

Cambridge University Assistants' Contributory Pension Scheme (CUACPS)

Career Revalued Benefits (CRB) Section

Factsheet 16 – Flexible Retirement

When you retire you will receive the benefits which will have built up over the time during which you were a member of CUACPS. This factsheet provides details of what those benefits will be. Before you retire, you will be provided with a quotation showing what your benefits are and what options you have.

WHEN CAN I RETIRE UNDER THE FLEXIBLE RETIREMENT ARRANGEMENTS?

You can retire under the flexible retirement arrangements at any time after you reach Minimum Pension Age (MPA). This is currently age 55 but is linked to State Pension Age (SPA) and is expected to increase to 57 in 2028 and thereafter will be 10 years before SPA. You will be required to take your full CUACPS pension at the point of your flexible retirement.

Early retirement

If you take your benefits before age 65 they may be reduced to reflect the fact that benefits will be paid over a longer period. The reduction applied depends on when you joined CUACPS as described below.

If you joined CUACPS before 1 December 2009, you have the right to take your benefits from age 60 and the benefits you earned before 1 January 2013 will not be reduced for early payment. However any benefits earned on or after 1 January 2013 will be reduced if they are taken before age 63. In addition, all of your benefits will be reduced if you decide to retire before age 60.

If you joined CUACPS on or after 1 December 2009, your benefits will be reduced if you decide to take them before age 65.

For more details on early retirement please refer to [Factsheet 6 – Early Retirement](#).

Late retirement

You may be able to carry on working for your Employer and continue to earn benefits in CUACPS beyond age 65.

For more details on late retirement please refer to [Factsheet 7 – Late Retirement](#).

WHAT WILL I RECEIVE AT RETIREMENT?

When you take your benefits you will receive a pension and a cash lump sum. The amount you will receive depends on several factors such as your salary, your length of service in CUACPS and whether you have paid any additional voluntary contributions.

As you are a member of the CRB Section, you will have built up final salary benefits in respect of your service up to 31 December 2012 and Career Revalued Benefits in respect of your service from 1 January 2013. These benefits are described in more detail below:

Final salary benefits

The benefits in respect of your service up to 31 December 2012 will be based on your Final Pensionable Salary at retirement. Your final salary service will include any service granted in respect of Additional Voluntary Contributions you have paid to purchase added years/days as well as any service granted in respect of a transfer value paid into the Scheme before 2013.

Career Revalued Benefits

From 1 January 2013 you will build up benefits on a Career Revalued Benefits (CRB) basis. This means that each year you earn a block of pension and a block of lump sum based on your Pensionable Salary in that year (or part year). Once earned, these blocks are revalued each year in line with inflation. At retirement, all of the blocks are added together to give your pension and lump sum from the CRB Section.

The benefits you receive when you retire will be calculated as described below:

If you joined CUACPS before 1 December 2009, the pension you will receive at your Normal Pension Age is calculated as follows:

1. A pension of $1/60^{\text{th}}$ of your final pensionable salary for each completed year* of pensionable service in the Scheme up to 31 December 2012.

Plus

2. A block of pension equal to $1/95^{\text{th}}$ of your revalued average salary for each completed year* of Pensionable Service from 1 January 2013 to 31 December 2017.

Plus

3. A block of pension equal to $1/100^{\text{th}}$ of your revalued average salary for each completed year* of Pensionable Service from 1 January 2018 to the day you retire.

Plus

4. A tax-free cash lump sum of three times your CRB pension earned from 1 January 2013.

If you joined CUACPS on or after 1 December 2009, the pension you will receive at your Normal Pension Age is calculated as follows:

1. A pension of $1/80^{\text{th}}$ of your final pensionable salary for each completed year* of Pensionable Service in the Scheme up to 31 December 2012.

Plus

2. A tax-free cash lump sum of $3/80^{\text{ths}}$ of your final pensionable salary for each completed year* of pensionable service in the Scheme up to 31 December 2012.

Plus

3. A block of pension equal to $1/95^{\text{th}}$ of your revalued average salary for each completed year* of Pensionable Service from 1 January 2013 to 31 December 2017.

Plus

4. A block of pension equal to $1/100^{\text{th}}$ of your revalued average salary for each completed year* of Pensionable Service from 1 January 2018 to the day you retire.

Plus

5. A tax-free cash lump sum of three times your CRB pension earned from 1 January 2013.

** Part years of Pensionable Service based on completed days will also count towards your pension.*

Cash commutation

If you would like a larger cash lump sum at retirement it is possible to “trade in” some of your pension for an extra cash sum. The Pensions Section will provide a retirement quotation which includes details of the maximum cash sum that you can take and what the impact would be on your pension.

Part time working

If you worked part-time for your employer before 2013, your part-time hours will be converted into a full-time equivalent and your final salary pension will be calculated based on your full time equivalent salary and your part-time service. If you worked part time on or after 1 January 2013, your CRB benefits will be based on your actual pensionable earnings each year.

State Pension benefits

You will also be entitled to receive State Pension benefits although these are not payable until your State Pension Age. For more information, please refer to [Factsheet 14 -State Benefits](#).

WHAT HAPPENS WHEN I DIE?

If you die after retirement your spouse or civil partner will receive a pension. If you leave any children, each of them will receive a child’s allowance provided they are under 18. If they are over 18, the child’s allowance will be paid until age 23 if your child continues in full-time education.

For more information on what happens if you die after retirement please refer to [Factsheet 9 - Death Benefits](#).

HMRC ALLOWANCES

Her Majesty’s Revenue & Customs (HMRC) has set limits on how much pension you can have and still receive tax-relief. The Lifetime Allowance deals with your total pension savings and the Annual Allowance affects how much pension you can earn each year.

Lifetime Allowance

It is your responsibility to check whether your total retirement savings exceed the Lifetime Allowance set by HMRC. The maximum Lifetime Allowance is currently £1,073,000 but this is subject to future changes. It is rare to exceed the Lifetime Allowance but if you do, the value of your pension income will be reduced as you will need to pay additional tax at 25% on the excess. If you take the excess as a lump sum it will instead be taxed at 55%. It is your responsibility to report the value of your benefits on retirement to HMRC. You will be able to obtain a quotation of your benefits shortly before retirement from CUACPS.

Annual Allowance

HMRC has introduced a limit on the maximum amount of pension you can earn in a year whilst still receiving tax relief. This is known as the Annual Allowance. The limit is currently £40,000 and could change in the future. You can find updates on the Annual Allowance on the HMRC website:

www.hmrc.gov.uk/pensionschemes/understanding-aa.htm

IMPORTANT NOTE

This factsheet provides a summary of your retirement benefits. However, your legal rights are governed by the Trust Deed and Rules of CUACPS. If there are any differences between the CUACPS 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>

Version 2: April 2020 (reviewed January 2022)