

UNIVERSITY OF NOTTINGHAM
CONTRIBUTORY PENSION AND ASSURANCE SCHEME
ADDITIONAL VOLUNTARY CONTRIBUTIONS
'ADDED YEARS FACILITY'

This factsheet is only applicable to those members who started to pay AVCs prior to 1 September 2006.

Members who started to pay AVCs after 1 September 2006 or who are considering whether they should start to pay AVCs now should refer to Factsheet 10.

Overview

In 2006 it was decided that no members would be allowed to start contributions to the 'added years' AVC facility. It was, however, agreed that those members who were already paying into an added years AVC contract would be allowed to continue, however some restrictions were introduced. These are:

- No increases to the level of AVCs being paid to the added years facility are permitted.
- Members who choose to stop paying will not be permitted to restart contributions to the added years facility at a later date.
- Members will be permitted to reduce the additional rate at which they pay (e.g. from 6% of salary to 5% of salary). However, as stated above, members will not be permitted to increase their contributions at a future date.
- Members are permitted to extend the term of existing AVC contracts which are due to end before the Scheme's Normal Retirement Age of 65.

The money purchase AVC facility is available to members who are currently paying into the added years AVC facility and who wish to contribute further towards their pension. More details about the money purchase facility can be found in Factsheet 10.

Common Questions

How is my AVC benefit calculated?

The added years facility works by allowing members to pay more into the Scheme in order to get credited with more service. As a result of the additional service, the pension that they receive from the Scheme is increased.

The amount of added service you will get depends on a number of factors, including how much you pay in and when you started to pay AVCs. The form of the pension provided has also changed slightly over time and will depend on when you started to pay AVCs. You will have been informed of the details which apply to you when you started to pay AVCs. Xafinity Consulting will be able to confirm what these are, if required.

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

Yes. Your added years will be converted into pension in the same way as scheme service. As a result, the pension you are entitled to will be bigger than if you had not paid AVCs and this means that you will be able to take a larger cash sum if you choose to do so.

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

No. This is not permitted under the Scheme Rules.

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

If you leave the Scheme your AVC benefits will be secured in the Scheme in exactly the same way as your main scheme benefit. However, the amount of additional service granted to you will be reduced since you would then have contributed less than was originally envisaged.

In general, the additional service granted will be reduced in line with the proportion of the expected additional contributions which will you have actually paid. For example, if you started paying AVCs 10 years before retirement but stopped after 5 years (either voluntarily or because you leave the University) then you would only receive half of the additional service quoted at outset.

My AVC due date is before my 65th birthday, which is my Normal Retirement Age from the Scheme. What will happen when I reach my due date?

We will write to you at the time and offer you the option to extend your AVC contract. The terms offered will be those which apply at your due date and therefore will be different to those on which you are currently paying. Xafinity Consulting can provide further details if required.

If you do not choose to extend your AVC contract on the revised terms then your additional contributions will cease. If you continue to work, you will receive an increase on your added years pension to allow for you retiring later than anticipated.

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 Xafinity Consulting. Their contact details are:

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