



Your benefits

A guide to UMSS and
how it works

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The University of Manchester Superannuation Scheme (UMSS or the Scheme) allows you to build up valuable pension benefits to help you save for your retirement.

This guide will give you an overview of your membership of the Scheme.

The Scheme is for members who were previously in either the Final Salary section or the CARE 1/80th section of UMSS. The Final Salary section closed to new members on 31 March 2012, and to future accrual on 31 December 2018. The CARE 1/80th section closed to new members and future accrual on 31 December 2018.

Any benefits you previously built up as a member of either section will be added to the benefits you earn from 1 January 2019, which are on a CARE 1/100th basis.

There are also other resources to help you understand UMSS, including:

- UMSS website at **www.umss.co.uk**
- People & OD pages on StaffNet

Contributing to UMSS

As a member, you make contributions of 6.5% of your Pensionable Salary to UMSS. All pension contributions receive tax relief, so membership costs less than you think.

The amount of tax relief you receive depends on the rate of tax you pay. If you pay basic-rate tax, you will receive tax relief at 20%. If you pay tax at a higher rate than 20%, the appropriate tax relief will apply.

The University contributes the rest of the amount needed to pay your benefits from UMSS.

Your contributions are subject to the Annual Allowance (AA). The AA limits the amount of pension benefits you can build up in a tax year without paying tax.

Visit www.gov.uk for the most recent AA information.



Mark's Pensionable Salary is £24,000 a year

**Actual cost to Mark
£104.00**



**Tax relief
£26.00**



**Total contribution
£130.00***

*Although Mark will see this figure on his payslip, his contribution will only cost him £104 as he'll benefit from tax relief.

**For £104,
Mark gets £130**
invested into his pension
each month

PensionChoice

PensionChoice is a different way of funding your pension. Most members already fund their UMSS membership via PensionChoice as it enables them to pay National Insurance at a lower rate, which means their take-home pay increases.

Visit the Pensions pages on StaffNet for:

- A guide to PensionChoice
- A FAQ document to answer any queries about PensionChoice, and
- The forms you'll need to opt into and out of PensionChoice



How your pension builds up

Your pension is calculated each year you are an active member of the Scheme. This means that each year and part year that you are a member, you build up an amount of pension. This is based on your Pensionable Salary for that year.

If your Pensionable Salary is £20,000 a year, the pension you would earn in your first year would be:

£20,000 x 1/100th = Pension of £200 a year

You would also build up a cash lump sum equal to three times the value of your pension for that year. In this example, the cash lump sum would be:

£200 x 3 = £600

For every year you're a member, you will continue to build up more pension and your cash lump sum.

Protecting your pension against inflation

Every year, the pension and cash lump sum you build are revalued to help them keep their value. This means that when you retire, your benefits will reflect changes in the cost of living. Based on a Pensionable Salary of £20,000 a year over three years, your pension could build up as shown in the graphic. If you're a member for more years, remember your pension and cash lump sum will continue to be revalued every year.

Year 1

Year 1 pension £200
Cash lump sum £600

Year 2

Year 2 pension £200
Cash lump sum £600

+

Year 1 pension + inflation £210
Cash lump sum + inflation £630

=

Pension £410 per year
Cash lump sum £1,230

Year 3

Year 3 pension £200
Cash lump sum £600

+

Year 2 pension + inflation £210
Cash lump sum + inflation £630

+

Year 1 pension + inflation £220.50
Cash lump sum plus inflation £661.50

=

Total benefits at year 3

Pension £630.50 per year
Cash lump sum £1,891.50

Additional Voluntary Contributions

You can make Additional Voluntary Contributions (AVCs) to buy extra pension benefits for your retirement.

You can choose the amount of AVCs you make, and you can make them regularly or as a one-off payment. Regular AVCs will be deducted directly from your salary in the same way



as your normal pension contributions. This means that you can get tax relief on them too and, by paying through PensionChoice, you will also make National Insurance savings.

Visit www.umss.co.uk or contact the Pensions Office to find out more about making AVCs.



Absences

Temporary absence

Most absences from work are for a short period of time, so your membership of UMSS would not be affected. If you are away from work for a long time, but remain employed by the University, contact the Pensions Office (see back page) to find out what effect your absence might have on your membership.

Parental leave

If you take statutory maternity / paternity / adoption leave / parental leave, you will remain covered by the full range of benefits and pay contributions based on the pay you receive.

If you are receiving statutory maternity pay only, the University will pay the balance of the member and University contributions. If you receive statutory maternity pay only and make your contributions through PensionChoice, the University will pay all pension costs for this period. You don't have to make contributions during any periods of unpaid maternity leave. You can choose to make up your contributions when you return to work but, if you do not do so, the period of unpaid maternity leave will not count towards your pension and lump sum.

Visit StaffNet for more information about the University's maternity policy.

Retirement benefits

When you retire, you will receive a pension for the rest of your life, along with a cash lump sum.

When can I retire? I want to take some of my pension now and carry on working

Your Normal Retirement Age (NRA) is the age that you'll normally take your pension from UMSS. This is currently age 66 for benefits that you build up from 1 November 2020. Like with many other pension schemes, NRA in UMSS is linked to the State Pension Age (SPA). From November 2020, the government increased SPA to 66 – your NRA in UMSS increased in line with this.

Benefits earned from February 1992 to April 2012 have an NRA of 65 but may be able to be taken earlier with no reduction. Benefits from April 2012 to October 2020 have an NRA of 65 but this part of your pension will be reduced if taken early. Different rules apply to benefits earned prior to February 1992. Further information on all of this is available from the Pensions Office.

SPA will be increasing again in 2028 to 67. To remain in line with SPA, and other schemes, NRA in UMSS will also increase to 67 in 2028 for benefits built up after that date.

I want to retire early

You can currently take your pension from age 55. If you wish to retire before age 60 you must have the University's consent. Your pension will be reduced if you take early retirement because it's expected to be paid for longer.

If you are able to continue working in a different capacity and in accordance with the University's Flexible Working Policy, you can take some of your pension at the same time. This is known as flexible retirement. You must be at least age 55 and have the consent of both the University and the Trustee.

Visit www.umss.co.uk to see the criteria for flexible retirement, and StaffNet for the University's Flexible Working Policy.

Ill-health retirement

If you are permanently unable to work, you may be eligible for ill-health retirement. You must have contributed to UMSS for at least five years. The Trustee must also receive medical evidence from an appointed medical adviser that you are permanently unable to do either your own job or a similar job.

Taking your pension

When you take your pension benefits, it's helpful to know:

- Your pension is calculated each year and part year you are a contributing member, which means you build up an amount of pension based on your Pensionable Salary for that period.
- Any benefits you have built up previously in the Final Salary or CARE 1/80th section are increased each year in line with inflation (up to 5%) and added to your pension built up in the CARE 1/100th section.
- You will receive a lump sum of three times your annual pension when you retire, but you can choose to take a smaller or no lump sum and receive a higher pension, or take a larger lump sum and receive a lower pension.
- Your pension payment will increase once a year in line with inflation.

How is my pension paid?

Your pension will be paid monthly, in arrears, into your bank account. It will be taxed in the same way your pay was when you were working. If your pension is greater than your personal allowances for taxation, tax will be deducted before payment is made to you.

Annual increases to your pension

Every April, your pension for the previous 12 months will be increased to take inflation into account. The increase you receive will depend on how much of your pension is Guaranteed Minimum Pension (GMP). Rules for the increase in the GMP part of your pension are complicated and depend on when your pension was built up. Broadly, some of the increases on this part of your pension will

be paid by the Government. GMPs were earned between 1978 and 1997, so if your UMSS membership covered any part of this period your benefits will include a GMP entitlement.

Any pension you have built up in excess of the GMP will increase up to a maximum of 5% each year in line with inflation.

If you have not been in receipt of your pension for 12 months, the first increase will be pro-rated for the number of months you have been retired.

Family benefits

As a member of UMSS:

- A pension for life is payable to your spouse or civil partner if you die in service or after retirement
- A pension may be payable, at the Trustee's discretion, to a partner who is financially dependent on you or interdependent with you
- Pensions may be payable to your qualifying children

Benefits for your spouse / civil partner

Your spouse or civil partner will receive a pension for life. If you do not have a spouse or civil partner, but you have a partner who depends on you financially, they may be entitled to the same amount of pension. This is at the Trustee's discretion.

The value of the pension that your spouse or civil partner receives will depend on how many years' pensionable service you have. If your spouse or civil partner is more than ten years younger than you, their pension may be reduced to take into account the fact that it may be paid for longer.



Pensions for children

A pension will be paid for up to two children until they reach age 18 (or up to age 23 if they are in full-time education) when you die. Children who, through disability, are unlikely to ever be financially independent can receive this pension to any age.

When you die

Death in service

If you die in service and have dependants, the following benefits are available:

- Life insurance paid as a lump sum; and
- A pension for your spouse / civil partner / financial dependant and/or dependent children

If no pension can be paid, a refund of your contributions plus interest will be made to your estate.

Death in retirement

If you die once you have retired and started to receive your pension, UMSS will provide:

- A pension for your spouse / civil partner or financial dependant and/or any dependent children

Life insurance

Your life insurance benefit is three times your Pensionable Salary. This cash lump sum will be paid tax free under current law. The Trustee will decide who the lump sum is paid to, but will be guided by the information on your Nomination Form.

Nomination Form

The Trustee recommends that you complete a Nomination Form to advise who you would like to receive the lump sum if you die. You should update your form at least every three years, even if your circumstances have not changed, to ensure the Trustee knows your wishes are up to date.

Visit www.umss.co.uk to download a copy of the Nomination Form.

Leaving UMSS

- If you leave UMSS with more than two years' membership, you can:
 - > Choose to leave your pension in UMSS (a deferred pension); or
 - > Transfer your benefits to another suitable arrangement
- If you leave your deferred benefits in UMSS, your pension and lump sum will be based on the benefits you built up in UMSS before you left; these benefits will be revalued each April to allow for inflation
- If you leave UMSS with less than two years' membership, you can:
 - > Receive a refund of your contributions (minus tax); or
 - > Transfer your benefits to another suitable arrangement within six months

If you leave employment with the University, you will automatically leave UMSS. You can choose what to do with the benefits you have built up, depending on your length of service, as described above.

Re-joining UMSS

If you leave the University or a subsidiary after 31 December 2018, and you are employed again by the University or a subsidiary within six months of leaving, you can re-join UMSS within six months of the start of your new appointment. **This option is available once only.**

If you decide to opt out of UMSS after 31 December 2018, you can re-join within six months of opting out. **This option is available once only.**

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If you die after you leave UMSS but before you take your pension

If you have a spouse / civil partner and you die after leaving UMSS but before you start receiving your benefits, the following will be payable:

- A pension; and
- A refund of your UMSS contributions, plus interest

If you're going through a divorce

If you are going through a divorce and require information about your pension, please contact the Pensions Office (see back page).

If you're thinking of transferring your pension

It may be possible to transfer your UMSS benefits to another suitable pension arrangement. Contact the Pensions Office (see back page) to request a transfer value if you'd like to consider this option.

Don't get stung!

If you do decide to transfer your benefits out of UMSS, you should always speak to a verified independent financial adviser beforehand to help avoid being caught out by a scam.

To avoid being stung by scammers:

- If you aren't expecting to be contacted about your pension, don't respond as it could be a scam
- Don't give out any financial details over the phone or by email
- Always speak to a verified independent financial adviser before you transfer any benefits out of UMSS
- Use complicated passwords online
- Keep anti-virus software on your computer up to date

To find a verified independent financial adviser near you, visit www.unbiased.co.uk – you would be personally responsible for any costs associated with obtaining this advice.

For more information on scams, please visit www.thepensionsregulator.gov.uk/pension-scams

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Contact details



www.umss.co.uk for further information about any of the topics covered in this guide.



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How UMSS is run

The assets of UMSS are held in a trust fund and are entirely separate from the University's own finances. The Trustee (UMSS Limited) manages the Trust. UMSS is governed by a legal document called the Trust Deed and Rules. This booklet is only a summary of the Scheme and, if there are any inconsistencies with the Trust Deed and Rules, the latter will apply.

UMSS is registered with HM Revenue & Customs.

By law UMSS must have procedures in place to deal with disputes or complaints. We hope to resolve all issues before following a formal process, but if this is not possible a two-stage Internal Dispute Resolution Procedure (IDRP) is in force.

In the first instance, you should address any complaint to the Head of Pensions at the University of Manchester Pensions Office (above), who should issue a written response to you within

two months. If you are not satisfied with the initial response, you can ask the Trustee to review your case.

If your dispute remains unresolved, you can contact MoneyHelper or ultimately the Pensions Ombudsman.

Visit **www.umss.co.uk** for contact details for MoneyHelper, the Pensions Ombudsman and The Pensions Regulator.

General Data Protection Regulation

In May 2018, the law changed to further the protection of personal data. The Trustee (UMSS Limited) and the University need to keep personal information about you and your dependants for the purpose of running UMSS. The Trustee does not disclose your information except, where appropriate, to relevant third parties such as professional advisers so they can undertake their contracted duties. The information held about you is securely maintained and we limit access to it. You are entitled to request a copy of the information held about you. It is important that the information held about you is kept up to date, so please inform us if any of the information we hold needs updating.

Visit **www.umss.co.uk** to view our privacy notice and to find out more about your rights.

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