

UNIVERSITY OF NOTTINGHAM

Contributory Pension and Assurance Scheme

TRANSFER VALUES FROM THE SCHEME

What is a Transfer Value?

A Transfer Value is a lump sum payment made by a pension scheme to another pension arrangement, representing the value of a member's rights under the paying scheme.

Once a Transfer Value has been paid the member will have no further rights to benefit under the paying scheme.

Am I legally entitled to a Transfer Value?

Broadly yes. A member who is no longer accruing benefits under the Scheme has a right to take a Transfer Value (sometimes called a "Cash Equivalent Transfer Value" or CETV) to another pension arrangement. The receiving arrangement could be a new employer's pension scheme or a personal pension.

A Transfer Value is normally only paid at the member's request. The member has a right to retain benefits under the Scheme and in normal circumstances these benefits can only be transferred elsewhere if the member consents to the transfer.

Members also have legal rights to request a Transfer Value quotation from time to time.

How is a Transfer Value calculated?

A Transfer Value is the Trustees' best estimate of the amount which the Scheme would need to invest now in order to reproduce your Scheme benefits when you retire.

In making that calculation it is necessary to take into account many factors, including:

- The amount of your accrued Scheme benefits, including those payable to your dependants.
- Your age and sex.
- The investment returns which the Scheme can reasonably expect to achieve from the date of calculation until your retirement.
- How long members can be expected to draw their pensions after retirement, and the likely investment returns over that period.

Trustees are legally required to take advice from their actuary when setting the calculation basis.

Trustees are also permitted (but are not required) to apply a reduction to Transfer Values if the scheme in question is not fully funded. In other words, where the assets of a scheme are not sufficient to cover the full Transfer Values for all members, Transfer Values can be cut back. This is a valuable protection for those members who are not transferring.

What is the current position in CPAS?

A new basis of calculating Transfer Values was introduced by the Trustees in December 2009. In almost all cases this will produce higher Transfer Values than the basis that was in use immediately before that.

However, the Trustees also decided that Transfer Values should continue to be reduced to reflect the Scheme's funding position (see above). As a result, Transfer Values are currently being reduced by 40%.

The Trustees reassess this position from time to time. The University is paying substantial additional contributions into CPAS with a view to restoring full funding and it is therefore hoped that the Trustees may be able to apply smaller reductions to Transfer Values as time goes on.

Does that mean I would be better off postponing my transfer?

Possibly – but that cannot be guaranteed. It will depend on many factors which are outside the control of CPAS, for example:

- If you are transferring to another employer's pension scheme, the pension you receive will depend on the terms offered to you by the trustees of that scheme.
- If you are transferring to a personal pension arrangement, the outcome will depend crucially on the investment returns actually achieved within that arrangement.

On behalf of the Trustees

April 2014