The University of Nottingham
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University of Nottingham

Contributory Pension & Assurance Scheme

Your Guide to the Scheme

November 2016

Please keep for future reference

Contents

Introduction

This booklet describes the main features of the University of Nottingham Contributory Pension and Assurance Scheme ('CPAS'), as it currently operates. It also highlights the State pension to which you will be entitled. In planning your income after retirement you should take into account both the State benefits and your Scheme benefits.

Significant changes were made to CPAS with effect from 1 May 2003 and 1 September 2006. This booklet explains the benefits for all three periods of service, i.e. from joining the Scheme until 30 April 2003; from 1 May 2003 until 30 August 2006; and from 1 September 2006 onwards.

Because this booklet is intended to be a basic guide to the Scheme, it does not, in the event of any conflict, override the formal trust documents by which the Scheme is run. Copies of these documents are available for inspection on request from Xafinity.

To supplement this booklet, the Trustees have produced a number of Fact Sheets. A list of these Fact Sheets is shown under Appendix B and they are available on the Scheme website and from Xafinity.

Individual circumstances change. To ensure that the benefits to which you are entitled are dealt with promptly, please tell Xafinity if your circumstances change, for example if you get married or have a child.

The Trustees have set up an internal disputes resolution procedure, in case you or your dependants have problems concerning pension rights and are not satisfied by the information or explanation given by the Trustees. Details of the procedure are set out on page 22.

Martin Wynne-Jones
Chair of Trustees
November 2016

Many questions can be answered by going to the Scheme's secure website at

https://www.NottinghamCPAS.co.uk

If you have any queries about the Scheme in general or your own benefits in particular, please contact:

Xafinity Consulting Limited
First Floor
10 South Parade
LEEDS LS1 5AL

Telephone helpline: 0845 120 3081 (all UK calls charged at local rate)
Email address: NottinghamCPAS@Xafinity.com

Who can join the Scheme?

CPAS was closed to new entrants with effect from 1 September 2006.

If you were not a member on that date you will not now be able to join CPAS.

You may, however, be eligible to join the University of Nottingham Contributory Retirement Savings Plan (CRSP). For details of CRSP please contact:

Pension & Benefit Services
Financial Operations
The University of Nottingham
Kings Meadow Campus
NG7 2NR

Tel: 0115 951 5996
Email: pensions@nottingham.co.uk

What contributions do I pay?

EXAMPLE

You and the University pay contributions to the Scheme	You are paid monthly. Your **Pensionable Salary** in a month is £1,000
You contribute 7.5% of your **Pensionable Salary** in each pay period	Your Contributions 7.5% x £1,000 = £75 in that month
Your contributions are deducted from your earnings before tax is calculated	If you pay tax at 20% your net contribution is 80% x £75 = £60.00

The University pays the balance of the cost of the Scheme

1. **'Pensionable Salary'** means the current annual amount of basic earnings plus additional contractual payments for rota/shift allowances, and enhanced rates for weekend and Bank Holidays. Payments for additional hours/ shifts above those stated in the contract, unsocial hours, bonuses, gratuities or any other additional payments or allowances are excluded.

2. Your contributions will be deducted from your earnings in each month to the date of retirement, death, leaving service or withdrawing from the scheme.

3. **Can I pay more to get a bigger pension?**
Yes. Please see page 21 for details.

"Salary Sacrifice"

You may be able to reduce the net cost to you of your CPAS membership by paying your contributions via "salary sacrifice". Please see the Pensions Noticeboard on the University intranet for full details of this facility.

What are my benefits at Normal Pension Date?

Normal Pension Date
(the date on which you are entitled to draw your full CPAS pension **is your 65th birthday**)

Your Pensionable Service will be split into three parts (see Note 1 overleaf)

- Pre-May 2003 Pensionable Service
- 2003-06 Pensionable Service
- Post-September 2006 Pensionable Service

You will be entitled to the following benefits

- For your Pre-May 2003 Pensionable Service, a **final-salary** pension

PLUS

- For your 2003-06 Pensionable Service, a **final-salary** pension and cash sum

PLUS

- For your Post-September 2006 Pensionable Service, a **career- average** pension and cash sum

Final-salary benefits are based on your Final Pensionable Salary shortly before you retire or leave service.

Career Average benefits are earned year by year, then increased in line with price inflation (up to a maximum of 5% per annum).

Notes

1. **'Pensionable Service'** means the time you have spent with the University for which you will earn pension and means the number of complete years and months of continuous employment with the University while a contributing member of the Scheme.

'Pre-May 2003 Pensionable Service' means the part of your Pensionable Service completed before 1 May 2003.

'2003 – 06 Pensionable Service' means that part of your Pensionable Service completed between 1 May 2003 and 31 August 2006.

'Post-September 2006 Pensionable Service' means that part of your Pensionable Service completed from 1 September 2006 onwards.

Complete months of Pensionable Service count proportionately.

2. If you change the number of hours per week which you work, your benefits will be adjusted (see page 15).

3. **Pension increases**

Once your pension has come into payment it will be increased each year on the 1st August. The rate of increase will depend on the increase in the Retail Prices Index over the 12 months ending in May of that year.

For the purpose of calculating the increases, your pension will be divided into three parts:

- your Guaranteed Minimum Pension (see page 20)
- the balance of your pension relating to Pre-May 2003 Pensionable Service
- your pension relating to Pensionable Service after 1 May 2003 (i.e. both 2003-06 Pensionable Service and Post-September 2006 Pensionable Service).

Increases will be calculated separately on each part as shown in the following table:

RPI	**Pension Increases**		
	On GMP	**On Pre-2003 balance**	**On Post-2003 pension**
5% or more	3%	5%	5%
3% to 5%	3%	RPI	RPI
under 3%	3%	3%	RPI

Similar increases will apply to any pension payable to your spouse or dependants.

Please note that in the first year after your retirement, the increase payable will be 1/12th of the amount shown above for each complete month between your date of retirement and the following 1st August.

4. Cash sums are tax-free under current legislation. Pensions are taxed as earned income. Your pension is paid to you monthly for life after deduction of income tax.

Calculating your benefits

The benefits for each period of Pensionable Service are set out below, together with a worked example.

Example

This member joined the Scheme on her 35^{th} birthday. At age 65 she has completed Pensionable Service of 30 years made up of:

- 15 years of Pre-May 2003 Pensionable Service
- 3 years 4 months of 2003-06 Pensionable Service
- 11 years 8 months of Post-September 2006 Pensionable Service

Her Final Pensionable Salary is £18,000.

For each complete year of **Pre-May 2003 Pensionable Service** you will receive

A final salary pension equal to **$1/60^{th}$** of your **Final Pensionable Salary**

Example

Pension is

$15 \times {}^{1}/_{60} \times £18{,}000 = £4{,}500$ per annum

For each complete year of **2003-06 Pensionable Service** you will receive

(a) a final-salary pension equal to **$1/80^{th}$** of your **Final Pensionable Salary**

AND

(b) a cash sum equal to **3/80ths** of your **Final Pensionable Salary**

Example

Pension is

$3\ {}^{4}/_{12} \times {}^{1}/_{80} \times £18{,}000$

= £750 per annum

Cash sum is

$3\ {}^{4}/_{12} \times {}^{3}/_{80} \times £18{,}000$

= £2,250

For each complete year of **Post-September 2006 Pensionable Service** you will receive

(a) a career-average pension equal to **1/80th** of your **Revalued** Earnings for that year

AND

(b) a cash sum equal to **3/80ths** of your **Revalued Earnings** for that year

Example

The exact calculation will depend on

- The way the member's Pensionable Salary changes between September 2006 and her 65th birthday
- The changes in the Retail Prices Index over the same period

Suppose that the result of this calculation is a pension of £2,350 per annum and a cash sum of £7,050

So in total, the member in this example will end up with

- A pension of £4,500 + £750 + £2,350 = £7,600 per annum

PLUS

- A cash sum of £2,250 + £7,050 = £9,300

'Final Pensionable Salary' is the earnings on which your pension and cash entitlements are based and means the average of your Pensionable Salaries over the period of 36 complete calendar months immediately before Normal Pension date. If you leave service before retirement age, your benefits are calculated on the same basis.

If you joined the Scheme before 31 July 1999 your Final Pensionable Salary will be calculated as the greater of:

- The amount described above
- The average of your Pensionable Salary figures at the 1 August preceding your Normal Pension Date and the 1 August in each of the two previous years.

This enhanced calculation will only apply to benefits earned prior to 31 July 1999.

'Revalued Earnings' means your Pensionable Salary during that year, increased in each year up to retirement in line with the Retail Prices Index up to a maximum of 5%. Please refer to Appendix A for an example of this calculation.

What are my benefits if I retire at some other date?

Retiring before age 65

Subject to the consent of the University and the Trustees, you may draw your pension on retirement at any time after age 55.

Benefits will be reduced to reflect the earlier payment. The extent of the reduction may change from time to time and is not guaranteed.

Ill-health retirement

Ill-health retirement can only occur if (a) the Trustees, on the advice of their independent medical adviser, consider it to be due to permanent ill-health or other disability **and** (b) the Trustees have received evidence from a registered medical practitioner that you are (and will continue to be) incapable of carrying on your normal occupation as a result of physical or mental impairment. If both these requirements are met, **the above reduction will not apply**. Your Pensionable Service will in addition be enhanced by half of the period from your actual retirement date until your 65th birthday. (This extra service will count as 'post-2003' service when calculating annual increases – see Note 3 on page 5).

Continuing payment of an ill-health retirement pension may be subject to the provision of new medical evidence from time to time.

In exceptional circumstances of serious ill-health (such that your expectation of life is less than 12 months) the Trustees may, at their discretion and on the basis of medical evidence, consent to the payment of a cash sum in exchange for the member's pension. (see page 20).

For further information please contact Xafinity. Contact details are on page 1 .

Retiring after age 65

With agreement from the University, you may continue working after age 65. Provided that you agree to continue as a member of CPAS past age 65, then you will be able to choose between (a) continuing to pay contributions and building up more pensionable service and (b) ceasing to pay contributions. If you choose (b) your pension will be calculated at age 65 but then increased to reflect the period of postponement. You will be provided with information to help you choose between those two options.

Do I have any options at retirement?

At retirement you may be able to choose:

- To take more cash and a smaller pension
- To take a larger pension and less cash
- To take a larger pension and less cash (and a larger spouse's pension)

These options are explained in more detail below.

Option 1: More cash and a smaller pension

You may increase your Cash Sum up to the maximum allowed under the legislation (See Note 1)

↓

The pension you exchange for this Cash Sum depends on your age,
For example:
At age 65 £16.70 Cash = £1 p.a. pension
At age 60 £20.45 Cash = £1 p.a. pension
(See Note 3)

EXAMPLE

The member in the example on pages 6 and 7 decides to take more cash and less pension.

↓

The maximum Cash Sum she can take is calculated as £38,864 including her Cash Sum of £9,300 for Post May 2003 Pensionable Service. So the extra Cash Sum available by giving up part of her pension is
£38,864 - £9,300 = £29,564

↓

Her pension would be reduced by

£29,564 ÷ 16.7 = £1,770 leaving her with a total pension of

£7,600 - £1,770 = £5,830 p.a.

Notes to Option 1:

1. You may take up to 25% of your total benefits from the Scheme as a Cash Sum. The figure of £38,864 in the example was calculated in this way – please note that for tax purposes, each £1 of pension is valued at £20. So this member's total benefit value for tax purposes is: £5,830 x 20 + £38,864 = £155,464, and 25% of £155,464 is £38,866.
2. You may not exchange so much of your pension for a Cash Sum that your reduced pension would be less than your Guaranteed Minimum Pension (see page 20).
3. The rates at which pension can be exchanged for cash are not guaranteed and may change from time to time.
4. Under present legislation the Cash Sum is tax-free.

Option 2: A larger pension and less cash

All or part of your cash entitlement (relating to your Post-May 2003 Pensionable Service) can be exchanged for additional pension.

EXAMPLE

The member in the example on pages 6 and 7 decides to take less cash and a larger pension

↓

Her pension is increased by

£9,300 ÷ 16.70 = £556.89 p.a.

making a total pension of

£7,600 + £556.89 = £8,156.89 p.a.

↓

In the event of her death, her spouse will receive a pension of

½ x £7,600 = £3,800 p.a.

See notes on next page.

Option 3: A larger pension and less cash (and a larger spouse's pension)

EXAMPLE

The member above decides to provide a larger pension for her spouse (in the event of her death) as well as for herself

↓

She gives up all her cash entitlement of £9,300

↓

Her own pension is increased by £9,300 ÷ 19.05 = £488.19 p.a.

making a total pension of £7,600 + £488.19 = £8,088.19

↓

In the event of her death, her spouse will receive a pension of

½ x £8,088.19 = £4,044.10 p.a.

Notes to Options 2 and 3

1. All pensions (including spouses' pensions) will increase annually at the rates shown in Note 3 on page 5.
2. The rates at which cash can be converted into additional pension are not guaranteed and may change from time to time. The rates shown are those currently used for retirements at age 65.
3. Special terms will apply to Option 3 if your spouse is more than 10 years younger than you.
4. You can also use Option 3 to provide a larger pension for yourself plus a pension for a nominated Dependant. Please contact Xafinity for details. Contact details are on page 1.
5. 'Spouse' includes a Registered Civil Partner.

What are my dependants' benefits on death after retirement?

If you die after retiring the benefits payable are …

Your own pension guaranteed for 5 years; for example, if you die 3 years after retiring a cash sum will be paid equal to 2 years' payments of pension

PLUS…

If you are married at the time of your death your spouse will receive a pension of one half of your own pension (see Note 1 below)

PLUS…

If you leave one Qualifying Child (see page 14), they will receive a pension of one half of your spouse's pension. Two or more Qualifying Children will share equally a pension of the same amount as your spouse's pension.

Notes

1. For this purpose, any reduction from exchanging part of your pension for cash (Option 1 on page 9) will be ignored. Conversely, any additional pension you received by selecting Option 2 on page 10 will not count.
2. Dependants' pensions increase each year in exactly the same way as your own pension.

What are my dependants' benefits on death in service?

If you die in Pensionable Service before Normal Pension Date, the benefits payable are …..

A lump sum of two and one half times your average Pensionable Salary for the twelve month period prior to your death

PLUS….

A lump sum equal to your own contributions to the Scheme with interest at 2½% p.a. compound

PLUS….

If you are married, an immediate pension for your spouse equal to one-half of the pension you would have received if you had lived to retire at Normal Pension Date (based on your average Pensionable Salary for the twelve month period prior to your death)

PLUS….

If you have one Qualifying Child, they will receive a pension of one half of your spouse's pension. Two or more Qualifying Children will share equally a pension of the same amount as your spouse's pension

Notes about benefits on death

1. All lump sums payable on your death will be paid by the Trustees to or for the benefit of such one or more of your Beneficiaries as the Trustees decide in accordance with the terms of the Rules. The lump sum is paid in this way to allow for prompt payment and to avoid Inheritance Tax. The Trustees will decide who will receive the benefit and in what shares but to help them you can tell them, in confidence, to whom you would like the money paid – a special 'Expression of Wishes' form is available for this purpose at the back of this Guide. When completed it should be forwarded to Xafinity. Contact details are on page 1.

'Beneficiaries' are defined in the Trust Deed and Rules. Briefly they include any of the following persons living at the date of your death namely –

- your spouse, children, parents and grandparents and the descendants of any such person, and
- any individual or charity entitled to benefit under your Will, and
- any other individual or organisation you nominate by notice in writing to the Trustees for this purpose

It is in your interest to review your Expression of Wishes form from time to time, and if necessary complete a new one. A blank form is at the back of this Guide.

2. Cover for benefits payable on death in service may be subject to production of evidence of good health. You will be notified if you are affected. If you were absent from work owing to injury or illness on the date you became eligible to join the Scheme, there may be some restriction in your death in service benefits until you have returned to active service.

3. Your spouse's pension may be reduced if your wife or husband is more than 10 years younger than you.

4. If you die in service on or after Normal Pension Date but before your pension has commenced, the benefits payable will be calculated as if you had retired immediately before your death.

5. If you are in a registered Civil Partnership, your surviving Civil Partner will be entitled to exactly the same Scheme benefits in the event of your death as a surviving legal spouse.

6. If you die leaving neither a legal spouse nor a registered Civil Partner, the Trustees may decide (at their absolute discretion) to pay the pension to a dependant.

7. A **Qualifying Child** means any child of the Member who is under the age of 18 or age 21 in the case of a child who is in full-time education. It includes stepchildren and adopted children. A pension paid to a Qualifying Child will cease once that child reaches the non-qualifying age.

How does part-time working affect my benefits?

Both pension and cash benefits will be adjusted so that any period of part-time working is treated fairly. The benefits will be calculated pro rata to those for a full-time employee.

The mechanics of this calculation will be different in relation to:

- periods prior to 1 September 2006 (final salary benefits)
- periods after 1 September 2006 (career-average benefits)

but the pro rata principle will apply in both cases.

The figures shown on your annual benefit statement will take account of any part-time periods of Pensionable Service up to the date of the statement.

NOTES

1. Change in number of hours worked

If you work part-time but change your weekly number of hours worked, the calculation will be carried out separately for the periods before and after the change. The results of these separate calculations will then be added up to produce your total benefits.

2. Lump Sum and Spouse's Pension on Death in Service

When, in calculating benefits, your membership is treated as extending to your 65^{th} birthday, it will be assumed that you would have continued to work the same number of hours a week that you were contracted to work at the time of your retirement or death. Any lump sum will normally be based on your actual Pensionable Salary in the twelve months prior to your death

3. Ill-health Retirement Pension

Similarly, when crediting additional service in the event of ill-health retirement, the same assumption will be made.

Transfers into CPAS

All transfers into CPAS are subject to the explicit consent of the University.

If you would like a transfer to be considered, please apply in writing to the Pension & Benefit Services office, Financial Operations at the University at the address on page 2.

Please note that CPAS will not accept transfers from money purchase (Defined Contribution) pension arrangements. See Factsheet 3 for further details.

What happens if I leave the Scheme?

You have a choice

Option 1

Benefits payable from your Normal Pension Date, based on your Pensionable Service completed to the date of leaving and your Final Pensionable Salary. If you select Option 1, you will still be able to choose Option 2 at a later date (but not vice versa).

Option 2

A transfer payment from this Scheme, to the pension scheme of your new employer or to a personal policy, based on the value of your accrued benefits in the Scheme.

If you leave your benefits in the Scheme you will be entitled to the following

1. A preserved entitlement payable from Normal Pension Date which will be increased over the period from the date of leaving to Normal Pension Date, or the earlier date on which the pension starts to be paid, as follows:

i) That part of your pension which represents your Guaranteed Minimum Pension (see page 20) will be increased in line with Government orders. The rate of increase is currently 4.75% per annum for leavers on and after 6 April 2012.

ii) The balance of your pension, together with your cash entitlement, will be increased as follows:

- For Career Average benefits accrued since September 2006, the measure of inflation will continue to be the increase in the Retail Prices Index ("RPI")

- For Final Salary benefits accrued before September 2006, the measure of inflation will be RPI for periods up to 2010 but Consumer Prices Index thereafter

2. On leaving the Scheme, Xafinity will provide you with details of your benefits.

You will also be able to request a statement of the 'cash equivalent' or 'transfer value' of those benefits.

The transfer value will be calculated in strict accordance with a basis laid down by the Trustees, taking into account the advice they receive from the Actuary and the requirements of the legislation.

It has not been the Trustees' practice to award discretionary increases in pensions in payment above those guaranteed in the Rules. Under the circumstances the Trustees have directed the Actuary to assume for the purpose of calculating transfer values that no discretionary increases will be given in the future.

3. If you die after leaving service but before Normal Pension Date, there will be payable:

i) a refund of the whole of your personal contributions to the Scheme plus interest at 2½% per annum compound **and**

ii) a pension for your spouse of one half of your preserved benefits, increased as described in note 1 up to the date of your death.

4. If you die after starting to draw your pension the benefits will be as described on page 13.

5. After you have left service with entitlement to preserved benefits, you may wish to draw those benefits before Normal Pension Date. The amounts payable will be reduced to reflect their early payment. Xafinity will advise you of your entitlement in these circumstances.

Change of Address

If you are entitled to preserved benefits you should keep Xafinity informed of any change in your address so that they can contact you when your pension is due to start.

If you do not do this, it may not be possible to pay you your pension on time

Xafinity's contact details are on page 1

Pension benefits from the State

The State Pension has changed for those reaching State Pension Age after 6 April 2016; that is:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

If you reached State Pension Age before 6 April 2016, you will receive the State Pension under the old rules. The rest of this page relates to members who reach State Pension Age on or after 6 April 2016.

The full new State Pension is £155.65 per week (this is the figure in tax year 2016/17). Your National Insurance record is used to calculate your new State Pension and the amount you get can be higher or lower depending on your National Insurance record. See the box below for details.

You may have to pay income tax on your State Pension if your total income (including the State Pension) takes you above the usual threshold…

Your National Insurance record before 6 April 2016 is used to calculate your 'starting amount'.

Your starting amount will be the higher of:

- the amount you would get under the old State Pension rules (which includes a basic State Pension and an additional State Pension)

- the amount you would get if the new State Pension had been in place at the start of your working life

The starting amount will include a deduction because you were contracted-out of the additional State Pension before 6 April 2016.

You will not get your new State Pension automatically – you have to claim it. You should receive a letter from the Department for Work & Pensions four months before your State Pension Age, telling you what to do.

There are four ways to claim:

- online
- over the phone
- by downloading the State Pension claim form and sending it to your local pension centre.
- from abroad, including the Channel Islands and the Isle of Man

Help making a claim
Telephone 0800 731 7898
Textphone: 0800 731 7339
Monday to Friday, 8am to 6pm (except public holidays)
Online: www.gov.uk/claim-state-pension-online

Technical help with the online service
Telephone: 0345 604 3349
Textphone: 0345 604 3412
Monday to Friday, 8am to 6pm

Report a Change in Circumstances
Report a change, e.g. your address, spouse or partner, or bank account details.
Telephone: 0345 606 0265
Textphone: 0345 606 0285
Monday to Friday, 8am to 6pm

The structure of the State Pension before 6 April 2016

The structure of the State Pension system before 6 April 2016 is relevant because it has an impact on some aspects of the benefits you receive from the Scheme; for example increases on pensions in payment. It is also relevant if you reached State Pension Age **before** 6 April 2016.

Between 6 April 1978 and 5 April 2016, the State Pension Scheme has been in two parts:-

2. The State Basic Pension

This is a continuation of the previous 'Old Age Pension' and you will receive this in addition to your pension from this Scheme.

Using the example on page 7: Scheme Pension £7,600 p.a. plus State Basic Pension £6,203 p.a. (as at April 2016)

Total pension £13,803 p.a.

If you receive the Married Couple's Allowance there will be an extra State pension of £3,718 p.a. (as at April 2016)

1. The State Second Pension (formerly known as the State Earnings Related Pension)

As a member of the University's Scheme before 6 April 2016 you would have been contracted out of the State Second Pension (S2P). In order to be contracted out of S2P, the Scheme had to provide a certain minimum level of benefit which was certified by the Scheme's Actuary.

Up to 5 April 1997 the Scheme was contracted out of SERPS by providing you with what was called a Guaranteed Minimum Pension (GMP). Your Scheme benefit in respect of Pensionable Service up to 5 April 1997 will normally be considerably greater than your GMP, and it can never be less.

For the period that you were a member of the Scheme you will not earn entitlement under SERPS or S2P. However, because you were contacted out of S2P you would have paid National Insurance contributions at a lower rate up until 5 April 2016

Additional Pension Provision

How Much Can I Save?

There are no longer any limits on your pension contributions. You can now get tax relief on contributions of up to 100% of your gross salary, or £3,600 a year if more.

There is also an overall limit on the growth of your accrued pension and contributions known as the Annual Allowance. For the tax year 2016/17 the Annual Allowance is £40,000.

What Type of Arrangements Can I Join?

With effect from 6 April 2006 members may make contributions to as many UK pension arrangements as they wish, including any personal or Stakeholder pension scheme of their choice.

Paying Additional Voluntary contributions (AVCs) into CPAS

If you were already paying additional voluntary contributions prior to 1 September 2006 you may continue to do so. These will be applied to provide you with extra years and months of pensionable service as previously arranged with you.

Full details of these additional benefits, together with the special terms that apply to them, are contained within a Fact Sheet (see Appendix B).

CPAS members who wish to start making additional retirement savings after 1 September 2006 (or increase the amounts they were previously saving) may, if they wish, use the University's Contributory Retirement Savings Scheme for that purpose. For further information please contact the University's Pension & Benefits Service office at the address on page 2.

Independent Financial Advice

Neither the University nor Xafinity is authorised to give members independent financial advice and members are recommended to seek independent financial advice from a duly authorised financial advisor.

If you do not have a financial advisor you may be able to find one at:

www.unbiased.co.uk

or at

https://register.fca.org.uk/

The Pension Tracing Service

If you have lost the details of your preserved benefits under a previous scheme you can contact the Pension Tracing Service who will provide you with an up-to-date address for the Trustees of that scheme. The Pension Tracing Service is part of the Department for Work and Pensions, and can be contacted at:

Pension Tracing Service
The Pension Service
Whitley Road Newcastle
upon Tyne NE98 1BA

Telephone: 0345 6002 537

Website:
www.gov.uk/find-pension-contact-details

Internal Disputes Resolution Procedure

If you have a complaint about any aspect of the Scheme you (or your representative) can write to Xafinity at the address shown on page 1. You must give your name, address, date of birth and your National Insurance number. Your letter must also contain a statement regarding the nature of your complaint, along with as much information as possible about why you are dissatisfied.

Your complaint will be considered by a sub-committee of Trustees and you will normally receive a written reply within 2 months of receipt of your complaint. The reply will clearly state the decision that has been made about your complaint and must refer to the relevant Scheme Rules or to the legislation, or to the exercise of any discretion which forms the basis behind it. If the Trustees are unable to give you a full written reply within this timescale you will be provided with an interim reply stating the reasons for any delay and providing you with a date that a full response can be expected.

If you do not agree with the decision you may write to the Trustees (c/o Xafinity at the address on page 1) asking them to reconsider it. You must do this within 6 months of the decision and you must send a copy of the decision, as well as stating why you disagree with it and that you want the decision to be reconsidered. After reviewing the matter, the Trustees will either confirm the earlier decision or advise you how the original decision has been changed. They must normally do this within 2 months of receiving your request for the matter to be reviewed.

The Trustees' written reply will provide details of your right to take up your complaint with either or both of The Pensions Advisory Service (TPAS) and the Pensions Ombudsman and provide you with the addresses at which they can be contacted.

Experience shows that most problems can be resolved by informal discussion and explanation. You are welcome to contact Xafinity, by telephone, e-mail or letter, to discuss any pension query relating to the Scheme. This will not affect your legal right to follow the formal procedure described above.

Absence, Maternity and Divorce

Temporary Absence

If you are regarded as still being in service, you will normally remain a member of the Scheme i.e. you will not be treated as having left service. However, any period of unpaid absence will not normally be counted as Pensionable Service.

Cover for death in service benefits will usually be maintained for a maximum of 2½ years.

Temporary absence can occur for a variety of different reasons and it is not possible to cover all of them here. You will be notified of any special provisions that apply to you.

Maternity, Adoption and Paternity Leave

Whilst you are absent on Maternity, Adoption or Paternity Leave (i.e. leave from which you have a right to return to work):

- Your contributions will be based on the pay you actually receive (including Statutory Maternity Pay), but
- Your benefits will be based on the pay you would have received in normal circumstances.

If there is a period during which you do not receive any pay, that period will not count as Pensionable Service under the Scheme unless you choose to pay contributions voluntarily. However, on returning to work, your Pensionable Service would start again, and your benefits would be calculated by adding the two periods together.

You will be covered for death-in-service benefits under the Scheme for as long as you remain an active member of the Scheme.

Pensions and Divorce

The courts have power to add the value of your accumulated pension rights to the value of your other assets when the financial settlement is being considered. Your ex-spouse's pension rights (if any) may also be included.

Depending on the terms of the financial settlement the court may grant an order that in the event of your retirement a proportion of your pension and/or the cash lump sum is paid direct to your ex-spouse. A similar order may also be made against the benefits payable on death before retirement.

Alternatively, the courts may require the Trustees to make an immediate payment of part of your accumulated pension rights to a pension arrangement of your former spouse. This is called a Pension-Sharing Order.

On receipt of such an order the Trustees are obliged to ensure it is enforced. If you leave the University or the Scheme and transfer your pension benefits to a new employer's pension scheme then the court order will be passed on to the Trustees of that scheme.

Members should be aware that the Trustees of the Scheme have a right to impose a charge on you and/or your ex- spouse to cover the cost of the additional work dealing with pensions sharing on divorce. Details will be supplied to you at the relevant time.

The dissolution of a registered Civil Partnership is treated for pension purposes in exactly the same way as divorce.

Tax and Regulation

The Pensions Regulator

The Pensions Regulator is able to intervene in the running of pension schemes where it suspects that trustees, employers or the professional advisers may have failed in their duties and in certain other circumstances. The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex BN1 4DW

Telephone: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

The Pension Protection Fund (PPF)

The PPF is designed to provide a safety net for all defined benefit pension schemes in case the sponsoring employer becomes insolvent and the scheme is underfunded. It is funded by a levy on all pension schemes including CPAS.

Further information and guidance is available from:

Website: www.pensionprotectionfund.org.uk

Her Majesty's Revenue & Customs (HMRC)

In order to gain valuable tax reliefs, the Scheme is a Registered Pension Scheme and as such the benefits of the Scheme are subject to the requirements of HMRC as set down by legislation.

In certain circumstances and in order to comply with the requirements of HMRC, restrictions may be placed upon the amount or format of the benefits payable to you. If the benefits for you or your dependants are affected you will be personally notified.

Retirement and the Lifetime Allowance

Irrespective of the date or age you take up the option to retire, you will have "crystallised" your benefits and the value of the benefits taken will be tested against the Lifetime Allowance. For this purpose each £1 of pension is given a value of £20.

This is to ensure that the value of your benefits does not exceed the maximum laid down in legislation. The Lifetime Allowance is currently £1 million (for the 2016/17 tax year). The Government review the Lifetime Allowance from time to time.

All the pension arrangements you have (excluding State Pensions) need to be included when comparing with the Lifetime Allowance. This is irrespective of their source and includes personal, self employed and any other occupational pensions you may be entitled to receive.

Most people are unlikely to have benefits which exceed the limit but at the point of retirement you will need to give the pension scheme administrators details of all your other pension benefits. You will be provided with a Lifetime Declaration form for completion. Please note that incomplete or incorrect declarations, whether made fraudulently or negligently, are subject to a fine of up to £3,000.

In addition, if you have registered for one of the Government's Protection Regimes you must declare this to the Trustees and provide us with a copy of your certificate issued by Her Majesty's Revenue and Customs. Again failure to provide such information is liable to a fine as set out above and may incur a further tax penalty on any excess benefits.

N.B. The completion of the Lifetime Declaration form is important as we cannot pay your benefits without this information.

General Notes

1. Trustees

The Scheme is administered by Trustees appointed by the Council of the University under the terms of a formal trust deed and rules.

Currently there are 11 Trustees of the Scheme, as follows:

4 chosen from the University's management

4 chosen by Scheme members

3 externally appointed Trustees

The four Trustees chosen by members are selected in accordance with a process designed by the Trustee Board as a whole. The selection process involves elections in each of 2 constituencies: (i) three from the Scheme's active contributing members and (ii) one from the pensioners and deferred members. For the active contributing members, there shall not be more than 2 member trustees from any one of the 3 University job families (Technical Services, Operations & Facilities and APM).

2. Constitution of the Scheme

The Scheme is registered with HMRC (Her Majesty's Revenue and Customs, formerly the Inland Revenue). It is established under irrevocable trusts and its assets are kept strictly separate from those of the University.

Information about the Scheme has been given to the Pension Schemes Registry and The Pensions Regulator.

3. Funding and Investment

All the benefits under the Scheme are funded on a basis agreed between the Trustees and the University following advice from the Scheme's Actuary.

Your contributions, and those of the University, are invested in accordance with the Scheme's Statement of Investment Principles. This document is required by law and outlines the way in which the Trustees will manage the assets with a view to ensuring that the Scheme can meet its liabilities.

The Trustees will regularly review the investment managers' performance and take professional advice on the most appropriate types of investment. More information is available from the Scheme's Annual Report and Accounts (please see page 27 for further details).

The death-in-service benefits payable are insured with an insurance company.

4. Amendment or discontinuance of the Scheme

It is the University's intention that the Scheme will continue but it reserves the right if necessary to amend or terminate it at any time.

If an amendment affects your benefits or rights you will be given written notice.

If the Scheme is terminated, the Trustees will apply the assets of the Scheme to or for the benefit of the members and other persons then entitled to benefit in the manner prescribed by the formal trust document and legislation.

The University has not entered into any obligation to pay the benefits described in this booklet if the Scheme's resources prove to be insufficient, other than as required by law.

5. The Pensions Advisory Service (TPAS)

This is an independent body providing free help and advice to members of the public who have problems concerning their rights under occupational pension schemes. Normally you should try to contact a local TPAS adviser through your nearest Citizens Advice Bureau. Alternatively you can write to TPAS at:

11 Belgrave Road, London
SW1V 1RB

or call their national telephone helpline on 0300 123 1047.
Website:
www.pensionsadvisoryservice.org.uk

6. The Pensions Ombudsman

The Pensions Ombudsman may investigate and decide any complaint or dispute of fact or law in relation to the Scheme. He will usually expect you to have followed the procedures set out on page 22 before he gets involved, however.

His address is:
The Pensions Ombudsman,
11 Belgrave Road, London,
SV1V 1RB
Tel: 020 7630 2200
Website:
www.pensions-ombudsman.org.uk

7. Data Protection Act 1998

The details you gave on your Application Form and Expression of Wishes Form, together with any additional personal information provided by the University and others, are held on computer and used by the Trustees and those involved in the running of the Scheme. The Trustees have registered the information and its use with the Information Commissioner under the Data Protection Act 1998.

Similarly the Scheme Actuary is registered with the Information Commissioner and may use your details for Scheme purposes.

The Act gives you certain rights to ensure that the information is accurate and that proper security is maintained. The information may only be given to those people included in the Trustees' or the Scheme Actuary's registration.

Further information about the Scheme

Annual Benefit Statement

Once a year, if you are a contributing member you will be issued with an Annual Benefit Statement which will provide details of your expected pension at age 65 (based upon your current Pensionable Salary) together with details of the death benefits payable. This will normally be sent directly to your home address. You can also view an electronic copy on the Scheme's secure website.

Annual Report and Accounts

Each year the Scheme is required to produce an Annual Report and Accounts which is independently audited to show the contributions paid to the Scheme, the benefits paid out and the current value of the Scheme's investments. A shortened version of the full report is usually issued to all members annually. A copy of the full Report and Accounts is available on request.

Actuarial Information

An Actuarial Valuation is an investigation into the health and wealth of the Scheme. It is required by legislation every 3 years and copies are available to members on request. The Actuarial Valuation Report will reveal whether the Scheme is in deficit or surplus on a basis decided by the Trustees of the Scheme, and will also show the estimated position should the Scheme be wound up. It will also show the recommended contributions to fund the Scheme going forward.

Each year the Trustees are required to issue to all members of the Scheme a Summary Funding Statement giving an update on the Scheme's funding position. This will tell you whether the Scheme has a deficit or not, and if so what action is being taken to address the position. In addition, it will show you how the Scheme is changing, how the assets are invested and what would happen if the Scheme were to wind up.

Trust Deed and Rules

The operation of the Scheme, the duties of the Trustees and the benefits to be provided to members are laid down in the Trust Deed and Rules. This document is amended from time to time to reflect changes in benefits and legislation. The Scheme operates under an irrevocable Trust which ensures that all the assets of the Scheme are kept strictly separate from those of the University.

All members are entitled to view the Trust Deed and Rules on request. Copies may be made available subject to payment of a small fee.

Website

There is much more information about the Scheme on its secure website (address on page 1). Members are encouraged to log onto the website regularly.

Suggestions for improvements to the CPAS website are welcome. Please send them to Xafinity – see page 1 for contact details.

Appendix A: “Career Average” Calculation

The example below shows how the Career Average system works. In this example the member has 6 complete years to go before retiring at age 65 in December 2012. We assume, first, that inflation is running at 2½% per annum, and secondly that the member’s Pensionable Salary is increasing at 4% per annum.

Year	Salary (inc. @ 4% p.a.)	Pension earned in year ($1/80^{th}$ of Salary)	Increased at 2½% p.a.					Total pension earned to date	Cash = 3 x pension
		£ p.a.						£ p.a.	£
2006/7	£20,000	250	256	263	269	276	283	283	849
2007/8	£20,800	260	266	273	280	287		570	1,710
2008/9	£21,632	270	277	284	291			861	2,583
2009/10	£22,497	281	287	294				1,155	3,465
2010/11	£23,397	292	299					1,454	4,362
2011/12	£24,333	304						1,758	5,274
2012/13 (4 Months)	£25,306	105						**1,863**	**5,589**

Previously:

Final Pensionable Salary (average over 36 months) = £23,721

Pension is

$6\ 4/_{12} \times {}^{1}/_{80} \times$ £23,721 = £1,878 p.a.

Cash = 3 x pension = £5,634

In 2006 the member is on a salary of £20,000 and the pension for that year is $1/80^{th}$ of that figure, i.e. £250 p.a. The pension is then revalued over the years to retirement in line with inflation up to 2½ per annum compound. By 2012 the pension earned in 2006/7 has increased to £283 p.a.

The pension for 2007/8 is $1/80^{th}$ of £20,800 = £260 p.a. which by 2012 has been revalued to £287 p.a. Pension for each subsequent year is calculated and revalued in the same way.

On retirement in 2012 the member’s pension is the total of each year’s revalued pension (shown in the example by the shaded figures) which amounts to £1,863 p.a. His cash sum at retirement is calculated in a similar way and will always be equal to 3 x pension.

Leaving service

The Career Average system treats members who have left the Scheme in exactly the same way as those who continue to contribute to it. The pension accrued up to the date of leaving will be revalued until retirement using the same factors as for active members.

Appendix B: Fact Sheets

UNIVERSITY OF NOTTINGHAM

CONTRIBUTORY PENSION AND ASSURANCE SCHEME

FACT SHEETS – NOVEMBER 2016

1. Transfer values from the Scheme
2. Drawing your pension while still working
3. Transferring your previous pension rights
4. Former employees of the Mid-Trent College of Nursing and Midwifery
5. Salary Exchange
6. Normal and Late Retirement Process for Active Members

7a. Active Member Early Retirement

7b Early Payment of a Deferred Pension

7c Ill Health Retirement Process

8. Additional Voluntary Contributions – 'Added Years Facility'
9. Additional Voluntary Contributions - 'Money Purchase Facility'
10. Guide to Retirement Process
11. Disposal of Lump Sum Benefits
12. Converting Small Pensions to Cash
13. Opting Out

University of Nottingham Contributory Pension and Assurance Scheme

Expression of Wishes (Nomination of Beneficiaries) Form

Your Full Name:

National Insurance Number:

I understand that certain benefits that will be payable in the event of my death will be held by the Trustees in trust for payment to such one or more persons as they may select. While I understand that this request confers no obligation on the Trustees, I would like consideration to be given to the following.

Member's Request

In the event of my death, I would like any lump sum benefits due to be paid as follows:

Full Name	Relationship	Proportion
		100%

This nomination cancels any previous ones made in respect of these benefits

Signed: ………………………………………… Date: ………………………

Witnessed by (this must <u>not</u> be a beneficiary):

Name …………………………… Signed ………………….. Date: ………………………

If your personal circumstances change you should consider submitting a revised form.

Please send the completed form to: **Xafinity, 10 South Parade, Leeds, LS1 5AL**

Xafinity will record the date of your form on your membership record, before sending the form to the Trustees of the Scheme for their retention. The information contained herein will be kept in strict confidence and referred to only in the event of your death.