Hybrid Section

Factsheet 13–Pension Increases

Once in payment, your pension from the Cambridge University Assistants' Contributory Pension Scheme (CUACPS) will increase each year to provide some protection against the effects of inflation.

The increases, if any, on your pension from the Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS) will depend on the benefits you secure from the CUADCPS on your retirement.

This factsheet provides more information on how your pension will increase.

HOW WILL MY CUACPS PENSION INCREASE?

After it comes into payment your CUACPS pension will increase each year on 1 August in line with the annual increase in the Consumer Price Index (CPI), subject to a maximum annual increase of 5%. If the annual CPI increase is greater than 5% in any given year the University may agree to provide a higher increase. However, increases above 5% are paid at the discretion of the University and are not guaranteed.

A part year increase will be applied in the first year that your pension comes into payment.

Calculation of the annual increase

The increase applied at 1 August each year is based on the increase in the CPI over the 12 month period to the end of the previous May. The May to May increase is used because it takes time for the Government to calculate and publish the monthly inflation figures.

By using the May figures, we can be confident that the information will be available in good time to ensure that the increases can be applied on 1 August each year.

HOW WILL MY CUADCPS PENSION INCREASE?

When you retire, you are able to use all or a part of your DC fund to buy an annuity.

Annuity providers offer a wide range of different annuities so that you can choose how your pension increases in payment

- Level pension – where your DC pension will not increase in payment
- Fixed increases – where your DC pension will increase at a specified fixed rate (e.g. 3%) each year
- Inflation increases – where your DC pension increases in line with a specified measure of inflation

Choosing an annuity is an important decision because it affects how your DC pension increases and whether or not any spouse's pension is payable if you die. You should consider taking independent financial advice before you make a decision.

For more details on annuities and the options available to you at retirement please refer to **Factsheet 7 – Defined Contribution Retirement Guide**

WILL MY SPOUSE'S PENSION INCREASE AFTER I DIE?

If you die after you retire, the pension from the CUACPS payable to your spouse and any child's allowance will increase in the same way as your CRB pension.

If you purchased a spouse's pension with your CUADCPS account, then the pension payable to your spouse will increase in the same way as your pension. However, a pension will not be payable to your spouse if you did not buy a spouse's pension when you retired.

For further details on the death benefits paid under the Hybrid section please see **Factsheet 14 – Death Benefits.**

IMPORTANT NOTE

This factsheet provides a summary of how your pension will increase in payment. However, your legal rights are governed by the Trust Deeds and Rules of the 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:

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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