

**UNIVERSITY OF NOTTINGHAM**  
**CONTRIBUTORY PENSION AND ASSURANCE SCHEME**  
**ADDITIONAL VOLUNTARY CONTRIBUTIONS**  
**'MONEY PURCHASE FACILITY'**

This factsheet is applicable to those members who started to pay AVCs after 1 September 2006 or who are considering starting to pay additional contributions.

Members who started to pay AVCs before 1 September 2006 should refer to Factsheet 9 for details of the added years facility to which they are contributing.

## **Overview**

In 2006 the AVC facility run by the Scheme was closed. In order to allow members to make additional contributions towards their pension, the University allows them to make contributions to the University's money purchase scheme, Contributory Retirement Savings Plan (CRSP).

This facility is available to all members of the Scheme, including those already contributing to the existing AVC scheme and who wish to increase their additional contributions.

## **Common Questions**

### **What is a money purchase benefit?**

The contributions you pay into CRSP will be invested to build up a fund. You will have an individual fund which contains your contributions plus any investment return which is achieved. Depending on where you choose to invest your money, it is possible that investment returns could be negative i.e. you may get less back than you pay in.

When you reach retirement you will be able to use the fund you have built up through paying AVCs to buy a pension from an insurance company.

### **How much extra pension will I get?**

The amount you get back will depend on the size of the fund you have built up when you retire. This depends on how much you have paid in and the returns achieved on your contributions.

Since this fund is used to buy a pension from an insurance company, the price of these pensions when you retire will also affect how much additional income you will receive in retirement.

### **What are the main features of CRSP?**

Full details of CRSP can be found obtained from the Payroll Dept - contact details are included at the end of this factsheet.

### **How much can I pay in?**

Current legislation allows individuals to contribute 100% of their salary towards their pension if they wish.

## **Can I take some of my additional pension as a cash sum?**

Yes. The law currently allows you to take up to 25% of your fund value at retirement as cash. Your AVCs will be held completely separately from your main Scheme benefits and therefore you will be free to make separate choices about how much cash you take from each arrangement.

## **What sort of pension will I get?**

Since you will be buying an individual pension from an insurance company, you will have the flexibility to choose the features of your pension. The options will include the level of pension payable to your spouse following your death and the rate at which your pension will increase each year.

## **Can I take my AVC and Scheme benefits at different dates?**

Yes. Since your AVC and main scheme benefits will be held under separate arrangements, you will be able to take your AVC benefits at a different date to your main scheme benefits if you wish.

## **What happens to my AVC benefits if I leave the Scheme or decide to stop paying AVCs?**

The fund you have built up will remain invested until your retirement. You will then have the same options as if you have remained in employment, namely those explained above.

## **What happens if I die before taking my AVC pension?**

The fund you have built up through paying AVCs will be paid to your nominated beneficiary. There will be no pension benefit payable.

## **Will I pay tax on my contributions?**

Contributions to pension arrangements are currently tax-free and therefore you will not pay tax on contributions below the limit of 100% of your annual salary.

## **I have a question which isn't answered in this factsheet. What should I do now?**

Further questions about the AVC facility should be directed to the pensions office in the University's payroll department:

Payroll Department  
2nd Floor  
The University of Nottingham  
Kings Meadow Campus  
NG7 2NR

Tel: 0115 951 5648

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