

University of Reading Employees' Pension Fund
Providing valuable benefits
for you and your family



University of
Reading

July 2010



The University of Reading Employees' Pension Fund – what's in it for you?

- ***An income when you retire***
- ***Tax free cash lump sum option***
- ***Benefits for your Dependants on your death***
- ***The chance to retire early***
- ***You can choose to pay extra contributions to boost your benefits***
- ***Your employer pays most of the cost***

The University of Reading Employees' Pension Fund ('the Fund') is an important and valuable part of the package of benefits you can receive from your employer. You are never too young to think about pensions.

The Fund is administered under a trust which is governed by the Trust Deed and Rules. This summary leaflet provides an overview of the benefits available for you and your family under the Fund. Every effort has been made to accurately reflect the Trust Deed and Rules in this summary, but if there are any differences the Trust Deed and Rules will always take precedence. We hope it will give you enough information to decide whether you want to join and take advantage of the benefits the Fund offers. There is an Application form at the back of this leaflet which you can complete and return to the Pensions Office.

If you would like full details of the Fund please contact the Pensions Office at:

Pensions Office
University of Reading
Whiteknights
PO Box 217
Reading
RG6 6AH

Tel: 0118 378 7121

Email: pensions@reading.ac.uk

Website: www.rdg.ac.uk/humanresources



Membership

Who can join?

You can join the Fund if you are aged 16 or over and are grade 5 and below (or as specified in your contract).

If you don't join the Fund as soon as you start work you can join at any time during your first six months of service.

If you don't join within your first six months you may still be able to join, this is at the University's discretion. You will be asked to complete a Health Information Form so that the University can be sure of your good health. You may also need to undergo a medical by a doctor.

The Trustees can ask you for evidence of your good health. If you cannot produce evidence satisfactory to the Trustees, the Trustees may restrict any benefits payable on your death or early retirement. The Trustees will notify you of any restrictions which apply.

If you don't join the Fund you won't be covered for the lump sum death in service benefit (see page 4).

Opting out

If you want, you can opt out of the Fund by completing a withdrawal form (available from the Pensions Office). You will stay a member until the last day of the month after the one in which you signed the form.

You can apply to rejoin the Fund at a later date with the permission of the University. You will be asked to fill in a Health Information Form to confirm that you are in good health and you may be asked to have a medical. If this is all satisfactory you will be able to rejoin from the next convenient date (usually the first day of the next month), subject to the University's agreement.

You can, of course, withdraw or opt out of the Fund after you have rejoined. However, you should think carefully about opting out a second time as the University won't agree to you rejoining if you have already opted out and rejoined once before.

If you opt of the Fund you will not be covered for the lump sum death in service benefit (see page 4).

How much do you pay?

You currently pay 6.25% of your Pensionable Salary towards the cost of your benefits. This rate is not guaranteed and may change in the future.

Pensionable Salary is your basic annual salary, any payments which the University designates as payments for "unsocial hours" plus any other payments that are determined by the University as pensionable.

Contributions are taken from your pre-tax pay so you get immediate tax relief at your highest rate. If you are a basic rate tax payer (20% in 2010/11) every £10 you pay reduces your take home pay by just £8.

You also pay lower National Insurance contributions as the Fund replaces part of your State pension benefits, reducing further the cost of membership. For example, a member earning £18,500 a year would save £231 in tax, plus £215 in National Insurance contributions over 12 months (based on a lower earnings limit of £5,044 for the 2010/11 tax year).

Your employer pays the difference between the contributions you pay as a member and the cost of providing the benefits.

What do you get?

Pension

At your Normal Pension Age (currently age 65) your pension is worked out as follows:

$$\frac{1}{60} \times \frac{\text{Final Pensionable Salary}}{\text{Pensionable Service}} \times \text{Pensionable Service} = \text{annual pension}$$

Final Pensionable Salary is the highest amount of your pensionable salary received in a period of 12 consecutive complete calendar months in the last three years before you leave service or die, if earlier. If you were not in Service for 12 calendar months, your Final Pensionable Salary will be the yearly equivalent of your Pensionable Salary. If you work part time the full time equivalent pay is used.

Pensionable Service is your service in years and complete days since joining the Fund. If you work, or have worked, part time your Pensionable Service will be adjusted to reflect this.

Tax-free cash sum

You have the option to convert part of your pension into a cash sum on retirement, which is currently paid tax free, on terms decided by the Trustees based on advice from the Fund's Actuary. You can normally take up to 25% of the value of your pension (up to a maximum specified by legislation). Taking a cash sum reduces the amount of pension you receive.

Early retirement

If the University and Trustees agree you may be able to retire and take an immediate pension at any time from the age of 55. The pension will be based on your Final Pensionable Salary and Pensionable Service at the date you retire and will then be reduced for early payment.

Late retirement

With your employer's permission you may be able to continue working beyond age 65. You will continue to pay contributions until you leave Service. When you retire, your pension will be based on your Final Pensionable Salary and your Pensionable Service up to the date you leave Service.

Alternatively, you can choose to stop contributing to the Fund from your Normal Pension Age. You will then receive a pension on leaving but your pension will be calculated as if you left Service at Normal Pension Age (based on your Pensionable Service and Final Pensionable Salary at Normal Pension Age). Your pension will be increased for late payment on a basis decided by the Trustees after considering advice from the Fund's Actuary.

Whichever option you choose, your pension must start before your 75th birthday.

Pension increases

Pension paid from the Fund will be increased each year by the increase in the retail prices index up to a maximum of 6%.

If the rise in the retail prices index is more than 6% the pension may be increased by the higher amount, but this is at the University's and Trustees' discretion.

Pension increases are applied from 1 April each year.

Ill-health retirement

If you become too ill or disabled to continue working you may be able to retire and get an immediate pension from the Fund whatever your age. To qualify you must have completed five years' pensionable service. You will need the permission of the University to retire through incapacity. You will have to satisfy the Trustees that you are suffering from incapacity within the meaning of the Rules of the Fund. You will also have to provide medical evidence to the Trustees from a registered medical practitioner that you are (and will continue to be) incapable of carrying on your occupation. If you retire on grounds of partial incapacity, your ill-health pension will be worked out as for early retirement (see page 3) using your Final Pensionable Salary and Pensionable Service at the date you retire, but disregarding the usual minimum age limit and without reduction for early payment.

If you retire on grounds of total incapacity, your ill-health pension will be worked out as for retiring at age 65 (see page 3) using your Final Pensionable Salary and your Pensionable Service at the date you retire **plus** one half of the additional period of membership you could have completed if you had stayed a Fund member to age 65.

Please contact the Pensions Office if you need to know the difference between partial and complete incapacity.

The Trustees may ask for evidence of your continued disability from time to time if the pension is to carry on being paid. The Trustees' decision as to whether you are suffering from incapacity will be final.

What if you die

...before you retire

If you die before age 65 (or your retirement date if later) and providing you are a contributing member of the Fund, the following benefits are payable:

- a lump sum of three times your average Pensionable Salary in the twelve months before death; plus
- a return of all the contributions you have paid into the Fund for your beneficiaries (with interest); plus
- a return of any money purchase AVCs; plus
- a pension for your Spouse or Civil Partner of half of the pension you would have received (with no reduction for early payment) if you had retired at the date of your death; plus

- Children's pensions (maximum of two) of one-quarter of the pension you would have received (with no reduction for early payment) if you had retired at the date of your death. If you don't leave a Spouse or Civil Partner, the Children's pensions will be doubled.
- a Dependant's pension payable at the Trustees' discretion, if you were unmarried and not in a Civil Partnership at the time of your death.

...after you retire

If you die after your retirement the following benefits are payable:

- a Spouse's or Civil Partner's pension of half the pension you were receiving when you died. If your own pension was reduced because you took a cash sum on retirement, or if you chose to provide an extra Dependant's pension, the reduction will be ignored when calculating the Spouse's or Civil Partner's pension; plus
- Children's pensions (maximum of two) of one-quarter of your own pension. If you don't leave a Spouse or Civil Partner the children's pensions will be doubled. If your own pension was reduced because you took a cash sum on retirement, or if you chose to provide an extra Dependant's pension, the reduction will be ignored when calculating the Children's pension; plus
- if you die up to five years after your retirement the unpaid balance of five years' pension instalments will be paid as a lump sum. If you die on or after age 75 this payment will be made as pension and not as a lump sum;
- a Dependant's pension payable at the Trustees' discretion, if you were unmarried and not in a Civil Partnership at the time of your death.

...after you leave the Fund but before you retire

If you leave the Fund for any reason and keep your benefits in the Fund and then you die before you retire the following benefits are payable:

- a return of all the contributions you have paid towards the Fund (with interest); plus
- a return of any money purchase AVCs; plus
- a Spouse's or Civil Partner's pension of half of your own deferred pension; plus
- Children's pensions (maximum of two) of one-quarter of your own pension. If you don't leave a Spouse or Civil Partner the Children's pensions will be doubled;
- a Dependant's pension payable at the Trustees' discretion, if you were unmarried and not in a Civil Partnership at the time of your death.

If your Spouse or Civil Partner is more than 10 years younger than you, their pension described above will be reduced by such amount as the Trustees decide after considering actuarial advice.

Boosting your benefits

You can pay Additional Voluntary Contributions (AVCs) to increase your benefits.

You can pay up to 100% of your taxable pay each year and tax relief will normally be available on the full amount.

You have a choice of schemes you can pay your AVCs into:

- if the University agrees, **the Fund** where they will buy you extra years and days of Pensionable Service on which your pension is worked out; or
- **the Clerical Medical AVC Plan** where they will be invested in an individual account and when you retire the value of this account will be used to buy you extra benefits.

Leaving the Fund

Your options

You have the choice of:

- leaving your benefits in the Fund until you retire. Your deferred pension will be worked out using your Final Pensionable Salary and your Pensionable Service at the date you leave the Fund and will then be increased from the date you leave to the date you retire by the increase in the retail prices index up to a maximum 5% a year for Pensionable Service to 5 April 2009 and 2.5% for Pensionable Service from 6 April 2009, or
- transferring your benefits out of the Fund to another suitable pension arrangement.

Leaving while you are still employed

You can opt out of the Fund while still employed. Once you have left the Fund your choices are the same as those described above.

If you opt out of the Fund you should be aware that:

- you won't build up any more benefits in the Fund;
- you won't be covered for death in service benefits;
- you won't be allowed to rejoin a second time if you have already opted out and rejoined once before.

Absences

During most short term absences from work your Fund membership will continue, depending on the circumstances and provided you continue to pay contributions. If you are absent from work for a sustained period your membership/benefits may be affected, ask the Pensions Office for further details.

The Fund and the State Pension Scheme

State Second Pension

The Fund is 'contracted-out' of the State Second Pension (S2P) and so you do not normally build up S2P benefits while you are a member. In return, both you and your employer pay lower National Insurance contributions and the Fund provides benefits in place of S2P.

Basic State Pension

Your eligibility for the Basic State Pension is not affected by your Fund membership.





University of Reading Employees' Pension Fund Application Form



To be completed by the *employee* - please use CAPITAL LETTERS

Surname

Mr/Mrs/Miss/Ms

First Name(s)

Marital Status

Date of Birth

Day	Mth	Yr

Employee Number

--	--	--	--	--	--	--	--

National Insurance Number

--	--	--	--	--	--	--	--	--	--

Do you have any benefits from a previous pension plan?

**delete as appropriate*

YES / NO*

I wish to join the University of Reading Employees' Pension Fund.

I agree to pay contributions of (currently) 6.25% of my Pensionable Salary. I agree that these contributions may be deducted from my salary.

I understand that it is a condition of membership that I agree to the Trustees and their advisers, holding and processing, both electronically and manually, the data which they collect relating to my membership of the Fund in accordance with the Data Protection Act 1998. I agree to any disclosure of that information both within and outside the UK as outlined in the guide.

I enclose the following certificates:

Birth certificate

Spouse's/Civil

Partner's birth certificate

Marriage certificate/civil

partnership certificate

Signed _____ Dated ____/____/____

**Please return this form to the Pensions Office, University of Reading, Whiteknights,
PO Box 217, Reading, RG6 6AH as soon as possible. Your certificate(s) will be returned to you.**

To be completed by the Pensions Office - please use CAPITAL LETTERS

Employee number

--	--	--	--	--	--	--

Date of joining University

Day	Mth	Yr

Date joined Fund

Day	Mth	Yr

Birth Certificate checked by

_____ (initials)

Spouse's/Civil Partner's Birth Certificate checked by

_____ (initials)

Marriage Certificate/Civil Partnership Certificate checked by

_____ (initials)

We confirm that the information given by the employee and the University is correct.

Signed _____ Dated ____/____/____

(for the University)

Pensions Office
University of Reading
Whiteknights
PO Box 217
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RG6 6AH

Tel: 0118 378 7121

Email: pensions@reading.ac.uk

Website: www.rdg.ac.uk/humanresources