



# Usdaw Staff

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## Superannuation Fund

# A significant employee benefit

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The Union operates a final salary pension scheme which every member of staff over 18 can join from the start of their employment.

In recent years many final salary schemes have closed and now only a minority of employers still offer them to their staff.

**Membership is therefore, a significant employee benefit.**



## Joining the Fund

Subject to eligibility, you will be automatically enrolled into Fund Membership from the start of your employment with Usdaw. The eligibility criteria for automatic enrolment are:

- You are aged between 18 and State Pension age, and
- You earn more than the Earnings Trigger set by the Pensions Regulator – currently £10,000 per annum.

If you are not automatically enrolled, you may still be entitled to join the Fund. Forms enabling staff to either opt in or out of Fund Membership are available on request from the Fund Secretary at Head Office, or are available to download from the Union's Staff Intranet website.



## How your Usdaw Pension is calculated

Pensions and contributions are based on all your salary, including London weighting, but not including overtime payments, expenses or the value of a Union car. The salary recognised for pension purposes is known as 'Pensionable Salary'.

'Final Salary' is used to calculate your pension. It is your Pensionable Salary in the 12 months before retirement or leaving.

The pension builds up at the rate of 1/70th of Final Salary for every year of your membership. Whole months are taken into account in reckoning service.

The Fund has a normal retirement age of 65 but you may continue to work for Usdaw beyond age 65 and remain in Fund membership if you wish.

**Example:** Someone retiring on a Final Salary of £20,000 after 35 years' service would receive a yearly pension for life calculated as follows:

$$35/70 \times £20,000 = £10,000$$

At retirement you can choose to exchange a proportion of your pension for a tax free lump sum. This is known as 'commuting your pension'.

Pensions in payment after retirement are increased by the rate of inflation up to a maximum of 2.5% a year.

## Contributions

Contributing Fund Members currently pay a personal contribution of 9% of their Pensionable Salary to the Fund, either via deduction from wages or via Pension Salary Exchange (see below). Your pension contribution qualifies for tax relief so the true cost to you is less. As this is a final salary scheme, the Union's contribution towards your pension savings is considerably higher than your own.

You can choose at any time to pay Additional Voluntary Contributions (AVCs) into an arrangement the Fund has with Co-operative Investments (now part of the Royal London Group). AVCs also receive tax relief. Contact the Fund Secretary at Head Office for more information about AVCs.

## Pension Salary Exchange

Salary exchange is an arrangement which is designed to make pension contributions more affordable for both you and Usdaw (the Union), by reducing the amount of National Insurance (NI) payable.

Under salary exchange, employees agree to a reduction in their salary and receive a non-cash benefit in return. In this case, the benefit is an additional employer pension contribution, matching the amount of salary exchanged. This will allow you, as a member of the Usdaw Staff Superannuation Fund (the Fund), to save money, because the NI payable will be based on your lower salary.

The exchange is equal to the standard contribution rate of 9% plus any Additional Voluntary Contributions (AVCs) you elect to make. In return, Usdaw will increase its own employer contribution by the same amount. This enables you to make National Insurance savings and increase your net take-home pay whilst the level of pension benefits you can expect from the Fund stay the same.

Employees who are contributing members of the Fund and who are eligible to participate in salary

exchange will automatically have their contributions taken in this way unless they opt out by completing and submitting an opt out form.

Please refer to the salary exchange documentation available on the staff intranet for further information.

## Early Retirement

Early retirement is currently allowed, subject to the Union's agreement, from age 55 onwards. On early retirement, the pension you have built up will be reduced because it will be paid to you over a longer period of time.

## If Ill-Health Forces You to Stop Working

After you have been a Contributing Fund Member for five years, at any age, an immediate pension may be paid to you if you have to retire early because of serious ill-health or incapacity. The Union and the Fund's Trustees will decide if you qualify.





## Protection for your Dependants

If you die in service, a lump sum death benefit of four years' salary, plus a refund of your contributions, may be paid to a dependant\* at the discretion of the Fund's Trustees.

On your death, either before or after retirement, a pension may be paid to your spouse/civil partner/dependant\*, at the discretion of the Trustees.

- If you die in service, a pension might be paid of half of the amount you would have received had you lived to reach the Fund's normal retirement age.
- If you die after retirement the pension might be half of the amount you are receiving.

Dependant children will also be paid an allowance until reaching age 16 (or 21 if in full-time education).

You will be asked to nominate your dependant(s) in an 'Expression of Wish' form that you should keep up-to-date. For tax reasons the Fund's Trustees have the discretion to decide who will receive the death benefit payment.

If you die in service leaving nobody dependent upon you, a payment will be made to your next-of-kin equal to one year's salary and your contributions will be refunded.

\*The term 'Dependant' is defined in the Fund's rules as a person who in the opinion of the Fund's Trustees is financially dependent on the member for the provision of any or all of the necessities of life.

## Leaving Fund Membership

If you leave your employment with Usdaw, the security of your pension is protected by law.

### If you leave within three months of joining the Fund:

You will receive a refund of the contributions that you have paid.



### **If you leave more than three months after joining but less than two years:**

You can receive a refund of your contributions or, if you make a request reasonably soon after leaving, you can arrange for a payment broadly representing both your own and the Union's contributions to be made to another pension scheme or personal pension arrangement.

### **If you leave after completing two or more years' service:**

Your pension will be calculated when you leave. Payment will be deferred until normal retirement age (or after age 55).

During that time the 'deferred pension' will be increased to protect it from inflation in line with legal requirements. At any time up to age 64 you can request the Fund to allow you to transfer your pension rights to another pension scheme or personal pension arrangement.

If you leave the Fund but remain in employment you may not receive a refund of your contributions until you eventually leave your employment with Usdaw.

## **Annual Benefit Statements**

Contributing Fund Members receive a statement each year showing how your pension is building up and the amount you can expect to receive at the Fund's normal retirement age.

## **Fund Management Committee**

The Fund is run by a Committee of Trustees, half of whom are nominated by the Union's Executive Council and the other half by the Fund's members and pensioners. The Trustees publish an Annual Report and Accounts which you will receive. A meeting of members is held annually in April at Head Office. Members must approve proposals to change the Fund's Rules by a 2/3rds majority vote.

This is only a brief guide to the Fund. If you want to receive a copy of the Rules you should contact the Fund Secretary at Head Office. If there are any differences between this guide and the Fund's Rules, it is the Rules that prevail.

