



## Rediscovering SAUL

Understanding and appreciating **your** pension scheme

November 2011

# Agenda

- Introducing the Scheme
- The cost
- Your benefits
- Funding
- More information

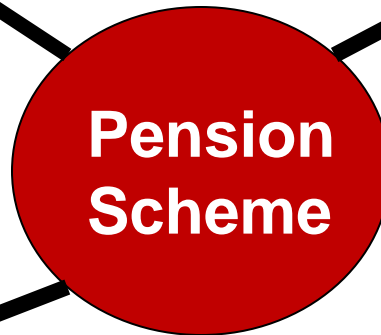


# Introducing the Scheme

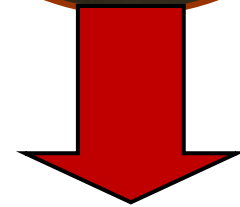
- Set up in 1976 for non-academic staff of the University of London
- Sole Trustee and Administrator
- Over 30,000 members
- 50 Employers



# Occupational Pension Scheme



- 5 appointed by the University of London
- 4 appointed by your recognised trade unions
- 3 co-opted



# Scheme structure

**Defined Benefit:** the benefits you receive are defined in the scheme rules

**Final Salary:** benefits are based on your salary when you retire and your service in the scheme



# The Cost



13% of salary



6% of salary

- For each **£1** contribution you pay **20p** (or **40p**) less tax
- You pay **1.6% less** in **National Insurance** contributions on earnings between **£7,228** and **£40,040**

# Example: earning £24,000 pa

	SAUL Member	Non-member
Salary	£2,000.00	£2,000.00
Contributions	£120.00	£0.00
Tax	£251.42	£275.42
NI contributions	£130.31	£167.72
Net pay	£1,498.27	£1,556.86

Difference of **£58.59** or **2.9%** of salary

# Your benefits

Pension

Lump  
Sum

$$\frac{\text{Pensionable Salary} \times \text{Pensionable Service}}{80}$$

## 3 x Annual Pension

**Pensionable Salary** is usually salary paid in the last 12 months of service

**Pensionable Service** in years and days

- SAUL service
- Transfer in credits
- AVC credits

**Full-time Equivalent** (for part-timers)

# Example Calculation

Pensionable Salary: £40,000 pa  
Pensionable Service: 20 years

$$\frac{£40,000 \times 20}{80} =$$



**£10,000 pa  
Pension**

$$£10,000 \times 3 =$$



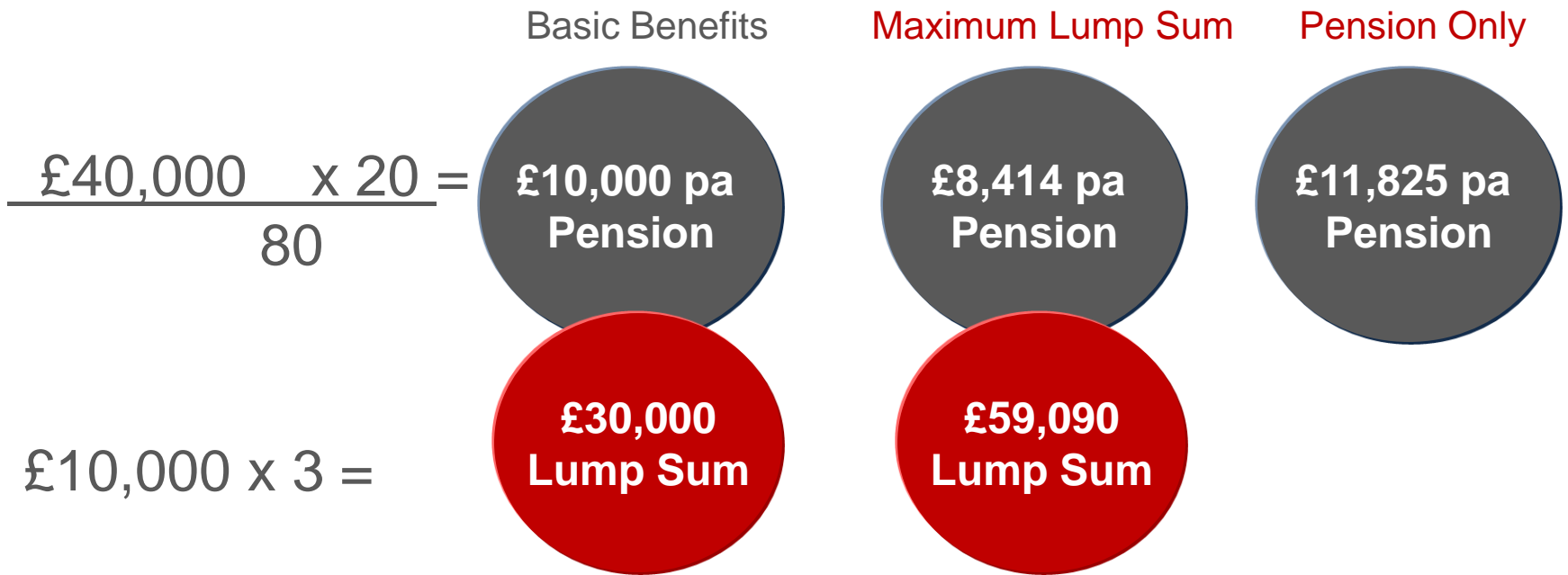
**£30,000  
Lump Sum**

# Flexibility

- Normal Pension Date is age 65 – but you can retire:
  - From age 50 (or 55 if you joined after 5 April 2006) with a reduction
  - From age 60 with no reduction
  - After age 65 with an increase
  - Immediate ill-health pension
- “Commutation” of your pension or lump sum

# Example Calculation

Pensionable Salary: £40,000 pa  
 Pensionable Service: 20 years



# Family Protection

**Income  
for**

- Spouse
- Children

2/3rds member's pension

**Lump sum**

4 x salary and return of contributions  
(in service)

Return of contributions (in deferment)

5-year guarantee (retirement)

Letter of Intent



# Your benefits on leaving SAUL

**Defer your  
Pension**

Until you wish to retire  
Index linked

**Transfer  
out**

**Refund of  
Contributions  
in limited  
circumstances**



# Other advantages

## Additional Voluntary Contributions

- Contribute up to an additional 10% of salary
- Pay by lump sum or monthly
- Purchase added years

## Public Sector Transfer Club

- Roughly equivalent benefits

## Combine previous SAUL service



# Funding

## The Actuarial Valuation

- Compares assets and liabilities
- Assumptions – technical provisions and secondary funding objective

## Funding level

- £1.4 billion (31 March 2010)
- 90% (technical provisions)
- 74% (secondary funding objective)



# The future

## Funding shortfall?

- Increased longevity
- Lower investment returns and uncertainty
- Scheme maturity
- Cost of benefits vs contributions

## Changes to AVCs & 'non-club' transfers-in

## The Negotiating Committee and Employer proposals



# The current proposals

## For existing members:

- Remains Final Salary – benefits and contributions unchanged
- Rejoining SAUL after 30 months - CARE
- Early retirement from deferred – reduced pension before age 65
- Qualification period for ill-health retirement changes
- Pension increases capped for benefits built up after the change

# The current proposals

## For new members:

- Benefits, contributions and accrual the same
- Career Average Revalued Earnings (CARE) replaces Final Salary
- Normal Pension Date – linked to State Pension Age
- Early retirement - reduced pension before age 65
- Redundancy entitlement changes



# The SAUL website

[www.saul.org.uk](http://www.saul.org.uk)

- Latest news
- Calculators
- Benefit options
- Email updates

The Superannuation Arrangements of the University of London

**SAUL**

Home About SAUL Publications Scheme Rules Forms Our Awards Contact Employer Login

**Our vision statement**

To be the university pension scheme that provides members and dependants with the most attractive long term benefits in a cost effective manner.

**Quick Links**

- Benefit Calculators**
- Benefits Guide**
- SAUL Summary Leaflet**
- Scheme Overview**
- Glossary**
- Other Schemes**

**Active Members**  
If you're contributing to SAUL

**Deferred Members**  
If you're leaving or have left employment and still have benefits in SAUL

**Pensioner Members**  
If you're receiving a SAUL pension

**Prospective Members**  
If you're considering whether to take advantage of SAUL membership

**News to your inbox**

Get the latest news and information from SAUL, as well as details of new features on our website, by [registering with us](#) for regular email updates.

**News**

**Tax and National Insurance Changes**

From today the Government has made changes to tax and National Insurance. **6 April 2011** [Read More](#)

**Changes to Pensions Tax Relief**

New rules affect how pension savings are taxed from 6 April 2011. **17 March 2011** [Read More](#)

[All news](#)

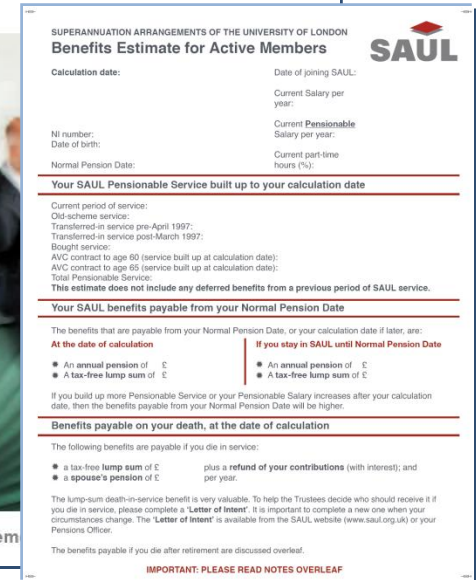
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# More information

- Benefit Statement
- Benefits Guide
- Annual Review
- Your pensions team



# Questions

