



Retirement Booklet

Receiving your pension from SAUL



Superannuation Arrangements of the University of London

Contents

Introduction	3
Definitions	4
Retiring from SAUL	5
Other retirement options	6
Paying your SAUL pension	7
Increases to SAUL pensions	8
Re-employment	9
Limits on pension saving	10
Tax	12
Contracting out of the State Second Pension	13
Death benefits	14
Contacting SAUL	16

SAUL's 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.

SAUL Trustee Company's Mission Statement

SAUL Trustee Company is committed to all who have an interest in the Scheme to manage secure benefits through professional, caring and clear service.

Introduction

This booklet tells you about your pension from SAUL (the Superannuation Arrangements of the University of London). It explains how we pay your pension and how it will increase. You can also find information about the benefits available when you die and what happens if you go back to work.

You can also find out how your pension is taxed and how your benefits at retirement are valued against the Annual and Lifetime Allowances.

This booklet is only a summary. Full details are in SAUL's 'Trust Deed and Rules', which, if there is any discrepancy, overrides this booklet. We also publish a range of information, including regular Annual Reports & Accounts and Actuarial Valuation Reports. To see the Trust Deed and Rules, or any of our documents, you can visit the SAUL website www.saul.org.uk or contact us at our address on page 16 to request a copy by post or email.

Our website all has the latest news, publications and detailed information about SAUL's benefits. It also has a section specifically for SAUL pensioners at:

www.saul.org.uk/2/pensioner.html



Definitions

In this booklet, we show defined terms by giving them capital initials, for example Pensionable Salary. Full definitions are given in SAUL's Trust Deed & Rules.

Pensionable Salary

Pensionable Salary is whichever of the following is greater:

- (a) your highest Salary paid over any one of the three years before you retire (or leave or die); or
- (b) the highest yearly average of your Salary in any group of three years during the 13 years before you retire (or leave or die).

Pensionable Service

Pensionable Service is the length of time (in years and days) that you have contributed to SAUL. This includes any period during which your employer has paid contributions on your behalf as part of a salary sacrifice arrangement (for more about salary sacrifice please read the SAUL Benefits Guide). Pensionable Service also includes any periods of service you have transferred to SAUL from previous pension schemes, and any service you have bought with Additional Voluntary Contributions (AVCs).

If you retire early through ill-health, your Pensionable Service will be enhanced to take account of the service you could have completed had you not retired early.

Pensions Officer

A Pensions Officer is an employee of a SAUL Employer who is authorised to deal with SAUL on matters relating to the Scheme. While you are employed, your Pensions Officer is your point of contact about pensions.

Salary

For calculating your benefits, Salary is the ordinary pay you receive from your employer. It includes permanent allowances such as London Allowance, shift payments and fixed benefits, but does not include one-off payments such as overtime and bonuses. If you entered a salary sacrifice arrangement, your Salary will include the pay you give up.

Retiring from SAUL

Your benefits in SAUL

If you **left service before April 1976**, you will get the benefits you earned in service plus any discretionary increases awarded by the Trustee before your retirement.

For service in SAUL **after April 1976**, you will get basic benefits of:

- an annual **pension** of 1/80 of Pensionable Salary for each year of Pensionable Service in SAUL (with a proportionate amount for part years);
- a tax-free **lump sum** of three times the pension; plus
- any discretionary or statutory **increases**.

If you left service before 1 April 2000, your Pensionable Service will be calculated in years and months. If you left service on or after 1 April 2000, your Pensionable Service will be calculated in years and days.

SAUL retirement form

Your retirement form will show up to three options.

Option A: Pension only

Here your lump sum has been converted to provide extra yearly pension for you, so you will not receive any lump sum.

Option B: Basic benefits

This shows the basic benefits described under 'Your benefits in SAUL'.

Option C: A reduced pension and maximum tax-free lump sum

This shows the maximum lump sum that the law allows SAUL to pay. You may take up to 25% of your SAUL benefits, valued as a percentage of the Lifetime Allowance, as a lump sum on retirement (please see page 10 for information about how your benefits are valued). If you take the higher lump sum, your annual pension will be reduced.

Your pension must cover your Guaranteed Minimum Pension (GMP), so your maximum lump sum may be restricted. Occasionally this option may not be available, for the same reason. (For more about GMPs, please see 'Contracting out of the State Second Pension', on page 13.)

You will need to confirm on your retirement form that your total benefits as described above do not exceed your Lifetime Allowance. Please return your retirement form as soon as possible so that we can pay your benefits promptly.

Other retirement options

If you are interested in any of the options described below, please see 'Contacting SAUL' on page 16.

Your choice of lump sum

You may take any amount of lump sum up to the maximum shown on your retirement form.

Converting a small pension to cash

If your total rights from **all** registered pension schemes do not exceed £18,000 or the cash value of your SAUL benefits does not exceed £2,000, you may be able to convert your benefits into an immediate lump sum payment. This is called converting a 'trivial' pension. The following rules apply:

- Conversion must take place no earlier than age 60 and before age 75.
- Conversion must result in the ending of all your rights under the scheme or annuity.

SAUL will tell you before you retire whether you can convert your pension benefits into a lump sum.

The actual amount you would receive is based on factors agreed by the Trustee after receiving our actuary's advice. The payment is subject to income tax, apart from the amount you could normally take as a maximum lump sum.

You can opt to convert trivial benefits after you have retired.

Increased survivor's pension

If you want to provide extra pension for someone else when you die, you can give up part of your pension when you retire to provide extra pension for a named person after your death. There are limits to the amount you can give up. This option is available only if you are in good health at the time you retire.

As a variation on option A, shown on page 5, you can choose to have both your own pension and – after you have died – your spouse's or civil partner's pension increased instead of taking a lump sum. If you do this, your pension will be smaller than the figure shown in option A on your retirement form.

Serious ill-health lump sum

If medical evidence shows that you are retiring because of *very serious* ill-health, such that your life expectancy is less than a year, the Trustee may allow you to exchange your SAUL benefits for a single lump sum.

Survivors' pensions will still be payable to your family (please see 'Death benefits' on page 14).

Paying your SAUL pension

We pay your SAUL pension on the 24th of each month to cover the whole of that month. If the 24th falls at a weekend or on a public holiday, we will pay your pension on the nearest working day before the 24th.

We can only add new information to the payroll at least 10 working days before the 24th of each month. So if we have not received your details in time for this, the update will only come into effect the following month.

To safeguard your pension payments, we will not make any changes without receiving your signed written instructions.

The first instalment of your pension will cover the entire period that starts from your retirement date and finishes at the end of the month in which you receive the first payment. This means we pay any arrears of pension with your first payment.

If you're resident in the UK, pension payments can only be made to a valid bank or building society account – this does not include Post Office accounts.

If your personal details change

If you move home, change your name or change your bank (or building society) account, please write and give us full details. You can find the forms to do this on the SAUL website: www.saul.org.uk. Please state your payroll number, and then give us the new **and** old details and ensure you sign the form. If you have changed your name, we will need to see the **original** legal document before we can amend our records. Any documents received will be returned by recorded delivery.

Payslips

We pay your SAUL pension directly into your bank (or building society) account. We will send you a payslip when we pay your first pension instalment, whenever your pension payment changes by more than £1, and each April. Payslips are posted to your home address on the working day before your pension goes into your account.

If you live abroad

If you now live abroad, or you intend to do so, we will:

- pay your pension directly to a valid bank or building society account in the UK – this does not include Post Office accounts;
- **or**
- convert payments into local currency and pay them directly to your overseas bank account. Please note that this may not be available in some countries.

Increases to SAUL pensions

How SAUL pensions increase

If you left the University before 1 April 1976, you are not entitled to increases from SAUL on your pension once it is in payment.

Each April, SAUL pensions in payment are increased in line with price inflation in accordance with the Pensions (Increase) Act 1971. However, if a pension has been in payment for less than one year, we will pay only a proportion of the annual increase.



Who pays the increases?

From the date of retirement until State pension age, SAUL pays increases on the pension.

Once you reach State pension age, the Department for Work and Pensions (DWP) pays annual increases, in line with price inflation, on the Guaranteed Minimum Pension (GMP) built up before 6 April 1988. (For more about GMPs, please see 'Contracting out of the State Second Pension', on page 13.) SAUL pays the normal SAUL increases on the rest of your pension built up before 6 April 1988.

For pension built up between 6 April 1988 and 5 April 1997, SAUL pays annual increases of up to 3% on the GMP and the normal SAUL increases on the rest. If price inflation exceeds 3% in any year, the DWP pays the extra increase on the post-1988 GMP.

For pension built up after 5 April 1997, the whole increase will come from SAUL.

Re-employment

Re-employment of a pensioner

If you retire early from SAUL and are then re-employed full-time in a job that is pensionable through SAUL, the Trustee may cancel, reduce or suspend your pension.

When you finally retire, we will restore your original SAUL pension and any increases granted on deferred benefits in the meantime. We will add this to any further pension benefits you have earned since your re-employment.

If you are re-employed other than as described above, your pension will be unchanged.

Re-employment of an ill-health pensioner

The Trustee can cancel, reduce or suspend your pension if you retire early from SAUL on ill-health grounds but your health improves or you are able to take up any employment again.

When you finally retire, we will restore your basic SAUL pension and any increases granted on pensions in the meantime.



Limits on pension saving

There are two allowances set by the government which limit the pension savings you can build up before paying additional tax: the **Lifetime Allowance** limits the total amount of pension you can build up over your life; the **Annual Allowance** limits the pension savings you make each tax year.

The Lifetime Allowance

There is a Lifetime Allowance for each individual's pension benefits from all registered pension schemes. This includes SAUL, pension benefits from previous employers and any personal pensions you may have.

The Lifetime Allowance is £1.8 million but the Government is reducing this to £1.5 million from 6 April 2012. If your total benefits are valued at more than the Lifetime Allowance, then a Lifetime Allowance (tax) charge may be payable.

The value of your benefits must be tested against the Lifetime Allowance at retirement. To find the value of your benefits for the purpose of this test, you multiply your yearly pension by 20 and then add the amount of lump sum. This gives a pension and lump sum total 'benefit value'.

If you have pension benefits in another scheme, then the administrators should be able to tell you how much of your Lifetime Allowance will be used up by that scheme's benefits.

Neither your basic State pension nor any State Second Pension will count towards your Lifetime Allowance. Benefits that schemes haven't yet paid out will be

assessed when they actually come into payment.

Your retirement form shows the approximate percentage of the Lifetime Allowance that will be used up when you retire from SAUL. The percentage varies slightly depending on how much lump sum you take. You will need to confirm on your retirement form that your total benefits from all your pension schemes do not exceed your Lifetime Allowance.

The lump sum shown on your retirement form will be tax free provided that your total benefits do not exceed your Lifetime Allowance.

When we send you the letter confirming that your benefits have been set up, we will tell you the exact percentage of the Lifetime Allowance that is used up by the SAUL benefits.

The Annual Allowance

There is an Annual Allowance of £50,000 for pension savings that individuals can put in all registered pension schemes each year. Exceeding this limit might incur a tax charge, known as the Annual Allowance Charge.

Very few SAUL members will exceed the Annual Allowance unless:

- you are a high earner or moderate earner with long service (including Added Years AVCs);
- you receive a large pay rise; or
- your employer grants you additional service in SAUL.

If you are an active member of SAUL, your pension savings are the increase in the value of your pension benefits from 1 April to 31 March each year. Your pension savings are:

- the value of your benefits at the start of the year which is then increased in line with the Consumer Prices Index (CPI); and
- the value of your benefits at the end of the year.

The difference is measured against the Annual Allowance by multiplying the increase in your pension by 16 and adding the increase in your lump sum. In practice, if the value of a basic SAUL pension goes up by £2,632 in the year (and the value of the lump sum goes up by £7,896) after allowing for any increase in the CPI, the Annual Allowance will be exceeded.

In the year that you retire, the Annual Allowance is measured from the 1 April to your retirement date. We will tell you if your pension savings in SAUL exceed the Annual Allowance when you retire and set

out your options for paying any Annual Allowance Charge.

You can find detailed information about the Annual Allowance on the SAUL website:
www.saul.org.uk/3active/annual_allowance.html

Tax

Your pension is treated as income and is taxable under the Pay As You Earn system in the same way that your Salary was.

If, at first, we do not receive your form P45 from your last employer, we deduct tax using the '0T' rate. This means you will not have any personal allowance and all your pay will be taxed at the appropriate rate i.e. 20% or 40% depending on your income. When we set up a pension, we supply details to our Inspector of Taxes, who will look at your situation and then give us your correct code. If you wish to query your tax code, you should contact HM Revenue and Customs. The tax office dealing with your SAUL pension is:

Public Departments 2 (MU5)
Ty Glas, Llanishen
Cardiff CF14 5YF
(Telephone: 0845 3000627)

The tax office's reference number for your SAUL pension is 948/91P. Please tell them this number if you contact them. You should also tell the tax office your **National Insurance number** and your **SAUL payroll number**.

If you have a general tax query, you may find it helpful to contact your nearest tax office or enquiry centre. Please look in your local phone book under 'HM Revenue and Customs' for the address and phone number or look at their website www.hmrc.gov.uk. Also, you can ask them for the free leaflet, 'Income Tax and Pensioners'.

The Department for Work and Pensions (DWP) does not take any tax from your *State* pension, but it *is* taxable. This means that any tax due on your *State* pension may be taken from your *SAUL* pension. Each April, therefore, you may find that more tax than you expected has been taken from your SAUL pension. This will probably be due to the increase in both your SAUL pension *and* your State pension.

In April or May of each year we will send you a form P60. This is a certificate showing your total pay and tax details for the tax year that ended on 5 April. Please keep your form P60 safe in case the tax office wishes to see it.

Contracting out of the State Second Pension

The State pension is in two parts:

- the basic State retirement pension; and
- the additional pension from the State Earnings-Related Pension Scheme (also called SERPS) until 5 April 2002 and from the State Second Pension (S2P) scheme after 6 April 2002.

If you have any questions about your State pension, please visit the Directgov website (www.direct.gov.uk) or contact your local Social Security office.

Pension schemes can 'contract out' of part of the State Second Pension at the level of the previous SERPS benefit. This means that both employees and employers pay lower rates of National Insurance contributions. It also means that the scheme offers benefits in place of part of the State Second Pension. **This arrangement does not affect your basic State pension.**

SAUL has been contracted out since 6 April 1978. For service up to 5 April 1997, SAUL has agreed to pay you a Guaranteed Minimum Pension (GMP). This is payable when you reach age 65 if you are a man and age 60 if you are a woman. The GMP is roughly equal to the pension that you would have received if you had stayed in SERPS. It is paid as part of your SAUL pension. On death, a widow's GMP will be 50% of her husband's total GMP. A widower's GMP or a civil partner's GMP, however, will be 50% of the part of the GMP that relates to service in SAUL after 6 April 1988.

For service after 6 April 1997, SAUL benefits meet an overall test of the quality of benefits offered by the Scheme compared with those offered by a notional 'standard scheme'. This standard scheme is known as the Reference Scheme and is defined under DWP regulations.

Death benefits

SAUL pensions will be paid to the end of the month in which a member dies. SAUL offers the following benefits:

- a lump sum if you die within five years after you retire; plus
- a spouse's pension or civil partner's pension and children's allowances, which are payable from the day after the date of death.

Lump sum

The lump sum is equal to the remaining pension that you would have received if you had survived for the full five years. This is worked out on the rate of pension received at the date of death and no allowance is made for future increases.

The Trustee uses its discretionary powers to decide who should receive the lump sum. If you want the Trustee to consider someone who is *not* a legal relative or personal representative, then that person will have to prove that he or she is financially dependent on you *unless* you have nominated him or her in your Letter of Intent (available on our website (www.saul.org.uk)). Under SAUL's rules, the Trustee can pay the lump sum for the benefit of some or all of your relatives, dependants, personal representatives or nominated beneficiaries.

Spouse's pension

If you left service after April 1976, your spouse's pension will be two-thirds of your pension at the date you died, except in the following circumstances:

- **If your pension has been reduced** because you chose to take an increased lump sum, the pension paid to your spouse will be two-thirds of the pension you would have received if you had not made this choice.
- **If your pension has been increased** because you decided to take a reduced lump sum to increase your own pension only, then the pension paid to your spouse will be two-thirds of the pension you would have received if you had not made this choice.

The spouse's pension will be at least the spouse's GMP. (For more about GMPs, please see 'Contracting out of the State Second Pension', on page 13.)

The Letter of Intent is a letter to the Trustee stating your wishes. It is very important that you keep this up to date, particularly if you are not married or in a civil partnership, or if your family circumstances change.

Civil partner's pension

The civil partner's pension is equivalent to the spouse's pension described above.

The civil partner's pension will be at least the civil partner's GMP. (For more about GMPs, please see 'Contracting out of the State Second Pension', on page 13.)

Adult dependant's pension

If you do not have a legal spouse or civil partner, or you are living apart from them, the Trustee may be able to pay a pension to one or more adults who are financially dependent on you.

If your spouse, civil partner or adult dependant is more than 15 years younger than you, his or her SAUL pension will be reduced.

Children's allowances

If a spouse's, civil partner's or adult dependant's pension is payable, then:

- one eligible child is entitled to a child allowance equivalent to half of the spouse's pension; or
- two or more eligible children are each entitled to an allowance. The total allowance paid to two or more children will equal the value of the spouse's pension.

If a spouse's, civil partner's or other adult dependant's pension is *not* payable, then:

- one eligible child is entitled to the equivalent of two-thirds of a spouse's pension; or
- two or more eligible children are each entitled to an allowance. The total allowance paid to two or more children will equal the value of one-and-a-third of the spouse's pension.

SAUL's definition of children who are eligible for benefits includes:

- your natural or adopted children; and
- any other child who, in the Trustee's opinion, is your dependant.

We pay child's allowances while the eligible children are:

- under age 18;
or
- between ages 18 and 23 and in full-time education, or attending a full-time course of training that is approved by the Trustee;
or
- over age 18 and permanently unable to be financially self-supporting due to disability.

If you wish to check whether a child you are supporting might be considered eligible, please write to us with details (our address is given on page 16).

We will pay a child's pension to the legal guardian if the child is under age 18. An eligible child aged over 18 can make his or her own arrangements with us. If the child is aged over 17, we will write to the child or the guardian in September each year to check that the child is still in full-time education.

The Trustee has discretion to pay small, or 'trivial', pensions as a lump sum. If this option is available, we will inform the beneficiary.

Contacting SAUL

Who to contact with your questions

If you have any questions after reading this booklet and you are still employed by your SAUL employer, please contact your employer's Pensions Officer.

Otherwise, please contact us at:

SAUL Trustee Company
1 King's Arms Yard
London
EC2R 7AF

Telephone: 020 7776 4340
Fax: 020 7776 4341
Email: gen@saul.org.uk
Website: www.saul.org.uk

If you have not yet retired...

...please contact the administration department.

Once you have retired...

...please ask for the payroll section. Whether you write to us or phone us, please tell us your payroll number or your National Insurance number.

More information

If you need more information about retirement generally, Age UK (www.ageuk.org.uk) publishes a number of guides, including 'Your Rights', which explains the various State benefits and the concessions available to pensioners. In addition, the Citizens Advice Bureau (www.citizensadvice.org.uk) or the Consumer Financial Education Body (www.moneymadeclear.org.uk) provide information about pensions and state benefits.

Making a complaint

If you feel there is a problem, you may wish to make a formal complaint. If so, please contact us at the address shown to the left and ask for a copy of our leaflet, 'How to Complain to SAUL'.

You may ask the Pensions Advisory Service for help at any point in the procedure. The address is:

11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923
Website: www.pensionsadvisoryservice.org.uk



SAUL Trustee Company
1 King's Arms Yard, London EC2R 7AF

Telephone: 020 7776 4340
Fax: 020 7776 4341
Email: gen@saul.org.uk
Website: www.saul.org.uk

Ref: SAUL 06
May 2011