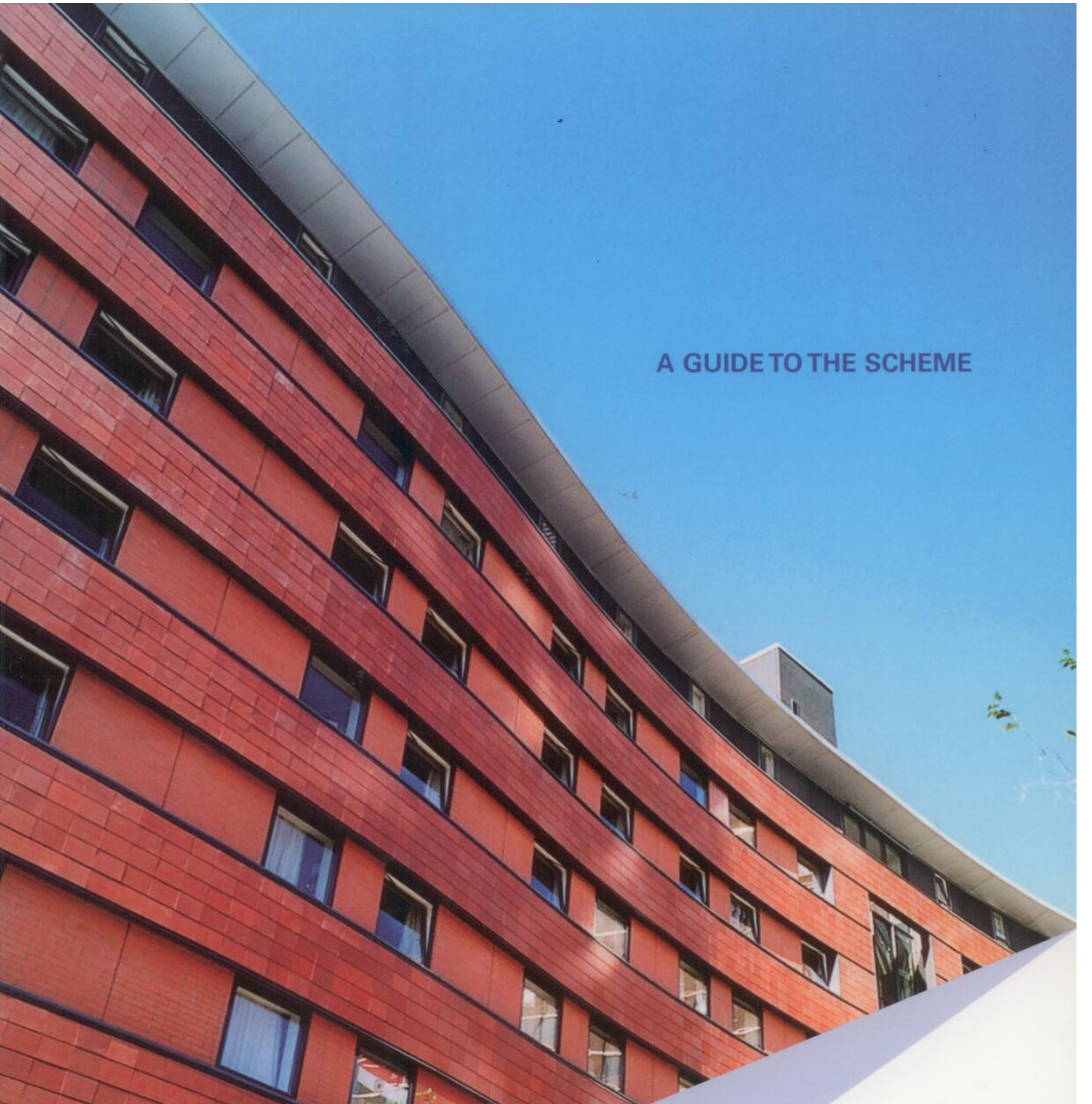


# A GUIDE TO THE SCHEME

AUPS

ASTON
UNIVERSITY
PENSION SCHEME

# Terms used in this booklet

The following technical terms are used frequently in this booklet. The terms will be shown in bold wherever they are referred to in the text.

### Basic Salary
Your Basic Salary is set on 1 April each year and is your annual rate of pay excluding any overtime, additional hours payments and performance related payments.

### CARE
A Career Average Revalued Earnings (CARE) scheme. The Scheme became a CARE scheme from 1 January 2004. Pension units are built up each year based on your Pensionable Pay for that year. The units are then revalued, at the end of each Scheme year, in line with the Retail Price Index up to a maximum of 5%. This continues throughout your membership of the Scheme until you leave, opt out of the scheme, retire or die.

### Deferred Pension
Your pension entitlement retained in the Scheme (and payable at a later date) if you leave the University's employment, or opt out of the Scheme.

### Final Pensionable Salary
This is your Pensionable Salary (defined overleaf) in the 12 months up to your Normal Retirement Date, or if earlier, the date you leave service, opt out of the Scheme, retire or die. Alternatively, it is the average of your last three Pensionable Salary figures up to your Normal Retirement Date (or if earlier, the date you leave service, opt out of the Scheme, retire or die) if this produces a higher figure.

Final Pensionable Salary is used to calculate pension benefits earned before 1 January 2004.

### Guaranteed Minimum Pension (GMP)
This is broadly equivalent to the pension you would have otherwise earned from the State Earnings Related Pension Scheme (SERPS) up to 5 April 1997 had you not been contracted-out under the Scheme.

### Normal Retirement Date
Your 65th birthday.

### Pensionable Pay
This is your Basic Salary on 1 April each year, or your gross taxable pay for the year ending on the following 5 April, if greater.

If you have chosen to limit your Pensionable Pay to your Basic Salary only, then your Pensionable Pay will be your Basic Salary (see page 9 for further details).

Your contributions to the Scheme are based on your Pensionable Pay.

# Terms used in this booklet

### Pensionable Salary
This is your Basic Salary on 1 April each year, or your gross taxable pay for the year ending on the following 5 April, if greater.

If you are a part-time employee, Pensionable Salary is the full-time equivalent of your part-time Basic Salary.

### Pensionable Service
This is the number of years and days you have been a member of the Scheme limited to a maximum of 40 years. This may include any additional service credit secured by a pension transfer from a previous arrangement or through the payment of added years' Additional Voluntary Contributions. Pensionable Service ends on your Normal Retirement Date, or if earlier, the date you leave the University's employment, opt out of the Scheme, retire or die.

For part-time employees, Pensionable Service prior to 1 January 2004 is calculated for each period of part-time employment pro rata to the equivalent full-time service for the same period.

### Qualifying Service
Your service in the Scheme, which includes part-time service counted in full and your service in another pension arrangement, if these benefits have been transferred to the Scheme. It does not include service purchased by the payment of added years' Additional Voluntary Contributions or periods when your membership has been suspended during a period of absence.

### Scheme
This is the Aston University Pension Scheme.

### Spouse
This is the person to whom you are married at the date of your death.

### State Pension Age
The age you will receive your State Pension. This is currently 65 for men and 65 for women born after 5 April 1955. It is 60 for women born before 6 April 1950. This will gradually increase from 60 to 65 for women born between 6 April 1950 and 5 April 1955.

### State Second Pension (S2P)
The State Second Pension (S2P) provides an additional top-up pension based on an individual's earnings and was introduced on 6 April 2002. Members of the Scheme are contracted-out of S2P.

### University
This is Aston University.

# Contents



# Introduction and key benefits

## WELCOME TO THE ASTON UNIVERSITY PENSION SCHEME

This booklet tells you about the comprehensive package of benefits that the Aston University Pension Scheme provides.

### Why your Scheme pension is important

It is unlikely that State benefits alone will provide you with an adequate level of income in retirement.

It is, therefore, important that you make plans now so that you can enjoy your retirement later.

One of the ways that you can provide an income in retirement is by joining the Aston University Pension Scheme.

In addition to providing a pension, the **Scheme** also provides a valuable range of other benefits. The benefits of the **Scheme** are summarised below.

## A SUMMARY OF THE SCHEME

### When you retire, the Scheme provides the choice of:

- a pension, or
- a cash sum, currently tax free, and a reduced pension.

And, after your death;

- a pension for your **Spouse**, if you are married.

### If you are unable to work due to ill health you may get:

- your retirement benefits paid early.

### If you die in service, the following benefits will be payable:

- a lump sum payment, and
- a **Spouse**'s pension, if you are married.

### The Aston University Pension Scheme also offers the opportunity to:

- increase your benefits by paying extra contributions
- in certain circumstances, to retire early on a reduced pension (see page 14 for further information on benefits on early retirement).

## Your Scheme booklet

This booklet gives you an overview of the **Scheme**. It outlines what benefits are provided by the **Scheme** and how they are calculated. It also explains what happens to your benefits under different circumstances, such as if you were to leave the **University**'s employment.

This booklet does not cover every aspect of the **Scheme**. Full details are contained in the Trust Deed and Rules, which are the legal documents that govern the **Scheme**. The information contained in this booklet cannot override these legal documents and this booklet confers no rights to benefits.

## Your annual benefit statement

You will get a benefit statement giving you details of your benefits each year whilst you are contributing to the **Scheme**. The statement shows you the benefits you've built up so far and what your benefits might be if you remain a contributory member until retirement.

# Joining the Scheme

## IN BRIEF

If you are age 18 or over but under age 60 and an eligible employee, you can usually join the **Scheme** immediately. Joining is automatic.

## QUESTIONS & ANSWERS

### Who can join?

You can join the **Scheme** if you are:

- age 18 or over but under age 60
- employed in a non-academic staff position with the **University.**

You cannot join the **Scheme** if you are:

- on a fixed-term contract of six months or less
- eligible for the Universities Superannuation Scheme.

### How can I join?

Although membership is voluntary, new employees who are eligible to join are automatically included in the **Scheme** when they start work. You will be asked to complete a Declaration Form and an Expression of Wishes Form.

## What is an Expression of Wishes Form?

An Expression of Wishes Form lets the Trustees know who you would like to receive the lump sum payable in the event of your death. The Trustees are not bound by this but will take your wishes into account when making their decision. Under current legislation this allows the benefit to be paid free of Inheritance Tax.

Your Expression of Wishes Form should be kept up to date if your circumstances change.

## Do I have to be a member of the Scheme?

No, membership is voluntary and you may opt out if you wish. However, if you decide you do want to be a member of the **Scheme** at a later date, medical evidence will be required and special terms could be imposed as a condition of re-admittance. Any subsequent re-admissions thereafter will not be permitted.

If you wish to opt out of the **Scheme** you must give one month's written notice by completing and returning an Opt Out Form available from the Pensions Officer (see page 25 for contact details).

### SUMMING UP...

- If you are eligible to join, you are automatically included in the **Scheme** when you start work.
- Everyone who joins should complete Declaration and Expression of Wishes Forms.
- You don't have to be a member of the **Scheme**. However, if you change your mind later you might not be able to join under the same conditions.

# Contributions

## IN BRIEF

Your contributions will be 6.35% of your **Pensionable Pay**, but you will receive tax relief on your contributions to the **Scheme** and pay a lower rate of National Insurance (NI) contributions as well. The overall cost to you of being a member is therefore less than the contribution rate may imply.

The **University** also contributes to the **Scheme** and its contribution is currently substantially higher than members' contributions.

## QUESTIONS & ANSWERS

### How much do I pay?

You pay 6.35% of your **Pensionable Pay**. Your contribution is automatically deducted from your salary.

The actual cost to you is reduced as you automatically receive tax relief on your contributions. Your pension contributions are taken from your gross pay and you are only taxed on the remaining pay after these contributions have been deducted. You also pay a lower rate of NI contributions as the **Scheme** is contracted-out of the **State Second Pension (S2P)**.

### When do I start paying and how long do I pay for?

You start paying from the day you join the **Scheme**. You will continue to pay until you leave, retire, reach age 65 or die, whichever event happens first.

### What does it cost?

The examples below show some typical contribution costs:

**Example 1 - monthly paid**

| Pensionable Pay | Gross monthly contribution | NI rebate* | Tax relief | Net cost to you each month |
|---|---|---|---|---|
| | (6.35%) | (1.6%) | (22%) | |
| £20,000 | £105.83 | £20.98 | £23.28 | £61.57 |
| £15,000 | £79.38 | £14.31 | £17.46 | £47.61 |
| £10,000 | £52.92 | £7.65 | £11.64 | £33.63 |

* For 05/06, the rebate reduces NI deducted on monthly pay over £355 and under £2,730 by 1.6%. The figures are reviewed every April.

**Example 2 - weekly paid**

| Pensionable Pay | Gross weekly contribution | NI rebate* | Tax relief | Net cost to you each week |
|---|---|---|---|---|
| | (6.35%) | (1.6%) | (22%) | |
| £20,000 | £24.42 | £4.84 | £5.37 | £14.21 |
| £15,000 | £18.32 | £3.30 | £4.03 | £10.99 |
| £10,000 | £12.21 | £1.76 | £2.69 | £7.76 |

* For 05/06, the rebate reduces NI deducted on weekly pay over £82 and under £630 by 1.6%. The figures are reviewed every April.

### How is my Pensionable Pay calculated?

Your **Pensionable Pay** is set on 1 April each year. You can choose to limit your **Pensionable Pay** to your **Basic Salary** should you wish. However, if you do so you should be aware that not only will your contributions be based on a potentially lower amount of pay, but also your benefits will be calculated using the potentially lower figure. Detailed information is available from the Pensions Officer.

### What does the University pay?

The **University** contributes at a rate intended to cover the balance of the cost of providing the benefits and running the **Scheme**.

The **Scheme**'s actuary determines the amount the **University** must contribute. The actuary calculates this by checking the level of the **Scheme**'s funds and the expected payments the **Scheme** will have to make. The rate advised is intended to be sufficient, when added to your contributions, to provide the benefits promised under the **Scheme**.

The **University** currently pays more than double the amount that the member pays. The actual amount is published annually in the **Scheme**'s Report and Accounts. An abbreviated version of this is issued to contributory members annually.

### SUMMING UP...

- Members pay 6.35% of their **Pensionable Pay**, which is automatically deducted from pay.
- Contributing to the **Scheme** will result in you paying less income tax and less National Insurance.
- The **University** contributes a significant amount towards your pension.

# Making extra contributions

## IN BRIEF

Since you may spend over a third of your life in retirement, it is never too early to start planning!

It will be too late if you wait until you retire before you find out that your retirement income is not going to be as much as you want. The **Scheme**'s AVC arrangement offers one way to boost your pension.

Apart from AVCs, there are other ways that you can save for your retirement. However, only AVCs are covered in this booklet.

## QUESTIONS & ANSWERS

### What are AVCs?

AVCs (Additional Voluntary Contributions) are voluntary payments you can choose to make, on top of your normal **Scheme** contributions, in order to earn additional benefits.

### Why pay AVCs?

AVCs are a tax efficient means of saving as you receive tax relief in the same way as you do on your normal **Scheme** contributions.

AVCs can be used to:

- Increase retirement benefits
- Allow for planned early retirement
- Make up for times when pension rights were not built up (for example, a career break).

### How much should I pay?

You decide how much you want to pay.

Generally, the most you are allowed to pay towards your pension provision, including your **Scheme** contributions, is 15% of your gross earnings. This means that the most you can pay in AVCs is 8.65% of your earnings (i.e. 15% less your normal contributions of 6.35%). There are also Inland Revenue limits on maximum benefits that could restrict the amount of AVCs that you can pay. AVCs are deducted from your pay before tax.

You can make contributions either by regular deductions from your pay or by single lump sum payments from your pay.

You may increase, decrease or stop AVC payments at any time up to your retirement.

The **University** does not make contributions to the AVC arrangement.

**Inland Revenue restrictions are changing from April 2006. If you would like more information, please contact the Pensions Officer.**

## QUESTIONS & ANSWERS

### How does the AVC arrangement work?

AVCs are deducted from your pay and paid over to a specialist AVC provider, appointed by the Trustees, who invests the AVCs on your behalf. You have a choice of funds for the investment of your AVCs. The AVCs are held in an account in your name, separate from the **Scheme**.

When you retire you can use the value of your AVC account to provide a range of retirement benefits, in addition to those provided by the **Scheme**. The **Scheme** AVC arrangement builds up benefits on a money purchase basis. The amount that you receive will, therefore, depend on the amount you save, investment returns and the cost of buying an additional pension at retirement.

AVC benefits are paid at the same time as your **Scheme** benefits.

### What if I leave?

The AVC arrangement provided by the **Scheme** is only available to contributory members. If you leave the **University** or the **Scheme**, you must stop paying AVCs.

Your AVC fund will remain invested with the AVC provider until you retire, unless you choose to transfer your main **Scheme** benefits. If you do transfer your main **Scheme** benefits you must also transfer your AVC benefits. See page 20 for further details of benefits on leaving before retirement.

### What if I die?

If you die in service, the full value of your AVC account will be paid as a cash sum to your beneficiaries.

### How can I find out more about AVCs?

If you would like to find out more about the AVC arrangement or wish to start paying AVCs, you should contact the Pensions Officer.

**Scheme** AVC contracts taken out prior to 1 January 2004 are calculated on a different basis. Further information is available from the Pensions Officer.

## SUMMING UP...

- The **Scheme** offers the ability to boost your benefits by paying AVCs.
- AVCs are a flexible and tax efficient way of saving.
- Within limits, you can choose how much you want to pay.
- There are other ways of saving for retirement outside of pension funds altogether.
- You should consider consulting an Independent Financial Adviser.

# Benefits on normal retirement

## IN BRIEF

Your pension benefits are linked to your pay and the length of your membership in the **Scheme**. On retirement, you may be able to exchange part of your pension for a cash sum. Your pension will be increased annually to help offset the effects of inflation.

## QUESTIONS & ANSWERS

### How much pension will I receive at my Normal Retirement Date?

Your pension at **Normal Retirement Date** (your 65th birthday) is calculated as follows:

<u>Benefits for Pensionable Service from 1 January 2004</u>

The **Scheme** is a **Career Average Revalued Earnings (CARE)** scheme from 1 January 2004.

Under the **CARE** scheme, each year of **Scheme** membership will earn a unit of pension, calculated as 1/60th of your **Pensionable Pay** for that year. Part years will be calculated on a pro-rata basis.

The units are then revalued the following year and every year thereafter until you retire. The rate at which the units are revalued will be in line with the Retail Price Index (RPI) up to a maximum of 5% in any one year. (If in any year, the increase in the RPI is above 5% the **Scheme**'s Trustees, in consultation with the **University**, will review and decide upon the increase to be applied in that year.)

This revaluation continues throughout your membership of the **Scheme** until you leave, retire or die. The **CARE** benefits will be the total of each year's units with the accumulated revaluation which has been added.

**For example:**

A member retires at age 65 with 3 years' **Pensionable Service** in the **Scheme**. The member's **Pensionable Pay** on joining is £15,000. If an increase in the RPI of 2.5% (1.025) and salary increases of £1,000 are assumed, the pension would be:

| | | | |
|---|---|---|---|
| Revalued year 1 unit | (1/60th x £15,000) x 1.025 x 1.025 | | = £262.66 |
| | | + | |
| Revalued year 2 unit | (1/60th x £16,000) x 1.025 | | = £273.33 |
| | | + | |
| Year 3 unit | 1/60th x £17,000 | | = £283.33 |
| **Total pension** | | | **= £819.32 p.a.** |

<u>Benefits for Pensionable Service before 1 January 2004</u>

For service before 1 January 2004 the pension will be:

1/60th x **Pensionable Service** to 31 December 2003 x **Final Pensionable Salary**

**For example:**

A member retires at age 65 with 30 years' **Pensionable Service** in the **Scheme** at 31 December 2003 and **Final Pensionable Salary** of £20,000. The pension would be:

1/60th x 30 years x £20,000 **= £10,000 p.a.**

The pension payable at **Normal Retirement Date** will be the total of the two separate parts. Both parts of your pension must be paid at the same time.

## Can I have a cash sum on retirement?

When you retire, you have the option to exchange part of your pension for a cash sum which, under current legislation, is tax free.

The cash sum is worked out using the following calculation:

2.25 x total pension

In order to take a lump sum, you have to give up part of your pension. The amount of pension you give up is determined by the Trustees based upon the advice of the **Scheme**'s actuary. Full details will be provided at the time you retire.

If you decide to exchange part of your pension for a lump sum, your **Spouse**'s pension is unaffected.

## Are there any restrictions on the amount of pension or cash sum I can take?

The Inland Revenue limits the maximum pension and lump sum you can take from the **Scheme**. You will be advised whether this affects you at the time you retire.

**Inland Revenue restrictions are changing from April 2006. If you would like more information, please contact the Pensions Officer.**

## Will my pension be increased after I retire?

Your pension in excess of the **Guaranteed Minimum Pension (GMP)** will be increased each year with effect from the 1st day of the month following the anniversary of your retirement. The increase will be in line with the increase in the Retail Price Index (RPI) up to a maximum of 5%.

If in any year the increase in RPI is above 5% the **Scheme**'s Trustees, in consultation with the **University**, will review and decide upon the increase to be applied in that year.

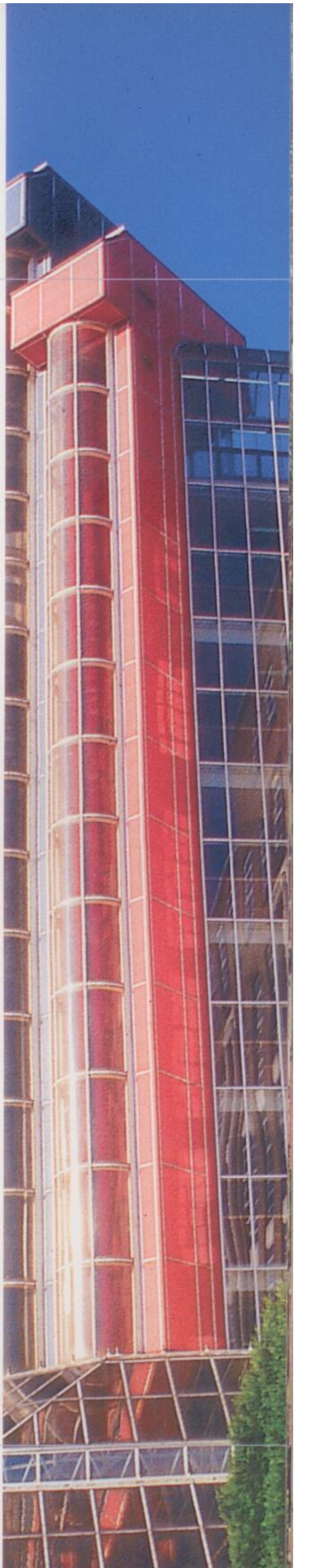
**GMPs** become due at age 60 for women and 65 for men. Once in payment, a **GMP** is increased by the State except for the portion built up after 5 April 1988, for which the **Scheme** provides increases each year in line with the RPI up to a maximum of 3%. If inflation exceeds 3%, a further increase is paid by the State.

## How is my pension paid?

Your pension will be paid from the first day of your retirement for the remainder of your life. It is currently paid monthly in advance directly into a bank or building society account on the first working day of each month. Income tax is deducted from your pension in the same way that it is deducted from your pay under the Pay As You Earn system.

## SUMMING UP...

- Your pension will increase as your pay and years in the **Scheme** increase.
- You may be able to exchange part of your pension for a cash sum on retirement.
- When you retire, your pension will be increased each year to help offset the effects of inflation.



# Benefits on early, ill health and late retirement

## IN BRIEF

You can receive reduced pension benefits if you retire before your **Normal Retirement Date**, provided you are aged 60 or over. An immediate pension may be paid at any age if you have to retire due to serious ill health. You may defer receiving your benefits if your contractual retirement date is after your **Normal Retirement Date**.

## QUESTIONS & ANSWERS

### Can I retire before my Normal Retirement Date?

You can retire before your **Normal Retirement Date** on or after your 60th birthday. If you choose to do this, your pension would be calculated as follows:

**Benefits for Pensionable Service from 1 January 2004**

Your pension on early retirement is calculated in the same way as for normal retirement (see page 12 for details) but is based on the units of pension you have earned up to the date of your actual retirement.

Additionally, your **CARE** benefits will be reduced for early payment. The reduction is calculated when you retire and your benefits (including the potential **Spouse**'s pension) will be permanently reduced. The reduction is based on a sliding scale depending on your age when you retire. The nearer you are to age 65, the smaller the reduction. The reduction rates that currently apply are:

| Age at retirement | Percentage reduction to benefits |
|---|---|
| 64 | 5% |
| 63 | 10% |
| 62 | 15% |
| 61 | 19% |
| 60 | 23% |

A pro-rata adjustment is made to the factor to take account of your age at retirement, in years and complete months. The reduction factors to be applied at retirement are subject to review by the **Scheme** actuary from time to time.

**Benefits for Pensionable Service before 1 January 2004**

Your pension on early retirement is calculated in the same way as for normal retirement (see page 12 for details) but is based on your **Pensionable Service** at 31 December 2003 and **Final Pensionable Salary** up to the date of your actual retirement. This part of your pension is not reduced for early payment.

The pension payable will be the total of the two separate parts. Both parts of your pension must be paid at the same time.

### Can I retire earlier than age 60?

Between the ages of 50 and 60, you may only retire with the consent of the **University**. If this is permitted then both parts of the pension (i.e. pension earned before and after 1 January 2004) will be subject to reduction for early payment to account for the longer period for which it will be paid.

The law currently allows early retirement pensions to be paid from age 50. However, it is the Government's intention to raise this to age 55 by 2010.

## QUESTIONS & ANSWERS

### Are there any restrictions on retiring early?

In order to retire early your pension must be sufficient to match your **Guaranteed Minimum Pension (GMP)** entitlement when you reach **State Pension Age**. You still have the option of giving up part of your pension for a cash sum. Details are given on pages 12 and 13.

### What happens if I become unfit for work?

If you become unfit for work, whilst a contributory member of the **Scheme**, you may be able to retire early on the grounds of permanent ill health. Ill-health retirement must be approved by the **Scheme**'s Trustees and there must be sufficient medical evidence of permanent incapacity. The **University** must be of the opinion that you are unable to carry out your normal job and your earnings ability is seriously impaired.

### How is the ill-health pension calculated?

Your pension will be calculated in the same way as for normal retirement (see page 12 for details) but based on the **Pensionable Service** you have completed up to retirement. However, there will be no reduction for early payment regardless of your age at retirement.

Your benefits may be enhanced depending upon the total length of your **Pensionable Service**. The additional pension enhancement will be based on your **Pensionable Pay** at your retirement. A copy of the enhancement table can be obtained from the Pensions Officer. This is subject to review by the **Scheme** actuary from time to time.

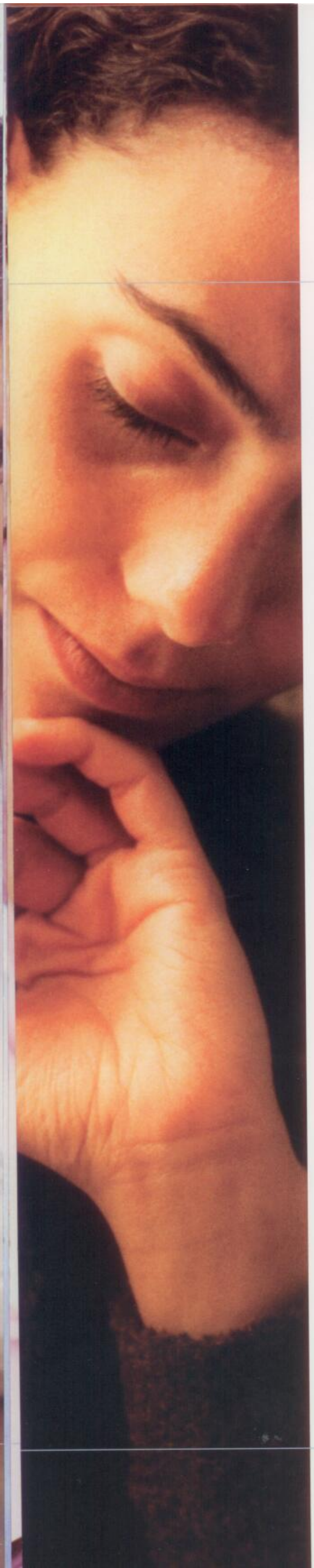
You still have the option of giving up part of your pension for a cash sum. Details are given on pages 12 and 13.

### Can I defer receiving my benefits if I retire late?

If your contractual retirement date is after your **Normal Retirement Date**, you may take your benefits from the **Scheme** at age 65 or you may postpone payment of your pension. After age 65, your pension contributions will cease. Your pension will be increased to take account of the late payment.

## SUMMING UP...

- You can retire early between the ages of 60 and 65 without the consent of the **University** but part of your pension will be reduced.
- You need the consent of the **University** to retire earlier than age 60 and your pension will be reduced.
- You could receive an immediate pension if you have to retire due to permanent ill health.
- It is possible for you to defer payment of your benefits if your contractual retirement date is after your **Normal Retirement Date**.



# Benefits on death

## IN BRIEF

A pension is normally payable to your **Spouse** when you die.

If you die in **Pensionable Service**, a lump sum of two times your **Pensionable Pay** (or three times after 10 years' service) is payable. It is very important that you complete an Expression of Wishes Form and regularly review it.

## QUESTIONS & ANSWERS

### What happens if I die in service?

If you die whilst in **Pensionable Service** and before your **Normal Retirement Date**, the following benefits will be payable:

**1. Lump sum death benefit**
The lump sum death benefit will be two times your **Pensionable Pay** (or three times after 10 years' service with the **University**) at the date of your death.

**For example**:

A member dies in service with **Pensionable Pay** of £20,000:

| | | | | |
|---|---|---|---|---|
| 2 (or 3 after 10 years' service) | x | **Pensionable Pay** | = | **Lump sum death benefit** |
| 2 (or 3) | x | £20,000 | = | **£40,000 (or £60,000)** |

In addition, the contributions you have made to the **Scheme** will be refunded. Cover begins as soon as you join the **Scheme** so remember to complete an Expression of Wishes Form as soon as possible.

**2. A pension for your Spouse**
If you are married, a **Spouse**'s pension of *half* of your prospective pension will be payable for life. The **Spouse**'s pension will be calculated in three parts and the amount payable will be *half* of the total of the three parts:

(i) Pension from **Pensionable Service** before 1 January 2004, calculated as follows:

| | | | | |
|---|---|---|---|---|
| 1/60th | x | **Pensionable Service** at 31 December 2003 | x | **Final Pensionable Salary** at the date of your death |

(ii) **CARE** pension built up from 1 January 2004 at the date of your death.

(iii) Additional pension enhancement based on the number of further units of pension you could have built up at age 65. For example; if you die in service at age 55 (10 years before age 65) 10 units of enhancement pension will be awarded. The enhancement to benefits will be based on the **Pensionable Pay** at the date of your death.

### What happens if I die after I have left the Scheme but before I retire?

If you die whilst entitled to a **Deferred Pension** (see page 20 for details) a refund of contributions will be payable.

If you are married, your **Spouse** will also receive a pension of *half* of your **Deferred Pension**. The **Deferred Pension** will be increased in line with inflation up to a maximum of 5% per annum between leaving the **Scheme** and the date of your death.

## What happens if I die after I have retired?

If you die in retirement, the following benefits will be payable:

**1. A cash sum if you die within five years of retiring**

Your pension is guaranteed for five years after your retirement. In the event of your death, a cash sum equal to the pension you would have received during the remainder of the five year period will be paid, based on the pension that you were receiving at the date of your death. For example, if you died two years after retiring, three years' pension payments would be paid as a cash sum.

**2. A pension for your Spouse**

If you are married, your **Spouse** will receive a pension equivalent to *half* your entitlement for life (disregarding any reduction in pension for taking a lump sum at retirement).

## Are there any restrictions on my Spouse's pension?

If your **Spouse** is more than 10 years younger than you, the **Spouse**'s pension will be reduced to allow for the fact that it is likely to be paid over a longer period.

## What about dependent children?

If there is no **Spouse**, a pension will be paid to your children whilst they are under age 18 or if they are age 18 and over and in full-time education on a course approved by the Trustees. The amount of the pension will be the **Spouse**'s pension divided equally between the number of eligible children.

## Will the Spouse's/children's pension increase?

Yes, any pension payable to your **Spouse** (or any dependent children) after your death, will increase in the same way as your retirement pension (see pages 12 and 13 for details).

## Who receives the cash lump sum?

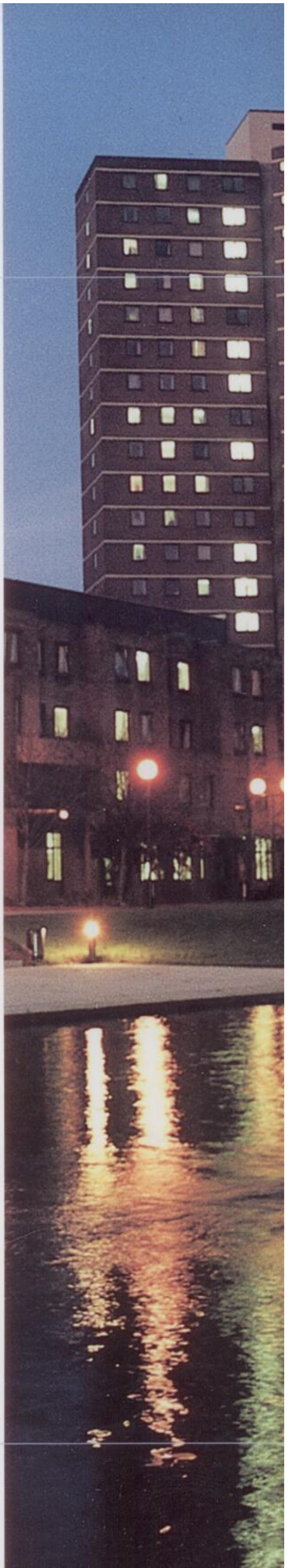
The cash lump sum is paid under discretionary trust to a person (or persons) considered by the Trustees to be the appropriate beneficiary.

The Trustees will take account of your wishes when making their decision but are not legally bound by them. Under current legislation this allows the benefit to be paid free of Inheritance Tax.

An Expression of Wishes Form lets the Trustees know who you would like to receive the cash lump sum payable in the event of your death. You should make your wishes known by completing a form and keeping it up to date if your circumstances change.

### SUMMING UP...

- The **Scheme** provides a range of benefits when you die.
- If you die in service, a lump sum of two times your **Pensionable Pay** (or three times after 10 years' service) is payable.
- Your pension is guaranteed for five years after retirement.
- A pension is normally payable to your **Spouse** on death.
- A pension may be payable to your children if you do not have a **Spouse** or if your **Spouse** dies.
- It is important that you keep your Expression of Wishes Form up to date.



# Temporary absence and opting out

## IN BRIEF

If you are a member of the **Scheme**, there are other options available to you:

- if you are absent from work or on maternity leave, you can usually continue to be a member of the **Scheme.**
- you can opt out of the **Scheme** at any time.

## QUESTIONS & ANSWERS

### What happens during maternity leave?

During maternity leave, you will continue to pay contributions to the **Scheme** on the earnings (including Statutory Maternity Pay) that you actually receive. You will be entitled to the usual range of benefits, including death and ill-health benefits provided you remain in the **University**'s employment and continue as a member of the **Scheme**.

Any benefits payable will be based on the **Pensionable Pay** you would have received had you not been absent due to maternity leave.

**If you return to work...**
at the end of your maternity leave, there will be no break in your membership of the **Scheme**. You will not build up any pension during any periods of unpaid additional maternity leave, during which your contributions to the **Scheme** have not been paid.

**If you do not return to work...**
your benefits will be calculated as if you had left the **Scheme** at the time you stopped paying contributions.

## QUESTIONS & ANSWERS

### What happens if I am temporarily absent from work?

Absences from work for a relatively short period will not normally affect your membership of the **Scheme**. However, if you are absent from work for a long period but continue to be employed by the **University**, you should contact the Pensions Officer to see how your absence affects your **Scheme** membership and benefits.

You will continue to pay contributions to the **Scheme** if you are paid during your period of absence.

Provided you remain in the **University**'s employment and continue as a member of the **Scheme**, there will be an entitlement to the usual range of benefits, including death and ill-health benefits.

### Can I opt out of the Scheme?

If you decide to leave the **Scheme** whilst continuing to work for the **University**, you must give one month's written notice by completing and returning an Opt Out Form available from the Pensions Officer. Your options will be the same as those on leaving the **University**'s employment (see page 20 for details).

If you opt out of the **Scheme**, you will not build up any further benefits in the **Scheme** and you will no longer be covered for death in service benefits.

If you wish to rejoin the **Scheme** after opting out, you will be required to provide the Trustees with evidence of good health and special terms could be imposed. Any subsequent re-admissions thereafter will not be permitted.

## SUMMING UP...

- You can usually remain a member of the **Scheme** if you are temporarily absent or on maternity leave.
- You can opt out of the **Scheme**.

# Benefits on leaving before retirement

## IN BRIEF

When your employment with the **University** ends, you may be asked to decide what to do with the pension benefits you have built up. There are three main options:

- leaving your benefits in the **Scheme**
- transferring your pension rights to another pension scheme or arrangement
- taking a refund of your contributions.

Your options depend on how long you have been a member of the **Scheme** and whether you have transferred pension rights from another scheme.

## QUESTIONS & ANSWERS

### What happens to my pension when I leave?

If you have less than two years' **Qualifying Service** in the **Scheme**, you may receive a refund of your contributions less certain statutory deductions. The deductions are currently:

- your share of the cost of reinstating you into the **State Second Pension (S2P)**
- tax, currently at the rate of 20%.

If you have transferred benefits from a personal pension into the **Scheme**, you will not be able to take a refund of your contributions and will be treated as if you have completed more than two years' **Qualifying Service**.

If you have been a member of the **Scheme** for more than two years, you can:

- leave your benefits in the **Scheme** as a **Deferred Pension**
- transfer the value of your benefits to another pension scheme or arrangement (either at leaving or a future date)
- receive immediate payment of your benefits if you are over age 60 (see page 14 for details).

### How is my Deferred Pension calculated?

Your **Deferred Pension** is calculated in the same way as your pension on normal retirement (see page 12 for details).

If you only have service after 1 January 2004, your **Deferred Pension** will be the value of your **CARE** pension at your date of leaving.

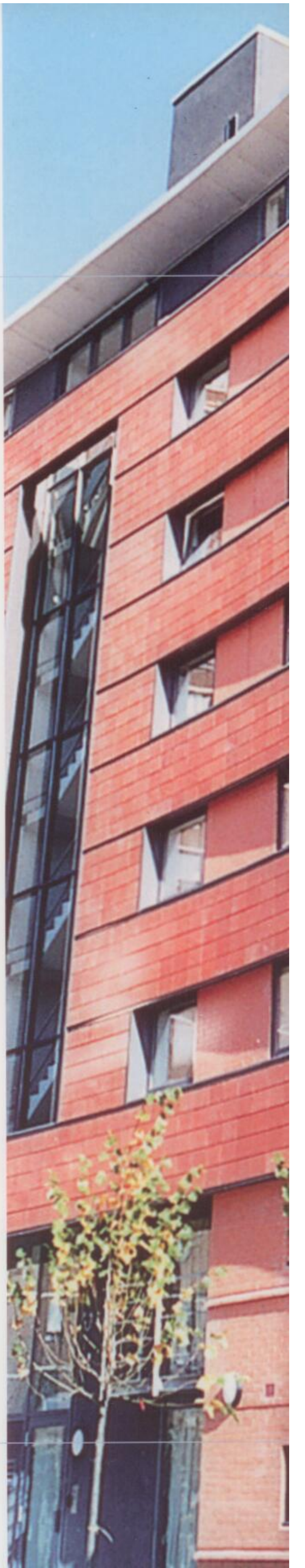
If you have service before 1 January 2004, your **Deferred Pension** is calculated in two parts:

- 1/60th x **Pensionable Service** at 31 December 2003 x **Final Pensionable Salary** at date of leaving

Plus

- **CARE** pension built up between 1 January 2004 and your date of leaving.

Between leaving the **Scheme** and retirement, your **Deferred Pension** in excess of your **Guaranteed Minimum Pension (GMP)** will increase in line with the rate of inflation up to a maximum of 5% per annum. The **GMP** will increase in line with statutory requirements. Your pension will normally be payable from your **Normal Retirement Date** although you will still have the option of receiving reduced benefits from age 60.



## QUESTIONS & ANSWERS

### Can I transfer my benefits to another pension arrangement?

Instead of a **Deferred Pension**, you may be able to transfer your benefits to another arrangement.

Providing the arrangement is willing and able to accept the payment, you can transfer to:

- a new employer's scheme
- a stakeholder pension
- a personal pension
- a buy-out policy from an approved insurance company.

If a transfer payment is made, you will not be entitled to any further benefits from the **Scheme** for yourself, a **Spouse** or any dependants.

### How is the transfer value calculated?

The transfer value will normally reflect the value of your **Deferred Pension** under the **Scheme** at the date the transfer is calculated.

The calculation of transfer values is set out in legislation and actuarial guidance notes. Amongst other things it takes account of the prevailing investment conditions. This means that transfer values can increase or decrease as investment conditions change.

### How can I obtain a transfer value?

If you wish to investigate the possibility of transferring your benefits from the **Scheme**, a statement of your transfer value can be obtained from the Pensions Officer.

A statement will be produced showing your benefit entitlement and its transfer value. The figures shown in the statement will normally be guaranteed for three months from the date on which they are quoted. You will also be sent details of how to complete the transfer if you decide to proceed.

## SUMMING UP...

- If you leave the **University**'s employment, you may need to decide what to do with the benefits you have built up in the **Scheme**.
- If you have been a member for more than two years you can leave your benefits in the **Scheme**. This is known as a **Deferred Pension**.
- As an alternative, you can transfer your benefits to another pension arrangement.
- If you have less than two years' **Qualifying Service** in the **Scheme** you can normally receive a refund of your contributions.

# General information

## How is the Scheme run?

The **Scheme** is set up and run under a Trust Deed and Rules. The assets of the **Scheme** are held entirely separately from those of the **University**.

The Trustees, some of whom are drawn from the membership and some are appointed by the **University**, are responsible for administering the **Scheme** in accordance with the Trust Deed and Rules.

The Trustees delegate the day-to-day administration of the **Scheme** to the Pensions Officer.

The **Scheme**'s accounts are audited annually. An actuarial valuation is made at least every three years to check that the **Scheme** is properly funded and that the Trustees will be able to pay members' benefits as they fall due.

## Changing or closing the Scheme

The **University** reserves the right to amend or discontinue the **Scheme** at any time. This means that the **University** may cease its contributions to the **Scheme** by giving written notice to the Trustees.

If the **Scheme** is discontinued, the Trustees have to use the assets of the **Scheme** solely for the benefit of the members or their dependants as set out in the Trust Deed and Rules.

The **University** may request that changes are made to the **Scheme** with the consent of the Trustees. Members will be notified of any changes that affect them.

## Taxation of benefits

The **Scheme** is approved by the Inland Revenue under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988. Under current legislation, this gives members and the **University** certain tax exemptions and ensures that the returns on investments are largely tax free.

The Inland Revenue imposes limits on the total contributions, including Additional Voluntary Contributions, in any tax year and on the total benefits members can take at retirement. This is to ensure that the general tax concessions allowed to pension schemes and their members are not abused.

Statements made in this booklet in relation to the tax treatment of benefits are based on the Trustees' understanding of the Inland Revenue law and practice at the date of publication. Benefits will be subject to tax in accordance with the actual law and practice, which applies at the time of payment.

**Inland Revenue restrictions are changing from April 2006. If you would like more information, please contact the Pensions Officer.**

## Assignment of Benefits

Your **Scheme** benefits are strictly personal. They must not be assigned or promised to another person or used as security for any loan or mortgage. Any attempt to do so may result in loss of benefits. Exceptions to this are in connection with divorce or bankruptcy, when statutory provisions apply.

## Pensions and Divorce

If you become divorced, your former spouse will cease to be covered by a spouse's pension. You should review your Expression of Wishes Form so that the Trustees know who you would like to receive the lump sum payable in the event of your death.

When settling divorce cases, the Courts may take pension benefits into account and may therefore require an up-to-date calculation of the transfer value of your pension benefits. This and other general **Scheme** information about the pension implications of divorce is available on request from the Pensions Officer.

## Internal Dispute Resolution Procedure (IDRP)

If you are unable to resolve a dispute informally with the Pensions Officer, the **Scheme** has a formal procedure, which you can follow.

The procedure is a two-stage process. In the first instance, you must address your complaint to the Pensions Officer. In normal circumstances, you will receive a full written response within two months.

If you are not satisfied with the decision, you have six months in which to appeal to the Trustees. The Trustees will then reply directly to you, where possible within two months.

If you are unable to resolve a dispute using the IDRP, you may refer your complaint to the Pensions Advisory Service (TPAS) or the Pensions Ombudsman. See page 24 for further details.

A copy of the **Scheme**'s formal dispute resolution procedure, can be obtained from the Pensions Officer.

# State Scheme and Regulatory Bodies

## STATE SCHEME

There are two parts to the State Scheme. These are the:

Basic State Pension – available to everyone who has paid sufficient National Insurance contributions during their working lifetime, and the

State Second Pension (S2P) – to provide additional top-up pension based on an individual's earnings. **S2P** replaced the State Earnings Related Pension Scheme (SERPS) in 2002.

The Aston University Pension Scheme is contracted-out of **S2P**. This means that the **Scheme** has passed an overall quality test, and that the benefits it provides are broadly equivalent, or better than, a prescribed standard set by the Government.

As a result of being contracted-out of **S2P**, you will pay lower National Insurance contributions and will not build up an entitlement to **S2P** benefits. This saving (the rebate) is currently 1.6% of your earnings between the National Insurance Lower Earnings Limit and Upper Earnings Limit for most members.

If you joined the **Scheme** before April 1997 you will receive a **Guaranteed Minimum Pension (GMP)** in place of any SERPS benefit you would have earned in respect of membership of the **Scheme** up to 5 April 1997.

Membership of the Aston University Pension Scheme does not affect your entitlement to receive the Basic State Pension.

## REGULATORY BODIES

### The Pensions Advisory Service (TPAS)

TPAS is an independent organisation giving free help and advice to members and beneficiaries who have a query or problem concerning their pension. TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 2923

### The Pensions Ombudsman

The Pensions Ombudsman is independently appointed by the Government and is available to help where TPAS has not been able to find a solution. The Ombudsman can investigate or determine complaints or disputes of fact or law in relation to occupational pension schemes.
The Ombudsman's address is also:

11 Belgrave Road
London
SW1V 1RB

Tel: 020 7834 9144

### Pensions Registry

Information about the **Scheme** has been given to the Registrar of Occupational and Personal Pension Schemes. The Registrar provides a tracing service for individuals who have lost touch with their pension scheme. The address of the Registrar is:

PO Box 1NN
Newcastle-upon-Tyne
NE99 1NN

## Pensions Regulator

The Pensions Regulator is responsible for the regulation of occupational pension schemes and assists in protecting members' benefits. The Pensions Regulator's address is:

Invicta House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0870 606 3636

## Data Protection Act 1998

It is necessary for the Trustees to hold and process personal data about members. This data will be used by the Trustees and their advisers and service providers to communicate with members, calculate and pay benefits, for statistical and reference purposes and to administer the **Scheme** as a whole. This information and its use have been registered under the Data Protection Act 1998 which gives you certain rights to ensure that the information is accurate and that proper security is maintained.

As a member of the **Scheme**, you agree to provide such personal data to the Trustees and consent to the processing of it.

If your circumstances change at any time in the future, please inform the Pensions Officer as soon as possible to ensure that the information held by the Trustees remains accurate.

## Contact us

If you require further information about the Aston University Pension Scheme, please contact the Pensions Officer at:

The Aston University Pension Scheme
Aston University
Aston Triangle
Birmingham
B4 7ET

Tel: 0121 204 4578 or 4582

Please quote your National Insurance number, if possible, when making a telephone enquiry and in any correspondence.

ASTON
UNIVERSITY
PENSION SCHEME

**Aston University Pension Scheme**
Aston University
Aston Triangle
Birmingham
B4 7ET

**October 2005**