

Guide to your university pension

Points of interest / Q&As on
pensions and PASNAS

February 2024



Common questions to cover

- What is my PASNAS pension and how does it work?
- What is an accrual rate?
- Can I make additional contributions?
- What happens to my benefits if I go part time or have a period of unpaid absence?
- How can I find out details about my pension and check how much I'll get?
- The importance of completing an expression of wish form



The basis for this presentation

- *Neither these slides nor the presentation constitute commercial, financial or legal advice; they are not a substitute for specific advice concerning individual situations*
- *If you're looking for personalised money or pensions advice or specific product recommendations, you'll need to see a regulated financial adviser. Find out more about when and how to get professional advice in Money Helper's [guide to financial advice](#)*
- *Every effort has been made to ensure that the slides and presentation are factually correct. The PASNAS schemes rules are the primary reference point and in the event of any inconsistency between this publication and the trust deed and rules, the scheme rules will prevail*
- *The views expressed in this presentation are those of the speaker, and not of the University nor of the PASNAS trustees*

What is my PASNAS pension and how does it work?

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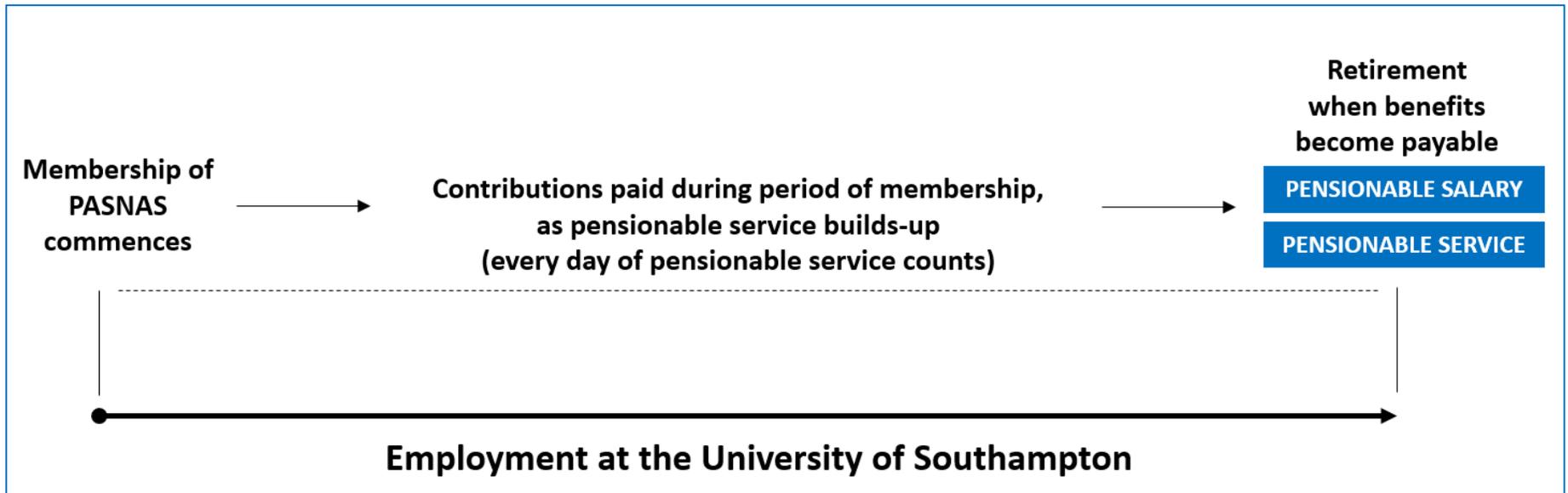
- PASNAS is a way to save in a tax-efficient way for income and other benefits in retirement. Your employer pays-in too, and you get death and other protection along the way
- There are two main types of pension, DB and DC – and PASNAS is DB
- The main characteristics of DB are:
 - A promised level of income (pension) at retirement
 - Separate cash lump sum is paid in addition to the pension income
 - Pension and lump sum amounts can be exchanged, eg less pension and more cash
 - Can normally be accessed from age 55* but benefits reduced for early payment (normal pension age is 66)
- You can pay additional contributions, to a Defined Contribution-type arrangement selected by the trustees

You can find out more at Money Helper about [Defined Benefit pensions](#), and [Defined Contribution pensions](#)

* The Normal Minimum Pension Age will increase to age 57 from April 2028

What is my PASNAS pension and how does it work?

- PASNAS is a good defined benefit pension scheme, which provides benefits on a final salary basis
- Closed to new entrants from 1 January 2019; opting-out would mean no return to PASNAS (so consider very carefully, and take guidance/advice)
- The following chart shows how benefits build-up, and the key measures ...



- You may leave the University before reaching retirement, in which case (if two or more years) your benefits will be deferred

What is my PASNAS pension and how does it work?

- The pension payable under PASNAS is calculated as follows:

$$\frac{1}{80} \times \text{Pensionable Salary} \times \text{Pensionable Service}$$

Normally your last 12 months of salary

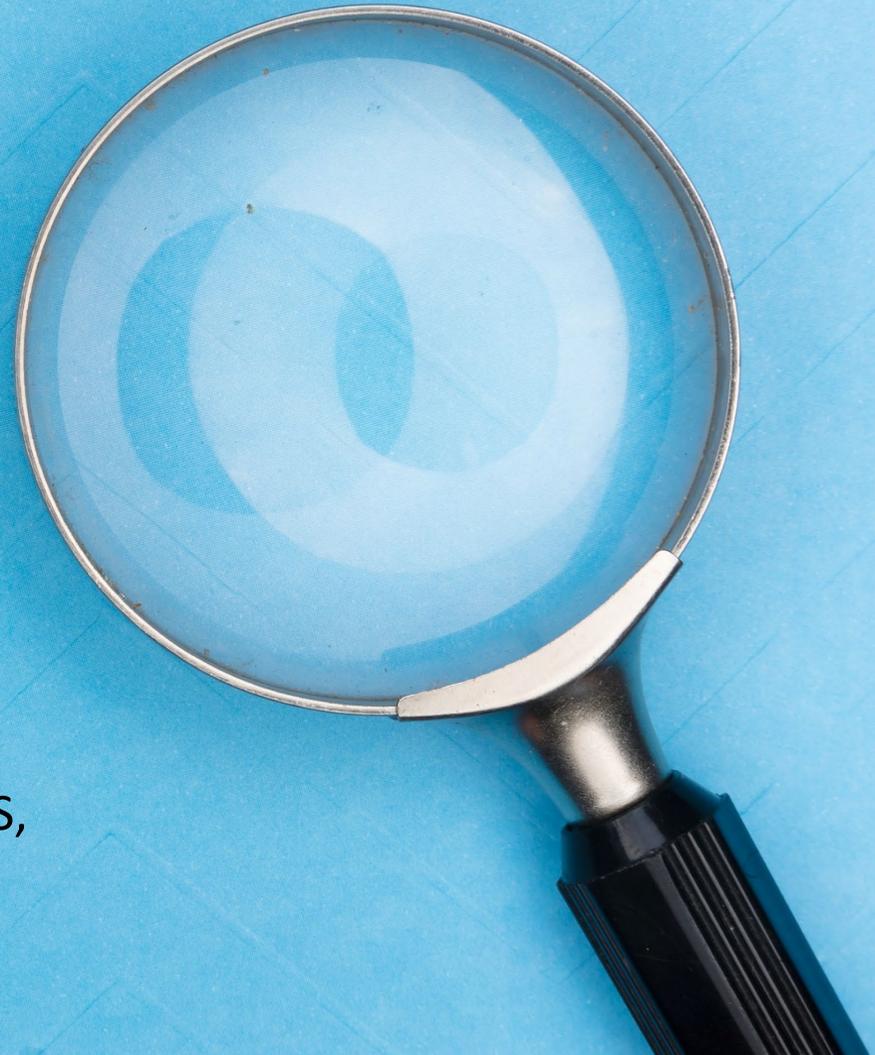
Each year and day of service is counted

- Pension is payable on a monthly basis, and is increased each April under the scheme rules. Generally, you must cease employment in order to ‘retire’
- The pension is payable for life, and is subject to income tax in the same way as other income
- In addition to the pension, there is a tax-free lump sum which (3x the pension)
- The normal pension age is 66 – you can draw your benefits earlier but they will be reduced

What is an accrual rate?

Q. What is an accrual rate?

- In defined benefits (DB) schemes pensions and other benefits build-up at a specified rate – in PASNAS, and in many other schemes, this is referred to as an ‘accrual rate’
- For *pension*, the PASNAS accrual rate is 1/80th of pensionable salary for each year of membership
- The PASNAS scheme involves the accumulation of years of membership, which at retirement are multiplied by the accrual rate and by the final pensionable salary to calculate benefits
- There is a separate lump sum in PASNAS, which is calculated as three times the pension value



Can I make additional contributions?

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- Yes, there is the option to pay Additional Voluntary Contributions (AVCs), to increase your retirement benefits
- This involves paying extra contributions, which will gain tax relief, for example to make up for lost time when you didn't pay into a pension
- The arrangement is Defined Contribution, in that your extra contributions build-up a fund of money – you can choose how it is invested
- This fund is used to supplement your ordinary benefits from PASNAS, and can increase both your pension and your lump sum
- Contact pensions@soton.ac.uk
- Separately, there are still a very few added years AVC contracts continuing, but new contracts ceased many years ago



**What happens to my benefits if
I go part time or have a period
of unpaid absence?**



Going part-time, and periods of absence

- If you work part-time for any period, you will build up service more slowly – but your full-time equivalent pay is used in your retirement calculations
- If you are absent due to illness, contributions will be collected as normal during full pay. If pay is reduced to half pay, your PASNAS contribution will be based on your normal full pay to maintain full pensionable service
- If maternity, paternity or adoption absence, or shared parental leave, you will continue to pay contributions based on the pay you receive (membership unaffected). If any period is unpaid, you will have an option on return to work
- If you are absent from other reasons, for example career break, it may be possible for your PASNAS membership to continue as normal. Contact the Pensions Office

**How can I find out details
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- You can contact the University's pensions team for further information about any aspects of the scheme, or indeed for an estimate of future benefits
- Please contact the Pensions Office on ...
pensions@soton.ac.uk



The importance of completing an Expression of Wish form

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- The scheme provides significant benefits in the event of death, which can include a lump sum and/or pension for your beneficiaries
- For death in service, there is a death grant of three times pensionable salary plus a return of contributions
- The death grant can be payable to your nominated beneficiary, who you nominate through the EoW form – please complete it and keep it up to date
- The form can be found on the [PASNAS information page](#)



Extra Information

Tax relief and salary sacrifice

Salary sacrifice – what is it, and how does it work?

- A further way to save money on your pension contributions. It works by lowering your national insurance contribution
- It is used widely, and most employees are automatically entered into salary sacrifice from the fourth month of their employment, but you can check on your payslip
- The University pays your pension contribution on your behalf, in return for lower salary; your lower salary reduces your NI contribution
- Further information can be gained at <https://www.southampton.ac.uk/hr/services/uss-and-pasnas-pension-contributions/uss-and-pasnas-pension-contributions.page>



Avoiding pension scams

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- Be extremely wary of any contact which encourages you to transfer your pension
 - Often people are contacted out of the blue; it is illegal to do this and it should be reported to [Action Fraud](#) and alert the University pensions team
 - These contacts try to apply pressure to make quick decisions, guaranteeing high investment returns
 - They often provide for you to access your pension before 55
 - They also can include an offer of one-off investments, time-limited offers, upfront cash incentives, free pensions reviews, legal loopholes or government initiative
 - **If it sounds too good to be true it usually is**

A source of good, impartial information

Money Helper

Looking for pension guidance?

Phone: **0800 011 3797**

Webchat: moneyhelper.org.uk/pensionschat

Or, if you're over 50 with a defined contribution pension, use our Pension Wise service to discuss your options:

Phone: **0800 138 3944**

Online: moneyhelper.org.uk/pensionwise

Looking for money guidance?

Phone: **0800 138 7777**

Webchat: moneyhelper.org.uk/moneychat

For help with managing your money in uncertain times visit moneyhelper.org.uk/en/money-troubles/way-forward

MoneyHelper



Common Questions asked in live sessions

- Am I able to transfer in previous pension benefits into my PANAS scheme?

PASNAS no longer allows transferring in of benefits. The ability to transfer in pension rights ceased with the scheme being closed to new entrants.

- Does the University have a set retirement age, or can I continue contributing to the scheme and working after normal retirement age (currently 66)?

You can continue working past the normal retirement age and remain an active member of the scheme. The PASNAS scheme has an upper retirement age of 75. This means the latest you can start claiming your pension benefits is from age 75.

- If I paid additional voluntary contributions (AVC) into Prudential, does the university pay employer contributions towards this?

The University does not pay contributions towards this. With the AVC facility, that is about the member making additional pension savings to top up their retirement benefits.

Common Questions asked in live sessions

- Can I continue working at another company or institution if I have retired from the University and started to claim my PASNAS benefits?

Yes, you can. The PASNAS benefits are linked to your retirement from employment with the University of Southampton. The receipt of benefits from the PASNAS scheme doesn't prevent you from taking up employment elsewhere and earning additional income.

- Can I retire from PASNAS at normal pension age and continue to work in my current post?

No. In order to be eligible to draw your pension rights, you need to retire from your post. This means ceasing employment with the University. The only exception is flexible retirement, whereby you reduce your working hours by a minimum of 20% and are then able to claim a portion of your PASNAS pension benefit whilst continuing to work.

- Does PASNAS have an online facility to view my pension benefits?

PASNAS is a small inhouse pension scheme run by the University. Currently there is no online facility available to view your benefits, this is something that is being investigated for the future. You can contact the pensions team for any details you require on your pension benefits, and they will gladly assist.