

State pension benefits and Contracting-out

There are two main parts to pension benefits provided from the University of Exeter Retirement Benefits Scheme (the "Scheme"). These are summarised below in relation to how they interact with State Pensions. You can read more about State Pensions by looking at the pensions and retirement planning section of the Government's website at www.direct.gov.uk. Words and terms beginning with capital letters in this factsheet are defined in the appendix to **factsheet A**

Basic State Pension

This is available to individuals who reached State Pension Age prior to 6 April 2016 and who have paid (or been credited) with sufficient National Insurance contributions over their working lifetime. Membership of the Scheme does not affect your entitlement to the basic State pension.

State Second Pension (S2P) / State Earnings Related Pension Scheme (SERPS)

S2P replaced SERPS in April 2002. For those reaching State Pension Age prior to 5 April 2016, both are payable in addition to the basic State pension. They also depend on your National Insurance contributions. As a member of the Scheme you will not be receiving this part of the State pension. This is because the Scheme was Contracted-out of S2P (previously SERPS), which resulted in lower National Insurance contributions for you and the University.

Since the Scheme was Contracted-out of S2P, it will be providing benefits in place of the second-tier benefits you would have built up over your period of membership of the Scheme.

Guaranteed Minimum Pensions (GMPs)

The Scheme provides GMPs as part of the benefits for members with Pensionable Service prior to 6 April 1997. The GMP is broadly the same as the pension that you would have earned under SERPS if you had not been Contracted-out. If your pension entitlement includes GMP in respect of Pensionable Service prior to 6 April 1997, a check has been made to ensure the pension being paid covers the GMP.

Similarly, any pension paid to a surviving Spouse or Civil Partner must satisfy a separate GMP test.

Your ability to take an early retirement pension, exchange part of your pension for cash and surrender part of your pension to provide an extra pension for your Dependent(s) may need to be restricted to ensure that the pension payable from the Scheme does not fall below the GMP.

If you were a contributing member when the Scheme closed to future accrual on 30 November 2016, or became a deferred member prior to that date, and are therefore entitled to a deferred pension, the GMP will increase at a fixed rate for each complete tax year between 30 November 2016 and the date on which it comes into payment. The fixed rate that applies is set out in legislation.

When your pension comes into payment, the pension increases from the Scheme will be impacted by your GMP:

- your benefits accrued on or after 1 August 2010 will be increased in line with the Consumer Prices Index subject to a maximum of 2.5% each year.
- your benefits in excess of GMP accrued up to 31 July 2010 will increase in line with inflation.
- any GMP accrued on or after 6 April 1988 will increase in line with inflation subject to a maximum of 3%
- GMP accrued before 6 April 1988 will remain level.

Instead the increases paid each April by the State on your State pension may include an increase in respect of any GMP paid by the

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Scheme. The increases on any pension payable to a surviving Spouse or Civil Partner will also be adjusted to take account of increases granted by the State in respect of any GMP payable to them.

Contracted-out benefits for service after April 1997

Pension Schemes have not been able to offer GMPs for members' service from April 1997. From that date, the Scheme was Contracted-out on the "reference test" basis. This means that the benefits under the Scheme are at least as good as those offered under a standard model called the reference scheme.

End of Contracting-Out

From 6 April 2016, a new single-tier state pension replaced the basic and additional state pensions for those reaching state pension age after 6 April 2016. At the same time, contracting-out for Defined Benefit schemes was abolished.

From 6 April 2016, for members still contributing to the Scheme, there was an increase in the deduction from pay for National Insurance Contributions (NIC) because of the loss of the 1.4% NIC rebate or an increase in the amount of salary exchanged in return for contributions being made to the Scheme via the "salary sacrifice" option.

As the Scheme closed to future benefit accrual on 30 November 2016, there is no further impact on members other than that set out above in relation to increases in benefits.

Contact Points

If you have any questions about your benefits or wish to notify change of personal details, please contact the Scheme administrators:

The ERBS Administration Team BBS Consultants & Actuaries Ltd

Canard Court
23-25 St George's Road
Bristol
BS1 5UU

Tel: 0117 9378700

Email: erbs@bbs-actuaries.co.uk

For general queries about the Scheme or to obtain formal documents relating to funding, investments or the annual accounts please contact:

Secretary to the Trustee Directors

Anne Shrubshall
131 Crediton Road, Okehampton EX20 1NZ
Email: anne.shrubshall@gmail.com
Telephone: 01837 658948

We have prepared a series of factsheets to give you additional information about key topics:

Factsheet A – General Scheme Information

Factsheet B – Benefits of deferred members

Factsheet C – Death benefits

Factsheet D – Divorce and Dissolution of Civil Partnership

Factsheet E – State Pension Benefits and Contracting-out

Factsheet F – Disputes and Complaints

Please note that these factsheets are intended as a guide and are not legal documents. Full details of the benefits provided on retirement can be found in the formal Rules of the Scheme. The Rules, together with statutory provisions, take full precedence over any information contained in this factsheet. If there is any conflict between this factsheet and the Rules, the Rules will prevail.