

Cambridge University Assistants' Contributory Pension Scheme (CPS)

Hybrid Section

Factsheet 12 - Late Retirement

This factsheet contains details of how late retirement affects your benefits.

HOW LONG CAN I DELAY RECEIVING MY PENSION?

There are two ways in which you can delay receiving your pension.

- You can either remain in employment and continue to contribute to the scheme to build up additional benefits after age 65,

Or

- You can leave the scheme and ask that payment of your benefits is deferred until after your 65th birthday.

The latest date you can start receiving your pension is your 75th birthday.

POSTPONED PENSIONER

You can work beyond age 65 and continue to earn benefits in the scheme. Your pension will then come into payment either on the day you stop working for your Employer or your 75th birthday, whichever is earlier.

How will my postponed pension be calculated?

When you retire, your CRB pension will include your benefits earned before and after age 65. Your benefits from the Defined Contribution (DC) Scheme will include contributions paid and investment returns achieved before and after age 65.

Your CRB benefits will include revaluation up to your late retirement date. Your DC benefits will be based on the value of your DC account in the DC Scheme and the cost of purchasing an annuity at your late retirement date.

DEFERRED PENSIONER

If you leave the scheme at age 65 (or before) then you can ask to receive your pension at any time between your normal pension age of 65, and your 75th birthday.

Provided that the Trustee agrees, your benefits can be paid late. However, if the Trustee does not agree to your request you will start receiving your CRB pension from your Normal Pension Age of 65. If you leave the scheme, you can take your DC benefits at any time you choose up to age 75.

How will my deferred pension be calculated?

If you choose to leave the scheme at or before age 65 and defer payment of your benefits until after age 65, then it is possible that your CRB pension and lump sum will be increased when you retire. The increase will be applied to the CRB benefits that would have been paid at age 65 to reflect the fact that the benefits are paid late and the pension will be paid over a shorter period. The level of any increase will be decided by the Trustee after consulting the CPS Actuary.

Late payment of benefits from the Defined Contribution (DC) Scheme

The benefits provided by your DC account in the DC Scheme will not have a late retirement factor applied. However, it is likely that your DC benefits will be higher if you retire late. This is because:

1. Your DC account will have been invested for a longer period of time and may have received more contributions than if you retired at age 65.
2. The cost of buying an annuity is likely to be lower at your late retirement age than at age 65. This reflects the fact that the annuity provider will expect to pay your pension over a shorter period of time.
3. If you retire later and draw an income directly from your DC account, your money will have had longer to grow and will not have to last you as long in retirement.

Please note that if you withdraw taxable benefits from your DC account and you and/or your employer continue to make payments into your DC account, you could be subject to the Money Purchase Annual Allowance (MPAA) of £4,000.

Any payments over the MPAA are subject to tax which would be payable by you. We recommend you take financial advice if you think the MPAA could apply to you.

If you would like to retire after age 65, you should contact the Pensions Section.

Pension increases

Once in payment, your CRB benefits will increase on 1 August each year in line with the Consumer Prices Index (CPI), up to a maximum of 5%. In years where the CPI increase is greater than 5%, the University has discretion to provide a higher increase but such increases are not guaranteed.

The increases on your DC pension will depend on the type of annuity you purchase at retirement.

AVCs

If you have paid any Additional Voluntary Contributions (AVCs) into the DC Scheme then these will be included in your DC account at retirement and used to provide additional DC benefits.

CAN I POSTPONE MY STATE BENEFITS TOO?

Yes, if you continue to work past your State Pension Age it is possible for you to delay payment of your State Pension. More information on postponing your State Pension can be found in the State Pension section under pensions and retirement by following the link below:

www.gov.uk/browse/working/state-pension

IMPORTANT NOTE

This factsheet provides a summary of the Scheme's late retirement provisions. However, your legal rights are governed by the Trust Deed and Rules of CPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the Rules can be found using the following link:

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

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

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