



# It's your future

Your pension: a valuable benefit from your employer



Superannuation Arrangements of the University of London

# Future thinking

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## Why contribute to a pension?

A pension is a way of providing a regular income when you finish working. The more pension you build up while you're employed, the better your standard of living when you retire.

## State benefits

As a SAUL member you'll still be entitled to a basic State pension. But this won't be enough to live on when you retire. After a full working life, the current rate of basic State pension for a single person is £102.15 a week. If you don't join SAUL, you'll pay full-rate National Insurance contributions and build up an entitlement to the State Second Pension (S2P). Yet the Government's Pension Service says that "the state will help but you will need to make your own plans to make sure you are comfortable when you retire in the future".

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*The more pension you build up while you're employed, the better your standard of living when you retire*

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# Why contribute to SAUL?

**SAUL is a final-salary pension scheme** that provides similar benefits to traditional public-sector pension schemes.

**You'll know exactly what you can expect to receive.**

As it's a final salary scheme your pension is based on your length of service in SAUL and the highest salary at, or near, the time you leave. So your benefits won't depend on market conditions.

**All your payments (also called 'contributions') go towards providing benefits for you and your family.**

SAUL members don't pay toward the administration of the Scheme – the employers cover these costs through their contributions – and there are no shareholders to pay.

**You can buy extra benefits**

You can make Additional Voluntary Contributions (AVCs) to buy additional benefits in the Scheme.

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# SAUL benefits

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## Benefits you'll receive now

As well as paying less tax and National Insurance, while you're still in employment as a SAUL member, you'll receive protection in the event of your death:

- **Free life cover**, which pays a tax-free cash lump sum of four times your salary.
- **A pension for your husband, wife or civil partner for life**, or if you're not married or in a civil partnership, the Trustee may instead pay a pension to an adult who's dependent on you.
- **An allowance for any children** who are eligible.

## Benefits you'll receive later

- When you retire you'll get a **pension** paid every month, which is increased every year in line with prices.
- You get a **tax-free cash lump sum** when you retire of three times your annual pension. You can adjust the amount of your lump sum to increase or decrease your annual pension.
- **Your family and loved ones are protected** - if you die after you retire, or after you have left the Scheme, SAUL will pay a pension to your husband, wife or civil partner or a dependent adult as well as any eligible children.

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*SAUL membership gives you more than a pension – we provide benefits for you and your family now and in the future*

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# The cost to you

## How much does SAUL cost?

You contribute 6% of your fixed salary toward your retirement. However, the actual cost to you will be less because **you pay less tax and less National Insurance**. Your employer will contribute an amount equal to 13% of your fixed salary.

### EXAMPLE

#### Member contributions

A member with a fixed salary of £20,000 a year pays a 6% contribution

= £100 per month

Tax and National Insurance saving

= £40 per month

Actual cost to member is just 3.6% of salary

= £60 per month

**ACTUAL  
COST** ←

#### Employer contributions

The employer makes a contribution of 13% of salary

= £217 per month

#### Total contributions

The total contribution to provide the member's pension benefits is

= £317 per month

If you give up 6% of your salary to pay your SAUL contributions as part of a salary sacrifice arrangement, the actual cost to you will be even less.

*You receive tax relief on your contributions and pay a reduced rate of National Insurance*

# Joining and leaving

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## How do I join?

It's easy to join – if you're under age 60, and your employment contract offers you membership, your employer will automatically put you into SAUL on the day you start work.

## What happens if I leave SAUL before I retire?

Your benefits are flexible if you retire as a SAUL member or leave to work elsewhere. You can:

- receive a **refund of your contributions** if you have less than two years service (though this may not be possible if you contribute under a salary sacrifice arrangement);
- **defer your benefits**, which means you keep them in SAUL until you retire. Your benefits will increase in value until you take them as a pension;
- **transfer your benefits** to another pension scheme that is able to receive them. This could be your new employer's pension scheme, a personal pension or any other registered arrangement.

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*It's easy to join – and if you leave you have a number of options*

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## Salary sacrifice

If your employer offers a salary sacrifice arrangement and you want more details, please speak to your employer's Pensions Officer or refer to our website at [www.saul.org.uk](http://www.saul.org.uk).

### SAUL at a glance

- Final salary pension scheme
- You pay 6% of your basic salary
- Your employer pays an additional 13% to SAUL
- You pay less tax and National Insurance
- You receive similar benefits to traditional public-sector schemes that include protection for your family



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## Further information

If you want to know more about SAUL and the benefits of membership:

- read the SAUL Benefits Guide
- speak to your employer's Pensions Officer
- contact us at the address below
- visit our website at: [www.saul.org.uk](http://www.saul.org.uk)

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This leaflet is a summary of the provisions of SAUL at April 2011.  
Full details are given in SAUL's Trust Deed & Rules, which, if there  
is any discrepancy, overrides this leaflet.

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IN PEOPLE**