paid from your **Normal Retirement Age**.

Can I take early retirement benefits?

For leavers after 1 July 1988, deferred pensions may be payable before **Normal Retirement Age**. This must be with the consent of the University and you must have had more than five years' **Pensionable Service** when you left the **Scheme**. You can take early retirement after age 55, however there would be an early retirement factor applied if the benefits are paid to you before age 65.

After age 60, there will be no early retirement factor applied, as long as you had more than five years' **Pensionable Service** when you left the **Scheme**, and you have the approval of the University.

What happens if I die before I reach retirement age?

If you die before your pension comes into payment, there will be a **Spouse's** pension payable equal to 50% of the value of your deferred pension built up after 6 April 1978. An increase will be added to this pension equal to the increase in **CPI** between your date of leaving and date of death.

The pension will be reduced if your **Spouse** is more than 10 years younger than you and may be reduced if you have been married for less than six months.

There would also be a return of your **Scheme** contributions, plus interest.

What if I am not married?

If you are not married, the **Trustees** may decide to pay the pension to any **Adult Dependant** who, in the opinion of the Trustees, was financially dependent on you at the date of your death.

Bitesize Summary

- If you decide to leave the **Scheme**, the benefits you receive will depend on your length of service in the **Scheme**.
- Depending on your length of service, you may be able to choose between a refund of contributions, a deferred pension or a transfer payment.
- If you decide to defer your pension, it will be increased each year between leaving and retirement.
- For leavers after 1 July 1988, deferred pensions may be payable before **Normal Retirement Age**.
- If you die before your pension comes into payment, a **Spouse's** pension will be payable.

Something different?

Transfer payments

What is a transfer value?

The transfer value is the current cash value of your deferred pension and is calculated in accordance with instructions provided by the **Scheme Actuary**. The calculation takes into account the rate at which the deferred benefits will increase, both before and after the benefits become payable.

When can I transfer my benefits?

You can transfer your benefits to a new scheme at any time after you leave the **Scheme**, up to one year before your **Normal Retirement Age**.

Where can I get more information about transferring my benefits?

If you are interested in transferring or obtaining an estimate of the transfer value which would be available, you should contact the Pensions Department in writing to request a quote.

You will be provided with a statement of the transfer value available and you will also be provided with details on how to go about exercising this option. You are only entitled to request one transfer quote in any 12 months. Provision of further quotes is at the discretion of the **Trustees** and may incur a charge. If you wish to go ahead with the transfer, you will be required to reply within three months of the date the quotation is given.

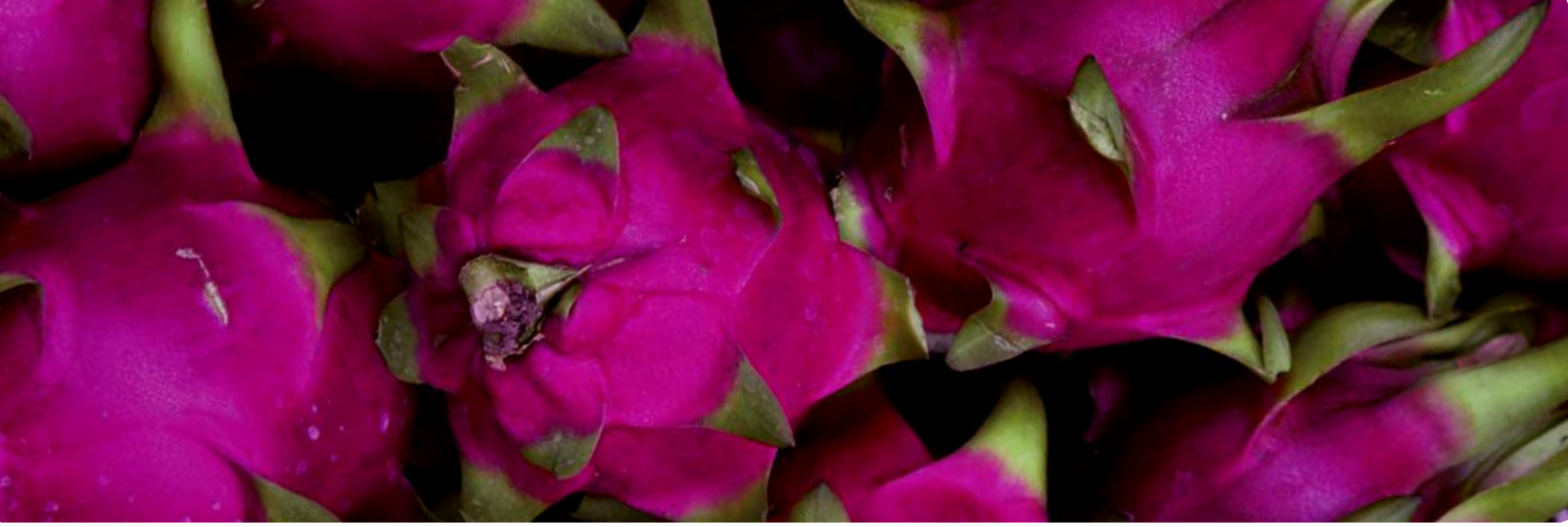
Leaving service and AVCs

What if I paid Additional Voluntary Contributions?

If you made **Additional Voluntary Contributions (AVCs)**, your option depends on what you do with your main **Scheme** benefits.

If you leave and take a refund, your AVC contributions will also be refunded. You would be required to pay 20% tax if the refund was under £10,800. 40% tax would be payable on any balance over this.

If you take a deferred pension, your AVC benefits will also remain in the **Scheme**, until you retire or transfer your benefits.



State Pension benefits

What pension will I receive from the State?

Being a member of the **Scheme** does not mean that you lose all rights to State retirement benefits. There are two parts to the State Pension:

- the Basic State Pension (BSP); and
- the State Second Pension (S2P).

Basic State Pension

The amount of your BSP is not related to your earnings. It is a flat rate amount paid to everyone who has a full record of National Insurance contributions. If you are married and your **Spouse** is not entitled to a pension based on their own contributions, you may also receive a married couple's allowance. The Government reviews the level of BSP in April each year.

You will start to receive this pension at State Pension Age. This is currently 65 for men and 60 for women, however this will gradually increase to age 65 for women born after 5 April 1950 over the period between 2010 and 2020.

The State Pension Age for both men and women will further increase from 65 to 68 between 2024 and 2046.

You can request a forecast of your BSP by completing form BR19 and sending it to the Department for Work and Pensions. A copy of the form can be obtained from the Pensions Department.

State Second Pension

The other part of the State pension is S2P. The **Scheme** has contracted out of S2P, and its predecessor, SERPS. This means that the **Scheme** must provide you with a pension that is broadly equivalent or better than the benefits under S2P. In practise, the benefits provided by the **Scheme** are significantly better than would otherwise have been expected under S2P.

An advantage of being contracted out is that you pay a lower rate of National Insurance contributions.

Bitesize Summary

- If you take a transfer payment, you can transfer your benefits to a new scheme up to one year before **Normal Retirement Age**.
- You can contact the Pensions Department for more information about transferring your benefits.
- If you leave the **Scheme** having paid **AVCs**, your options will depend on what you do with your main **Scheme** benefits.
- When you retire, in addition to your main **Scheme** benefits, you will be eligible for State pension benefits.
- The **Scheme** is contracted out of S2P and as a result, you pay lower National Insurance contributions.

Something different?

Changing circumstances

What happens if my personal circumstances change?

You must keep the **Scheme** up to date if you marry or remarry, or your personal circumstances change, by updating your Beneficiary Nomination form. This form is used to advise the **Trustees** to whom you would like any lump sum death benefits to be paid. A copy of all our forms can be found on the website.

As a pensioner or deferred member, you must also keep the Pensions Department updated if you change address. You will need to notify the Pensions Department of this change in writing.

What happens if I go on maternity leave, adoption leave or paternity leave?

Maternity and adoption leave – If you receive contractual pay, Statutory Maternity Pay (SMP) or Statutory Adoption Pay (SAP), you will pay normal contributions for the period of paid maternity/adoption leave only, based on the amount of pay you actually receive. The period of paid maternity/adoption leave will count towards your **Pensionable Service**.

The University will pay the balance of the member contributions and the full employer contributions, based on the salary you would have received if you had not been absent on maternity/adoption leave.

At the end of paid maternity/adoption leave, your **Scheme** contributions will cease and your membership will be suspended. On your return to work, you can arrange to repay the contributions to cover the period of unpaid maternity/adoption leave. The University will also pay the employer contributions.

If you do not wish to pay any contributions for the whole of your maternity/adoption leave you should inform us in writing before your maternity/adoption leave starts. If you choose this option, your membership will be suspended until you return to work.

Paternity leave – Pension contributions will continue as normal during paternity leave.

What happens if I have unpaid leave?

If you have a period of unpaid absence, for illness or any other reason, you may pay contributions to maintain your membership for the period of absence. As well as paying your employee contribution, you also need to pay the employer contribution in these circumstances.

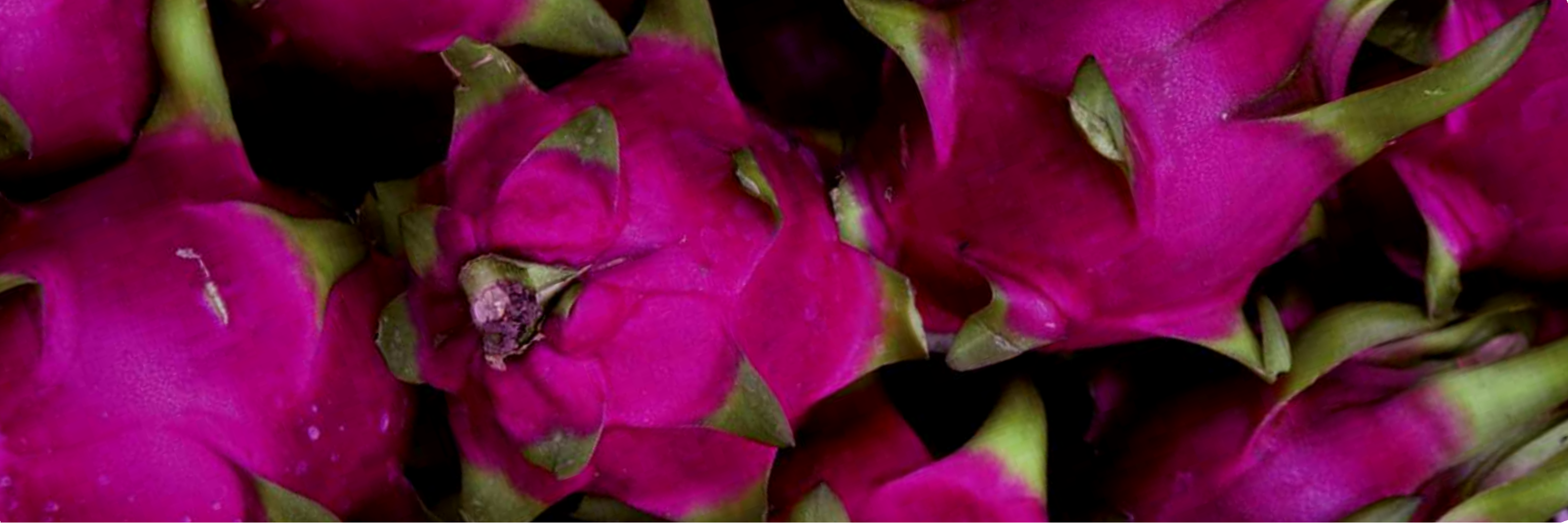
If you choose not to continue paying contributions to the **Scheme** during your period of unpaid absence, this period of service will not count towards your final pension benefits.

What happens to my pension if I get divorced?

The Court may include pension rights when deciding divorce settlements. It has three options:

- To offset the value of pension rights against other assets.
- To set aside part of the pension rights for the ex-**Spouse**.
- To transfer some of the benefits to a policy in the name of the ex-**Spouse** as part of the settlement.

The Pensions Department will provide you or the Court with any information required, however there may be a charge for providing some of this information.



Assignment of benefits

You may not assign or charge your benefits under the **Scheme** or use them as security for a loan.

Gender Recognition Act

The Gender Recognition Act came into force on 1 April 2005 giving transsexuals the right to claim legal recognition in their assumed gender. The **Trustees** will act in accordance with this legislation.

Maximum benefit limits

Due to the generous tax relief available, the benefits from the **Scheme** are subject to certain limits set by HM Revenue & Customs.

The Finance Act 2004 introduced wide-ranging reforms to pension schemes with effect from 6 April 2006. These reforms were designed to simplify the complicated tax regimes which previously existed.

The allowances which now apply are as follows:

- A Lifetime Allowance (LTA) for the maximum amount of all your tax-favoured pension savings. The LTA for the 2012/13 tax year is £1.5 million (equivalent for the purposes of the LTA to an annual pension of £75,500).
- An Annual Allowance (AA) for the maximum value of benefits that you can earn (or contributions that can be made on a money purchase basis) in any year under all your pension arrangements. The AA for the tax year 2012/13 is £50,000. For the purposes of the **Scheme**, the year over which you will be assessed for the purposes of the AA will be the scheme year starting on 1 April.

Any contributions paid, or benefits received, above these allowances will be subject to a tax-recovery charge. Most members are unlikely to exceed the allowances. However, members who think they might be affected should contact the Pensions Department.

Bitesize Summary

- You may need to update your Beneficiary Nomination Form if your personal circumstances change.
- If you go on maternity leave, adoption leave or paternity leave, you can continue making contributions to the **Scheme**.
- If you have a period of unpaid leave, you can continue to pay contributions to the **Scheme**.
- If you divorce, the Court may include pension rights when deciding divorce settlements.
- The **Trustees** will act in accordance with the Gender Recognition Act.
- The benefits from the **Scheme** are subject to certain limits set by HM Revenue & Customs.

Further information

Trust Deed and Rules
This booklet is only a summary of the benefits provided by the **Scheme** and does not override the conditions in the Trust Deed and Rules, which are the legal documents that govern the **Scheme**. The power to make changes to the Rules of the **Scheme** rests with the **Trustees**, but only if the University authorises them to do so.

Approval of the Scheme
The **Scheme** is a registered scheme under the Finance Act 2004. It is an 'exempt approved' scheme. This means that contributions and benefits have to be within limits set by HM Revenue & Customs, in order for the **Scheme** to qualify for the tax advantages.

Your rights under the Data Protection Act
We comply with the principles set out in the Date Protection Act 1988. The Act classifies information as either sensitive or non sensitive.

Sensitive information covers personal details such as your health. We will not use this information unless we have your written consent.

Information that is non sensitive includes your date of birth, address and pay details. Under the Data Protection Act, we can use information that is not sensitive without your written consent. Unless you tell us otherwise, we will assume that you have consented to the use of your non-sensitive personal details.

We treat all of your personal information as confidential and use the details only for administering your pension. Unless you tell us otherwise, we will restrict access to your information to the Pensions Department, and, if required by law, statutory bodies such as HM Revenue & Customs.

How to trace old pensions
You may no longer have the contact details of previous employers, where you may have pension benefits. The **Scheme** is registered with the Pension Tracing Service which can help you to trace old pensions free of charge. You can contact the Pension Tracing Service at:

The Pension Tracing Service
Tyneview Park
Whitley Road
Newcastle upon Tyne NE98 1BA

Telephone: 0845 600 2537
website: www.thepensionservice.gov.uk

Annual Report
The Trustees are required to produce a Report each year which includes the **Scheme**'s accounts. A copy of the full Report is available on request from the Pensions Department.

Assets
The assets of the **Scheme** are held in trust and are independent of the University.

Complaints procedure

Internal Dispute Resolution Procedure

We will do our best to make sure you never have cause to complain. However, if you do have a complaint, the **Scheme** has an internal procedure for resolving any disputes you may have. Please write to The Pension Scheme Registrar, University of Leeds, Leeds, LS2 9JT.

In normal circumstances you will receive a full response within two months. If you are not happy with this response, you must refer the matter to the **Trustees** within six months of receipt of the response. The **Trustees** will then reply to you directly, where possible within two months.

The Pensions Advisory Service (TPAS)

TPAS is available to help members and beneficiaries of occupational pension schemes with any pension query they may have, or any difficulties they have been unable to resolve with the Trustees. They can be contacted either through your local Citizens Advice Bureau or directly at:

The Pensions Advisory Service, 11 Belgrave Road, London, SW1V 1RB.

Pensions Ombudsman

If you are still not satisfied, you can refer your complaint to the Pensions Ombudsman. The Pensions Ombudsman is appointed to investigate complaints and judge the facts of a case, in relation to a pension scheme's rules and statutory regulations. Normally the Ombudsman will ask TPAS to consider the complaint first. The Pensions Ombudsman can be contacted at the same address as TPAS.

The Pensions Regulator

The **Scheme** is regulated by the Pensions Regulator which regulates the running of occupational pension schemes and can intervene if those responsible have failed in their duties. Their address is:

The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW.

An appealing option

Not a member and want to join? Contact us.

UNIVERSITY OF LEEDS

The Pensions Department Human Resources

Tel: +44 (0) 113 3434156 or 3434147

Email: pensions@leeds.ac.uk

Web: www.leeds.ac.uk/hr/pensions/pensions.htm

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