University and Colleges Retirement Savings Scheme

Member guide

Part of the Mercer Master Trust

Mercer

Contents

About this guide

This guide is produced by Aviva on behalf of the Mercer Master Trust Trustees, and tells you how your pension scheme works and the benefits you can choose when you retire.

You should also read the Investment guide, which explains how you can invest your savings. There's a default investment solution if you'd rather not make your own investment choices.

In this guide all references to 'we' or 'us' means the Trustees.

Why should I save into a pension?

Saving into a pension gives you the chance to build up a pot of money to see you through your retirement.

You may even choose not to retire completely, but to continue working part-time instead. So providing financially for your future is vitally important.

Even if retirement seems a long way off, the sooner you start saving the better. The State Pension is unlikely to be enough to pay for the lifestyle you want in retirement. By starting to save for retirement as early as you can, you'll save more and you can look forward to the prospect of a higher retirement income than if you had started later.

Also, if you have a particular level of retirement income in mind, starting early means that you may not have to contribute as much as your savings have more time to potentially grow. The Aviva Retirement forecaster tool can help you to forecast your potential pension income at retirement and determine whether it meets your required goals. You can access the forecaster tool online at **avivamymoney.co.uk**.

To encourage all of us to save more for retirement, some employers have to automatically enrol eligible employees into their pension scheme.

Please be aware that the value of the investments in your Account isn't guaranteed and can go down as well as up. You could get back less than is paid in.

Who looks after the scheme?

Mercer provides pension and investment advice to trustees and employers. Mercer has created the Mercer Master Trust to support your employer in providing retirement benefits to you.

Aviva, the scheme administrator, has developed its experience and expertise over 300 years.

Although it's your responsibility to regularly review your pension savings, the scheme is managed on your behalf by Independent Trustees. The Trustee Board is formed of three professional corporate Trustees. They've many years of experience managing pension schemes so you can be assured that the scheme is well governed and that you're able to invest in a suitable range of funds. The Trustees will also ensure that any costs and charges are reasonable and offer value for money.

How does the pension scheme work?

You and your employer pay into your Retirement Savings Scheme (we refer to this as 'your Account' in this guide). These contributions are invested in funds that aim to increase in value over the long term. Investing in company shares and bonds can potentially help you to outperform inflation and enable you to meet your financial goals for retirement over the long term.

The size of your Account will depend not only on how much you save but also:

- when you start saving and the age at which you decide to retire;
- the charges taken from your Account;
- how you invest and the investment performance of your savings.

Normally, you can access the money you have built up in your Account from the minimum pension age. This is currently age 55. From 6 April 2028 this will be age 57 unless you have a protected pension age. To find out more visit **aviva.co.uk/nmpa**.

Depending on your circumstances you may have protection that enables you to take your money before the normal minimum pension age. You don't have to stop working to access the money in your Account. We explain the options available for taking your pension savings on page 11.

If you die before you take all your retirement benefits, we can pay out the value of your pension pot as a cash lump sum to your dependants or beneficiaries. Alternatively, your dependants or beneficiaries may be able to use your pension pot to provide an income. You can nominate who you would like to receive your pension pot. The Trustees will take your wishes into account but are not bound by them.

Your pension savings are held for you – they're held entirely separately from the assets of your employer who can't access them.

Please be aware that the value of the investments in your Account isn't guaranteed and can go down as well as up. You could get back less than is paid in.

How your Account works

*if applicable

Charges and expenses

To cover the costs of running your Account and managing your investments, some charges apply. Please refer to your investment guide found online at **library.aviva.com/ngs500h3.pdf** for details of your charges.

Joining

How do I join?

You may choose to join the scheme as part of your contract of employment or you may be enrolled to comply with automatic enrolment regulations.

If you haven't been enrolled by your employer, please see the Scheme announcement enclosed with this guide to find out how to join.

I didn't want to be automatically enrolled; what can I do?

You can opt out within a month of being automatically enrolled and it'll be as if you had never joined the scheme. Any contributions paid into your Account will be refunded back to your employer, who'll then pay you back any contributions they deducted from your pay.

Once the one-month opt-out period has expired any contributions already paid will remain in your Account. You can then choose to stop saving into your Account at any time. Please refer to page 13 for further information.

I chose to join but have changed my mind; what can I do?

If you chose to join the scheme, you can't opt out, but you can stop making contributions at any time.

Please bear in mind that if you choose to stop contributing:

- You'll lose the future contributions your employer would have paid into your Account for you.
- The State Pension alone is unlikely to be enough for you to live on in retirement.
- You'll be automatically re-enrolled, if eligible, into a pension scheme, approximately every three years, by your employer.
- If you leave the scheme, the money you've paid into your Account will remain invested. Note that charges will still be taken.

Paying in

What contributions can be paid into my Account?

Your employer will deduct any contributions due from your pay, before income tax is deducted. They will send them together with their own contributions directly to Aviva to be invested for you.

It won't cost as much as you think

Saving into a pension won't cost as much as you might think. This is because your contributions are deducted from your pay before income tax, so each £10 you save will only cost you £8 if you pay basic rate tax, or £6 if you're a higher-rate taxpayer.

Tax benefits are subject to change, interpretation and depends on your main place of residence as advised to us by HM Revenue and Customs (HMRC) and your individual circumstances.

What if I don't pay tax?

When paying into a pension scheme, members may receive tax relief on contributions they make. This means that any money that would have gone to the government as tax goes into an individual's pension instead.

Your pension contribution is deducted from your pay before tax is calculated. If your earnings are below the starting rate for income tax you don't benefit from the tax relief a taxpayer would receive.

However, this doesn't affect the amount that's paid into your pension and you'll continue to benefit from the money that your employer pays in.

How much should I pay in?

Your employer will let you know the minimum you've to contribute but you can save more if you want. There are two main things to think about:

1. How much you'll need in retirement, and how much you need to save to provide that level of income. Some of your outgoings in retirement will be lower, for example you may have paid off your mortgage and your daily travel costs may be less, but other costs, like your energy bill, may increase as you'll be at home more.
2. How much you should save. We all have conflicting financial priorities but generally the earlier you save the better. The more you save now will benefit your future.

You may be able to pay lump sums into your Account through payroll. Aviva will accept contributions of any amount at any time.

How can I save more?

There are a few things you can do:

- Think about what you could give up so you can save a bit more and potentially increase the contributions made by your employer.
- Plan to increase your contributions regularly when you've more disposable income.
- Think about other sources of income you may have in retirement. Review your entitlement to State Pension or pensions from other employers.
- Plan to retire later. You'll have longer to save and give your pension savings more chance to grow but the value of your Account can go down as well as up and isn't guaranteed.
- Rethink your target retirement income, or perhaps consider working part-time to supplement your pension.

You're able to make additional voluntary contributions (AVCs) from your salary and these will also benefit from tax relief as explained in the Paying in section of this guide. Please contact your employer for further information.

Can I change my contributions?

You can change what you pay in at any time, this could have an effect on what your employer contributes.

We'd encourage you to review your contributions regularly so that you build up enough savings to provide the retirement income you need.

Think carefully before reducing your contributions or stopping saving, even for a while. Not only will you risk not having enough to live on in retirement, you may also miss out on your employer's contributions to your pension.

What if I'm temporarily out of work?

Your contributions (if applicable), and your employer's contributions will continue to be paid, as long as you continue to be paid.

If you take unpaid leave, all contributions will stop until you return to work, when they will restart. Your membership will remain continuous and any pension savings you've already built up will continue to be invested.

What if I take maternity, paternity or adoption leave?

Your employer must continue to pay their contributions in full while you're being paid but your contributions may be lower.

You should ask your employer for more information.

Is there a limit to what I can pay in?

No, you can pay in as much as you want.

However, HMRC puts a limit on the total amount that can be paid into all your pension arrangements each year before a tax charge is payable. This is the Annual Allowance. Anything paid in above the Annual Allowance may incur a tax charge.

The Annual Allowance may be reduced if you earn more than the 'threshold income'. This is known as the Tapered Annual Allowance.

A reduced annual allowance, known as the Money Purchase Annual Allowance (MPAA) will apply to you if you flexibly access your pension savings. If MPAA applies, you'll have been informed of this by the provider of your arrangements.

Transfer payments don't count towards your Annual Allowance.

More information on the Annual Allowance and MPAA is here: **gov.uk/tax-on-your-private-pension**. For more information about tax please refer to a financial adviser.

Can I transfer a previous pension into my Account?

Your Account can accept transfers which comply with any applicable legislation. By transferring a previous pension into your Account you may find it easier to keep track of your pension savings. You could also benefit from lower charges and the possibility of a higher income in retirement, but this won't always be the case. If your previous scheme offered guaranteed benefits or you were in a scheme that provides benefits linked to your salary (a defined benefit scheme), it's unlikely to be in your interest to transfer.

There's no guarantee you'll be any better off by transferring to a new arrangement. You should be aware of charges, loss of guarantees, protections or bonuses, or loss of potential growth to your existing pension if you do transfer.

Tax relief

Any transfer values won't receive tax relief as this will have already been applied by the previous scheme.

Before transferring a previous pension we recommend that you speak to a financial adviser. Financial advisers can help you with all aspects of retirement planning, although you may be charged for this advice. In some cases, for example if the transfer value is from a defined benefit pension scheme and is more than £30,000, you must take advice before you can transfer your benefits, for which a fee will be charged.

You can find a financial adviser from:

- The Financial Conduct Authority website **fca.org.uk/consumers/finding-adviser**

Information can also be found from:

- MoneyHelper website: **moneyhelper.org.uk**

How will contributions into my pension be affected by tax?

Your employer will deduct contributions from your earnings before income tax is taken under Pay as you earn (PAYE). This way you receive tax relief at your highest marginal rate.

Each tax year you can get income tax relief on your contributions to all registered pension schemes as long as your total gross contributions are no more than your annual salary.

Investing your savings

Why investing is important

You want your savings to grow as much as possible and where you choose to invest your pension savings will affect how much you've in your Account when you retire.

The Trustees are responsible for ensuring that there's an appropriate range of investment funds for members to choose from, and to regularly review the performance of the funds. It's also their responsibility to ensure that all charges and expenses incurred are fair and reasonable.

Do I have to choose my own investments?

Choosing investments can be quite daunting, which is why a default investment solution has been chosen that the Trustees believe is appropriate for most employees. When you join the scheme, contributions will be invested in the default investment solution, which is called Mercer Growth/Balanced Risk Fund which leads into Cash Target Retirement Funds. Contributions will continue to be invested in this solution unless you choose to invest in one or more of the other funds available.

If you're thinking about making your own investment choices, you need to think about your attitude to investment risk, as well as the potential reward you may get from the different funds available.

There's lots more information about investment, the default investment solution and all the other funds you can choose from and the relevant charges in the Investment guide found online at **library.aviva.com/ngs500h3.pdf** that accompanies this guide.

Managing your investments

The investments you choose now may not be right for you as your circumstances change, especially as you get closer to retirement.

Even if you choose to stay in the default investment solution you should regularly review your investments to check your Account is going to meet your retirement goals.

The easiest way to manage your investments is online, at any time at **avivamymoney.co.uk**

Please be aware that the value of an investment isn't guaranteed and can go down as well as up. The value of your Account could be less than has been paid in.

Reviewing your savings

What are the tax implications while my money is invested?

You won't incur a personal tax liability on any fund growth as long as it remains invested. Any growth will be free of UK income and capital gains tax. Some investment returns may be received by the fund with tax credits or after tax deductions which can't be re-claimed. Any investments the fund holds in overseas assets will be subject to the tax rules applicable to that country.

How do I keep track of my Account?

Once you've joined, you can view full details of your Account online at **avivamymoney.co.uk**

Also on the website you can:

- change the funds in which you're currently invested and/or change where future contributions are to be invested;
- update your personal details;
- change your selected retirement age;
- nominate or update a beneficiary.

Aviva will provide a statement each year, showing:

- how much has been paid in;
- the value of your savings;
- how much your savings could be worth in the future.

You'll also be reminded from time to time about the importance of reviewing your savings, including increasing your contributions, as the amount you save will have a significant impact on the amount you have to provide your retirement income.

If you can't find what you're looking for on the website, contact Aviva. Contact details can be found on the back page.

Please be aware that the value of an investment isn't guaranteed and can go down as well as up. The value of your Account could be less than the amount paid in.

Choices at retirement

Six months before your retirement date, Aviva will write to you and explain the options available for taking your pension.

Your retirement choices are some of the most important decisions you'll make. There are currently several options available to you, some are explained below.

Start by asking yourself what you want from your pension savings. Are you looking for the security of a guaranteed income? Or do you want to take your pension as a lump sum? Perhaps you'd rather leave your pension savings invested, but withdraw an income from it as you need.

For those options where you're still invested, it's important to note that the value of your pension savings can fall as well as rise and isn't guaranteed. You could get back less than you invest.

Whichever option you choose, you can usually take up to 25% of your pension savings as a tax-free lump sum. And you don't have to select just one option – you may be able to combine any of the choices shown below.

But please note it's up to the trustees whether they offer all the options. We recommend you speak to a financial adviser for help in determining which option(s) suits your needs best.

When you're ready to consider the options available, it's important to shop around different providers to find the best deal. Whichever option(s) you choose it's important to think about provision for your lifetime.

Your choices at retirement

Up to 25% tax-free lump sum with balance → providing annuity	**You can take up to 25% of your pension as a tax-free lump sum with the balance providing a guaranteed regular income.**
£ ANNUITY income	**You can use your pension to purchase an annuity which is a guaranteed regular income, typically paid for the rest of your life.**
Up to 25% tax-free with flexible R £ G U L A R withdrawals	**Income Drawdown allows regular withdrawals while the balance stays invested.**
Withdraw all or some of your cash with up to 25% tax-free	**You can choose to take all or some of your pension as cash whilst remaining in your pension and continuing to make contributions.**

There are a number of things to consider regarding the options available, in particular the tax implications of taking cash lump sums and/or receiving income which will be based on your personal circumstances. It's also important to remember that tax benefits and the options available today may change in the future.

Information available to you

Pension Wise from MoneyHelper is a free, government-backed service, offering clear, impartial and specialist guidance on your retirement options. If you're aged 50 or over, this service is available to you.

Visit **moneyhelper.org.uk/en/pensions-and-retirement/pension-wise** or call **0800 138 3944** for full details of the service.

How will my pension income be taxed?

You can normally take a tax-free lump sum of up to 25% of your Account value. Your pension income, after any tax-free lump sum has been taken, will be taxed as pension income through PAYE. The amount of tax you have to pay will depend on your income tax rate at the time the pension income is paid.

Lump Sum Allowance and Lump Sum & Death Benefit Allowance

HMRC places limits on the amount of tax-free benefits that can be taken from pension schemes. The limits apply to benefits during your lifetime and on death. Income tax is payable on benefits taken above these amounts.

Your remaining allowances reduce each time you take benefits. Your personal allowances may be higher than the standard amounts if you've been granted one or more of the types of protections by HMRC.

You can find more information on these allowances at: **gov.uk/tax-on-your-private-pension**. If they're likely to affect you, we recommend you get financial advice.

For details of an FCA-authorised financial adviser in your area, you can visit the following links:

- The Financial Conduct Authority website: **fca.org.uk/consumers/finding-adviser**
- MoneyHelper website: **moneyhelper.org.uk**

Tax details in this document are based on our interpretation of current law and HMRC practice. It's important to remember that they can change and how they affect you will depend on your main place of residence as advised to us by HMRC and your other individual circumstances.

Stopping saving

If you stop saving into your Account, the options available to you are:

- Do nothing. You can leave your savings invested in your Account until you want to take your benefits. If you've left your employer, you won't be able to pay any more money in but you'll be able to manage your Account in the same way. Charges will still be taken from your Account, and this could impact the amount available at retirement.

  Or

- Transfer the full value of your Account to another pension provider.

If you're aged between the minimum pension age and 75

If you are aged between the minimum pension age and 75, you have the option of taking your retirement benefits now.

The minimum pension age is currently 55. From 6 April 2028 this will be age 57 unless you have a protected pension age. To find out more visit **aviva.co.uk/nmpa**.

Help and further information

If you've a question about the scheme

Your online account has a lot of useful information, as well as a Retirement Forecaster that helps you work out how to achieve your target pension. You can find this at **avivamymoney.co.uk**

If you can't find what you're looking for on the website, please contact Aviva; contact details can be found on the back page.

If you've a complaint

We hope that any issues can be resolved informally with Aviva.

If this isn't possible, there's a formal procedure to resolve any complaints or disputes, known as the Internal Disputes Resolution Procedure. You can get details of the procedure from us.

Some important legal information:

- The Trustees have taken care to make sure that this guide reflects the Trust Deed and Rules as accurately as possible. It doesn't cover everything and the Trust Deed and Rules will always take priority. It covers your membership in the Retirement Savings Scheme and applies to you on joining. If this guide changes and this affects you, we'll let you know.
- You can request a copy of the Trust Deed and Rules from the Trustees at any time.
- Each year the Trustees produce an Annual Report and Chairman's Statement. You may request a copy from the Trustees.
- The Retirement Savings Scheme is a Registered Pension Scheme. This means it's a pension scheme registered with HMRC for tax purposes under Chapter 2 Part 4 of the Finance Act 2004. The Retirement Savings Scheme is part of the Mercer Master Trust.
- All information about you and your dependants will be treated confidentially.
- The information in this guide is based on the Trustees' and Aviva's understanding of current legislation, taxation and HMRC practice. These can change without notice.

Useful organisations

There are a number of organisations that can help you find out more about workplace pension schemes.

GOV.UK

The GOV.UK website – **gov.uk** – is a great source of information from the Government. On the website you can find information about pensions and retirement, including the State Pension, Pension Credit, National Insurance in retirement and much more.

Pension Tracing Service

The Pension Tracing Service provides a tracking service for people who have left benefits in pension schemes, and also for dependants of members, who have lost touch with previous employers.

Website **gov.uk/find-pension-contact-details**

Call them on **0800 731 0193**

MoneyHelper

MoneyHelper is an independent service, set up by the government to help people make the most of their money. They offer free and impartial guidance on managing your money and pensions.

visit **moneyhelper.org.uk** or call **0800 011 3797**

Pension Wise

Pension Wise is a free, government-backed service, offering clear, impartial and specialist guidance on your retirement options. If you're aged 50 or over, this service is available to you.

Visit **moneyhelper.org.uk/en/pensions-and-retirement/pension-wise** or call **0800 138 3944** for full details of the service.

The Pensions Ombudsman

The Pensions Ombudsman can investigate and determine pension complaints in accordance with the Pension Schemes Act 1993.

The address of the Pensions Ombudsman is:

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London
E14 4PU

Call them on: **0800 917 4487**

Email **enquiries@pensions-ombudsman.org.uk**

Website **pensions-ombudsman.org.uk**

The Pensions Regulator

The Pensions Regulator is an independent body, accountable to Parliament and the general public. Its main objectives are to protect the benefits of members of work-based pension schemes and to promote good administration. The Pensions Regulator keeps a register of pension schemes, holding information about the scheme and the employer. It may intervene in the running of schemes where the Trustees' managers, employers or professional advisers have failed in their duties.

The address of the Pensions Regulator is:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Call them on: **0345 600 0707**

Email them at **wb@tpr.gov.uk**

Website **thepensionsregulator.gov.uk**

Useful scheme contacts

The Trustees of the Mercer Master Trust

The Trustees of the Mercer Master Trust are independent professional trustees and welcome feedback you might have in relation to the management of your Account.

Their address is:

Secretary to the Trustees
Mercer Master Trust
Westgate House
52 Westgate
Chichester, PO19 3HF

How to contact Aviva

Call us on **0345 600 6303** on Monday to Friday between 8am and 5.30pm. We may record calls to improve our service. Calls may be charged and these charges will vary; please speak to your network provider.

Visit our website at
avivamymoney.co.uk

Email us at
mymoney.questions@aviva.com

Write to us at
Aviva, PO Box 2282, Salisbury, SP2 2HY

This information is based on Aviva's understanding of current legislation, regulations, guidance and practice and isn't providing legal or financial advice.

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