



Changes to SAUL

What we will cover



- The **CARE Plan** – how it works
- Why change is needed
- Summary of changes
- Resources and supporting information
- Questions

The CARE Plan – how it works

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



Benefits are based on service in the scheme and salary earned each year increased to retirement (Career Average Revalued Earnings – CARE).

The CARE Plan – how it works



CARE Block = $\frac{1}{80^{\text{th}}}$ of CARE Salary earned in each CARE Year

CARE Salary = Your salary plus overtime

CARE Year = From 1 April to 31 March

A diagram consisting of two overlapping circles. The top circle is dark grey and contains the text "Annual Pension". The bottom circle is red and contains the text "Lump Sum".

**Annual
Pension**

The total of all CARE blocks
(increased to retirement)

**Lump
Sum**

3 x Annual Pension

The CARE Plan – how it works



YEAR	CARE SALARY PAID IN THE YEAR	PENSION EARNED IN YEAR (CARE BLOCK) (SALARY/80)	INCREASE (CONSUMER PRICES INDEX ASSUMED 2%)	CARE PENSION AT END OF YEAR
1	£20,000	£250.00	3 years at 2%	£265.30
2	£21,000	£262.50	2 years at 2%	£273.11
3	£22,000	£275.00	1 year at 2%	£280.50
4	£23,000	£287.50	0 years at 2%	£287.50
Total annual pension at end of year 4 =				£1,106.41
Total lump sum at end of year 4 =				£3,319.23

Why change is needed



Why change is needed

	31 March 2011	31 March 2014 (subject to agreement of the 2014 valuation)	31 March 2015 (estimated)
 Money in SAUL	£1,506 million	£1,924 million	£2,370 million
 Cost of benefits promised to Members	£1,581 million	£2,042 million	£2,680 million
 How far the money in SAUL covers the benefits promised	95% funded	94% funded	88% funded
 Deficit	£75 million	£118 million	£310 million

Why change is needed



- Long-term funding pressures:
 - People living longer
 - Financial market conditions
 - HE funding changes
 - Changes to the State pension

Why change is needed



- The Trustee is responsible for:
 - making sure that SAUL can pay the pensions promised to Members and
 - returning SAUL to a 'fully funded' position in a reasonable period of time.
- SAUL Negotiating Committee proposed changes to Trustee, which were agreed
- Employer consultation ran from 13 July to 13 September
- Recommendation to the Trustee, which was agreed.

Summary of changes



**Member
contributions**

No change – stay at 6%

**Employer
contributions**

Employer contributions increase to 16%

→ 31 March 2016

**Benefits built up before the changes are protected
by Scheme Rules and by law**

**75th Improved
CARE Plan for all
members**

**Future pension benefits will build up at an
improved rate**

Summary of changes



Amount of pension built up

Year	CARE salary paid in the year	Pension earned in year (CARE block) (salary/75)	Increase in line with inflation (assumed 2%)	CARE pension at year end (under changes)	CARE pension at year end (under current Rules – for comparison)
1	£20,000	£266.67	3 years at 2%	£282.99	£265.30
2	£21,000	£280.00	2 years at 2%	£291.31	£273.11
3	£22,000	£293.33	1 year at 2%	£299.20	£280.50
4	£23,000	£306.67	0 years at 2%	£306.67	£287.50
Total annual pension at end of year 4				£1,180.17	£1,106.41
Total lump sum at end of year 4				£3,540.51	£3,319.23

Pension increases capped

**To 31 March
2016**

Increase with CPI
(if CPI is above 5% pension
payments receive capped increases)

**From 1 April
2016**

**Increase with CPI, up to
2.5%**

Changes to pensions transferred in to SAUL

- Pensions transferred into the CARE Plan from the public sector provide final salary benefits
- The link between Members' final salary and their pension benefits will be broken
- 5% enhancement

Age	Enhancement
60 and under	5%
61	4%
62	3%
63	2%
64	1%
65 and over	0%

Changes to future transfers in to SAUL

- SAUL will leave the public sector transfer club on 31 March 2016
- When SAUL leaves the club, pension transfers into SAUL will not be available.
- You can transfer within one year of joining
- Transfers of pensions out of SAUL will be allowed but will not be done under the club rules.

Resources and supporting information



SAUL website: www.saul.org.uk/changes



New calculator



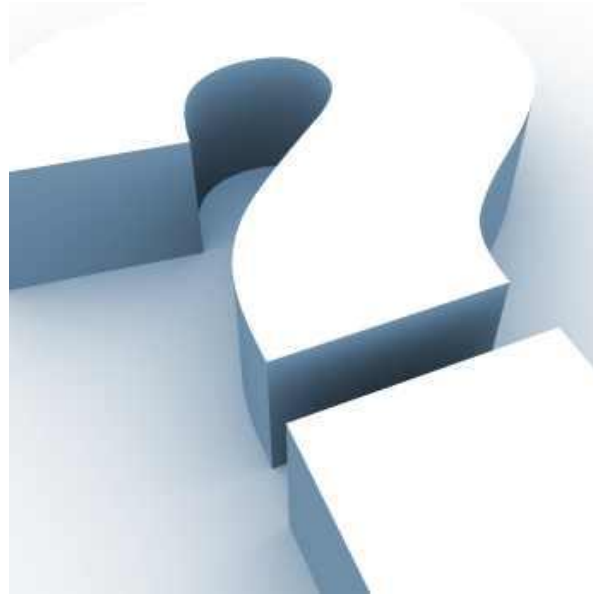
Benefits Estimates



Q&As



Links to more information



You can find this presentation at: www.saul.org.uk/1/1065

We appreciate your feedback: www.saul.org.uk/1/1064