

Hybrid Section

Factsheet 10 – Topping up your pension benefits

You may wish to increase your benefits by paying additional contributions into an authorised pension arrangement. The Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS) allows you to pay Additional Voluntary Contributions (AVCs) to do just that.

INCREASING YOUR BENEFITS BY PAYING AVCs

On joining the CUADCPS, your Employer will pay 5% of your Pensionable Salary into your DC account each year. You are not required to pay any contributions into your DC account. However, you are required to pay 3% of your Pensionable Salary towards your CRB pension in the Cambridge University Assistants' Contributory Pension Scheme (CUACPS).

While there is no requirement for you to pay into your DC account, you should consider making additional contributions because it is tax efficient and will lead to higher retirement benefits when you retire.

If you decide to pay AVCs into your DC account, these contributions will be invested in a fund of your choice along with the regular 5% contribution from your Employer.

AVC contributions will be subject to the Annual Allowance limit described below.

For more details on how Defined Contribution benefits work please refer to [Factsheet 3– Defined Contribution Basics](#)

How do I set up my AVCs?

If you wish to start paying additional contributions into your DC account, you must give the Pensions Section at least a month's written notice of your intention and let them know how much you want to pay in. You can make payments either as a lump sum or in regular monthly instalments which are deducted from your salary.

Once set up you can increase or reduce your AVCs as your circumstances change. Again, you need to contact the Pensions Section with one month's written notice if you wish to change the level of your AVC payments.

HMRC ALLOWANCES

His Majesty's Revenue & Customs (HMRC) has set limits on how much pension you can accrue and still receive tax-relief as well as limits on the value of the tax free lump sums you can receive.

Annual Allowance

The Annual Allowance is the annual limit on the value of pension benefits you can earn each year and still receive tax relief.

The Annual Allowance is currently £60,000.

Lump Sum Allowance and Lump Sum and Death Benefit Allowance

From 06 April 2024 the UK Government has introduced two new allowances which place limits on the total amount of certain pension lump sums that members can receive tax free. These allowances are the lump sum allowance (set at £268,275) and the lump sum and death benefit allowance (set at £1,073,100).

There are transitional arrangements for also factoring in benefits received prior to 06 April 2024 when checking that a member has sufficient allowance remaining to receive a tax free pension commencement lump sum from this scheme.

See: <https://www.gov.uk/guidance/find-out-the-rules-around-individual-lump-sum-allowances>

Questions?

If you have any questions regarding paying AVCs please contact the Pension Section at: pensionsonline@admin.cam.ac.uk

FACTSHEET your pension benefits

IMPORTANT NOTE

This factsheet provides a summary of existing AVC arrangements and arrangements for making additional contributions in the future. However, your legal rights are governed by the Trust Deeds and Rules of CUACPS and CUADCPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the CUACPS Rules can be found using the following link:

<https://www.pensions.admin.cam.ac.uk/cps>

More details on SEI can be found on www.seic.com or by contacting the SEI Master Trust administrator at seic@capita.co.uk.

Version 10: July 2024