Why What We Do Is Important

We are your trustees. It’s our responsibility to look after the money in the Plan carefully, run the Plan in line with its own rules and the laws about pensions and follow the ‘best practice’ guidance we get from the Pensions Regulator.

We also have regular training to make sure our knowledge is up to date.

Health Check

One of the ways we look after your pension is to ask for regular health checks of the Plan, known as valuations. These checks look at the Plan’s funding level – the balance between the amount of money building up in the Plan and the cost of the benefits it will need to pay.

With this Pensions Matters you’ll find a ‘summary funding statement’ reporting the results of the most recent valuation at 1 August 2013, along with a less formal update at 1 August 2014. It showed the Plan had reached full funding at the valuation date, and had maintained its funding level for the following year. We will continue to monitor this closely, as it will be affected by things like financial markets and life expectancy. The enclosed statement has more details.

Pension People

Pensions are about people, not numbers. On page 4 we have an interview with Ross Avis, who is our newest member-nominated trustee.

Big News

This year’s big pensions news is the Government’s announcement of more flexibility for people with defined contribution (DC) pensions. Although the Plan is a ‘defined benefit’ (DB) pension arrangement, some of you may also have DC benefits such as Additional Voluntary Contributions (AVCs) or personal pensions. And, there are some changes that affect all kinds of pensions. We’ve summarised the changes on pages 6-7.

Watch Out for Scams

Sadly, we have also heard that pension ‘scams’ are increasing, and that some people have lost most or all of their pension savings as a result. The Pensions Regulator has stepped up its campaign against these scams and you’ll find a checklist of what to look out for on page 7.

Throughout this newsletter we’ve given you links and contact details where you can find more information. We hope you find all this information useful, and it helps you make the most of your pension savings.

Margaret Levy
Chair of the Trustee
WHY YOUR PENSION MATTERS

- If you’re currently working for the University, or you’ve gone to work somewhere else but still have benefits in the Plan to take when you retire, it’s your future.
- If you’re drawing a pension from the Plan, it’s your income.

Even if you’ve only got a small amount of benefits built up in our Plan, or it’s only a small part of your total income, it’s still important. As they say, it all adds up.

HOW MUCH?

Your pension builds up based on:

- your salary close to the date you retire (‘final salary’), and
- the number of years you are, or were, an active contributing member.

It’s now quite rare to be able to build up benefits in a final salary pension scheme, where your employer pays most of the cost of the benefits and it’s relatively easy to estimate how much pension you’ll get when you retire.

ACTIVE (CONTRIBUTING) MEMBERS

You get a statement every year showing how your pension is building up. Remember to keep this safe – you may need to look at it in future.

You can boost your benefits further by paying additional voluntary contributions (AVCs). These are extra contributions you make on top of your regular contributions. You can pay them regularly through Pensions+ (and save on National Insurance) or as occasional, one-off payments.

You need to choose investments for your AVCs. Over the years they build up into a fund of money you can use for extra benefits when you retire.

From April 2015, the range of options you have for your AVCs will increase – see page 6 for more about this.

DEFERRED MEMBERS

You no longer contribute to the Plan – usually because you’ve left the University and gone to work somewhere else. Your benefits are being kept in the Plan for you to take when you retire.

You received a statement when you left showing how much pension you had built up, and this amount increases in line with inflation each year. You can leave your benefits in the Plan until you retire, or take a ‘transfer value’ of your benefits and move them to another approved pension scheme. (You should take independent financial advice if you are contemplating doing this.)

GET IN TOUCH!

If you need another copy of your ‘leaver’s statement’ or a transfer value, please contact the Plan’s administrators, Aon Hewitt.

Email: unioncl.pensions@aon.co.uk
Phone: 0114 203 4040

Or write to:
University of Newcastle Retirement Benefits Plan
Aon Hewitt Limited
PO Box 196
Huddersfield HD8 1EG

You should also contact the administrators if you have any questions about the Plan or your pension.

PENSIONERS

Your pension increases to help protect it from the effects of inflation.

You receive a ‘pension payslip’ at the following times:

- in March, when your pension increases
- in April, at the start of the tax year
- any time your pension increases by more than £5 over the previous month.

GET IN TOUCH!

If you have any questions about the Plan or your pension, please contact the Finance Department.

Email: pensions-enquiries@ncl.ac.uk
Phone: 0191 208 6496/6487

LOOK IT UP!

For more information about AVCs – or anything else about the Plan or your benefits - look on the University intranet at

www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme

Or, contact the Finance Department.

Email: pensions-enquiries@ncl.ac.uk
Phone: 0191 208 6496/6487
We talk to our new member-nominated Trustee, Ross Avis, about his background as a financial adviser and the contribution he hopes to make to the running of our Plan.

A little history
Before I joined the university, I was a self-employed financial adviser. I’m fully qualified to diploma level in financial services and had worked in this field for around 11 years.

I’ve worked for the university for two years now. I started in Student Wellbeing as a senior financial support assistant, which involved dealing with bursaries and scholarships as well as hardship finance. I then moved into my current role.

I am currently an accounts assistant within Contract Financial Management, working in the SAGE team. We provide a financial accounting service for research projects, setting up the projects in SAP and working closely with school admin teams to administer the projects over their term.

Making a contribution
I felt my financial services background made me a good candidate to stand as a member-nominated trustee. It would also mean I could further develop my knowledge of my own pension Plan while contributing to the good management of the Plan itself. As a member-nominated trustee, I aim to help the Plan to the best of my ability and look after the good progress that has already been made.

A healthy position
I knew a fair bit about pensions before becoming a member-nominated trustee, but it has really helped regenerate my interest in investments and risk planning. It is interesting to see how the Plan works. The Plan has some great investments, and it is refreshing to see a plan in such a healthy position with a good team of people to drive it forward.

I also like to keep up to date with the economy and what impact different events may have on the investments, while trying to gauge where the economy is currently headed.

Benefiting members
The most important issue facing pension scheme trustees is always in my mind: how to benefit you, the members, in the best possible way. It’s not always about the growth of the Plan’s fund; it’s also about being involved in day-to-day decisions, aiming to lower the risk and maintain the value of the fund. It involves understanding the investment options and what they may do for the fund and (sometimes more importantly) how they could adversely affect the fund.

I always aim to think about the pros and cons of each decision, making sure I fully understand how it works and what impact it could have on the Plan in the short and longer term.

A vote of thanks
Finally, I’d like to thank everyone who voted for me as a member-nominated trustee. I hope to serve you well, and would like you to know I will do my best to support the Plan throughout my term.

‘The most important issue facing pension scheme trustees is ... how to benefit you, the members’
PLAN NEWS

CHANGES TO THE USS
Previously, if you were a member of the Plan and you became eligible to join the Universities Superannuation Scheme (USS), you had to leave the Plan and join the USS.

The USS’s rules have now changed so that you no longer have to do this. Even if you become eligible to join the USS, you may stay in the Plan if you want to. However, if you do decide to stay in the Plan, you will not be able to change your mind and join the USS at a later date.

PLAN FIGURES
If you would like to see more details about the Plan, including:

- the accounts for the year ending 31 July 2014
- membership figures
- investment performance, and
- the current trustees and advisers

you can find all these in the Plan’s formal Report and Accounts.

LOOK IT UP!
You can download a copy of the Report and Accounts from:
www.ncl.ac.uk/hr/benefits/pensions/rbp-scheme

Or, ask for a copy from the Finance Department.

Email: pensions-enquiries@ncl.ac.uk
Phone: 0191 208 6496/6487
Earlier this year the Government announced radical reforms to pensions. Most of the reforms affect only defined contribution (DC) pension benefits, and our Plan is a defined benefit (DB) arrangement. However, we recognise many of you may also have DC benefits, such as additional voluntary contributions (AVCs) or personal pensions. This information would be relevant for anyone considering transferring their benefits from DB schemes, like ours, to DC schemes (getting independent advice would be essential for anyone considering this.). And, some of the changes apply to all kinds of pensions, as follows.

CONVERTING SMALL PENSIONS TO CASH
As long as you are over age 60 (or 55 from April 2015), you can convert a pension worth up to £10,000 into cash, whether or not you have any other pension savings (the previous limit was £2,000).

If your total pension savings, across all your pension arrangements, are worth £30,000 or less you can take them all as cash. (This limit was previously £18,000.)

With either of these options, the first 25% is tax-free and you pay income tax at your highest rate on the remainder.

If you think you have one or more small pensions, but you’re not sure how much they are worth, you’ll need to contact your employer or former employer (or your pension provider, if you have a personal pension) and ask for an up-to-date benefit statement.

RAISING THE MINIMUM RETIREMENT AGE
The Government is proposing to raise the minimum age for taking early retirement from 55 to 57 by 2028, so that it remains 10 years below the State Pension age.

WWW.PENSIONSAVINGSERVICE.ORG.UK
WWW.GOV.UK
MORE FLEXIBILITY WITH DC PENSION SAVINGS

The reforms and your Plan pension

These new options for DC benefits are not immediately available for your main Plan pension. If you wanted to take your Plan pension in any of the new ways described below, you would have to transfer your benefits out of the Plan to a personal pension.

This might not be a good idea for everyone. You should think very carefully before doing this. You would be required to take financial advice first – see ‘Do you need financial advice?’ on page 8 for more about this.

From April 2015 onwards, once you have reached minimum retirement age you may take all your DC pension savings as a cash sum. The first 25% would be tax-free (as it is now) and you would pay income tax at your highest rate on the rest.

You would not have to take all your DC pension savings at once. You would have the option of leaving your savings invested and taking cash out a bit at a time. This is known as 'income drawdown'. Careful planning and good advice will be important and you would need to monitor your savings, as there would be a danger of taking too much out in the early years, and not leaving yourself enough for later retirement.

You would still have the option of providing your pension by buying an annuity (an insurance policy that pays a pension). Until now, this has been the only real option for many people, and it may still be a good choice for some.

PROTECT YOURSELF FROM PENSION SCAMS

In last year’s newsletter we highlighted the dangers of ‘pension liberation’ offers, claiming you can take money out of your pension outside the normal rules. Taking up one of these offers could make you liable to high levels of tax and charges, and you could lose all your pension savings. Sadly, these ‘pension scams’ seem to be on the increase and the Pensions Regulator has stepped up its campaign against them.

If you are tempted by any kind of pension offer, please take independent financial advice before making a decision (see ‘Do you need financial advice?’ on page 8) and never let yourself be rushed into anything.

www.pension-scams.com

Report any offer you think may be a scam to Action Fraud on: 0300 123 2040
The University is moving towards being more environmentally conscious and using less paper by making all its communications with employees ‘paperless’ so everything is done electronically. We would like to follow the University’s lead and do our bit for the environment by only sending email copies of this newsletter, rather than paper copies, in the future.

PROTECTION FOR PEOPLE WHO MATTER

As well as a pension for you, the Plan provides valuable benefits for the people who matter to you, if you were to die before them.

As the trustees, we have the final say over who receives these benefits, which allows them to be paid without incurring inheritance tax.

You can tell us who you would like to receive these benefits by filling in an expression of wish form. Once you’ve filled it in, it’s very important to keep it up to date. If you can’t remember when you last filled in an expression of wish form – or, if you have never done so – please fill in another form and send it back to the Finance and Planning Office. When you send back a new form, it will replace any previous forms you sent in.

You can download expression of wish forms from the University intranet, or ask for one from the Finance and Planning Office. Send your form back to:

Finance and Planning Office, Newcastle University, King’s Gate, Newcastle upon Tyne, NE1 7RU.

SEND US YOUR EMAIL ADDRESS

Please provide an email address we can use to send you this newsletter and other news about your Plan pension. Please send your email to the Finance Department at pensions-enquiries@ncl.ac.uk.

If you are an active contributing member, we will use your work email unless you ask us to use a different email address.

DO YOU NEED FINANCIAL ADVICE?

If you would like advice about your retirement savings or investments, please think about talking to an independent financial adviser. Neither the Finance and Planning Office, nor the trustees, can give this kind of advice.

You may have to pay a financial adviser for their advice, so you should be sure to check that they are qualified and authorised to advise you.

Money Advice Service

The Money Advice Service offers free, unbiased information about money and consumer issues. Its website has sections on financial planning and saving, including where to look for a financial adviser and the questions to ask them.

Website: www.moneyadvice.service.org.uk

Phone: 0300 500 5000

Unbiased

The Unbiased website allows you to search for the contact details of financial advisers in your local area by entering your postcode. It also has information about different types of financial advisers.

Website: www.unbiased.co.uk

GET IN TOUCH!

Email: pensions-enquiries@ncl.ac.uk

Phone: 0191 208 6496/6487