The University of Bristol Pension and Assurance Scheme

Webinar Questions and Answers

What Scheme am I in?

The University of Bristol Pension and Assurance Scheme (UBPAS) was the main pension scheme for University employees up until 1 October 2010. For new employees after that date, the University introduced a new pension arrangement - the University of Bristol Group Personal Pension (UBGPP).

Those employees who were already in the UBPAS at 30 September 2010 could continue to build up pension in that scheme until it fully closed at 31 December 2019. From 1 January 2020, all new pension savings have been within the UBGPP. If you were an employee prior to 30 September 2010, it is likely that you have some past benefits in the UBPAS. You may already be drawing your pension from this scheme, or you may be a "deferred member", with your benefits due to come into payment at a future date.

The information in this leaflet is relevant to your UBPAS membership, which is administered by Barnett Waddingham and is entirely separate to the UBGPP, which is administered by Legal & General. In addition, some University employees will have been eligible to join the Universities' Superannuation Scheme (USS), or other public sector schemes, and these are not covered by this leaflet.

I didn't know I have an account! Where can I find that, please?

You can log into your BWebstream account at https://logon.bwebstream.com/

Please contact the administration team on 0333 111 1222 or bristoluni@barnett-Waddingham.co.uk if you have any queries regarding logging into your account.

Is there an easy way to see our pension valuation?

You can view retirement estimates using BWebstream. You can also raise any queries for the team through the portal.

Is it possible to get a transfer value quotation if we wish to move the pension to another scheme?

Please contact the administration team on 0333 111 1222 or bristoluni@barnett-Waddingham.co.uk if you require a transfer value.

Please be alert to the prevalence of pension scammers who look to entice people to transfer their pensions savings to bogus pension vehicles, or who seek to gain from you transferring to an arrangement which is not in your best interests. You also need to be aware that you will have to take Independent Financial Advice to proceed with a transfer, if your transfer value is above £30,000.

Please be aware that if you are under age 55, you cannot 'cash in' your pension (unless you are too ill to work). Also, be cautious if you receive a 'cold call'; paperwork delivered to you with request for immediate signature; a text message or a website 'pop-up'. Take care if you see phrases such as 'free pension review', 'one-off investment opportunity' or 'legal loopholes'.

If in doubt, call The Pensions Advisory Service on 0300 123 1047 for information and advice about pension scams

Pension increases in deferment capped at 5% would appear to penalise members during a series of high inflation years. Is it more efficient to draw pension early if high inflation looks set to continue?

On the whole, pensions which are already in payment, increase in April each year, in line with the annual increase in inflation, without restriction even when inflation is particularly high. The exception to this relates to typically small elements of pension which were built up prior to April 1997.

Pensions which are not yet in payment also receive inflation protection, although this will be limited when inflation runs higher than 5% each year for the whole period of deferment. So rather than a year-on-year increase, as per pensions once they are in payment, the increase is calculated and applied at the point that your pension is about to come into payment. The inflation experienced over the whole period, since you left the scheme (typically when you left University employment, or 31 December 2019 if you were still an active scheme member at that point) up until the date that your pension comes into payment, will be applied to your pension, unless this is more than 5% per year over that same period.

Although it may sound complicated, this is a more generous way of calculating the increase than if the increase was calculated each year with the 5% cap applied each year in isolation. It means that it is possible for a couple of years of high inflation to be offset by a period of low inflation, and the 5% cap may not come into effect. This way of increasing deferred pensions follows pension scheme legislation, and is common in the majority of pension schemes in the UK.

Coming back to the question, it could be argued that it may be worth drawing a pension early, if you believed that high inflation was going to persist and your deferred pension was going to be restricted by the 5% cap while it was deferred (as compared to no restrictions in the increases if the pension was put into payment). However, pensions drawn before normal retirement age will be reduced to take into account that they have begun to be paid early. The calculation of the relevant reduction makes allowance for the different increases that apply in deferment and in payment, and therefore any benefits of taking the pension early, may be removed. The intention of the reduction factor is to ensure that members, and the scheme itself, is not better or worse off as a result of drawing the pension early. These factors are subject to regular review by the Trustee and may change from time to time if economic conditions change.

Do we have to wait for our state pension age before we retire and claim our pension?

Under current legislation you can elect to take early retirement from the Scheme from age 55, however this is due to increase to age 57 with effect from 6 April 2028. If you are suffering from ill health, you may be able to access your pension at a younger age, but you will need to provide a certain level of medical evidence to do this.

Can you take your UBPAS pension and continue to work for the university if you are over 55?

Yes – we would recommend taking financial advice before deciding on drawing your pension early.

My pension starts at 65 how much notice do I need to give if I want to delay taking it?

Barnett Waddingham will contact you ahead of your retirement. Options will be provided at this point but please note that you can only delay payment of your pension if you remain employed by the University.

Is the final lump sum tax free?

Yes, under current tax regulations, Pension Commencement Lump Sums are payable tax-free at retirement.

Although we are not aware of any imminent changes, it is possible that regulations could change in the future, and these lump sums could become subject to tax (impacting on future lump sum payments, not those already paid, at the point introduced).

Are you able to take a slightly less pension and a larger lump sum?

Yes, within certain limits. Barnett Waddingham will contact you ahead of your retirement and options will be provided at this point.

Is the pension paid to out until the day we die?

Yes – pensions are paid for the remainder of your life.

When will I be contacted about my pension ahead of Normal Retirement Date?

Barnett Waddingham will contact you around 3 months ahead of your retirement date, which is the 31st July following your 65th birthday.

I don't have dependents, but I do have nominees for 'death in service'. Does this still apply if I am now in UBGPP but have a paid-up UBPAS pension?

While the primary “Death in Service” life assurance lump sum is no longer payable from the UBPAS scheme, there may still be some death benefits may be due from the Scheme. These can include a payment of the accumulated contributions that you paid to the scheme to your beneficiaries if you are a deferred member, or the balance of any outstanding pension payments if you have begun to receive your pension but die within the first 5 years of doing so. These lump sum death benefits are not paid automatically to your estate, but are paid as a discretionary benefit, at the discretion of the UBPAS Trustee.

To assist the Trustee in ensuring benefits are paid in line with your wishes, please ensure your Expression of Wish form is up to date by visiting https://logon.bwebstream.com/.

If you are a current University employee, then you are likely to also have a life assurance benefit from your current membership of the UBGPP. These benefits are considered entirely separately to those due under the UBPAS and therefore you should also ensure you have completed a separate expression of wish with Legal & General, who administer the UBGPP.

Would a spouse class as a dependent?

Yes – a spouse's pension is payable upon death.

Can we book time with a pensions colleague to help us work through registrations, settings and technical considerations (so non-financial advice questions)?

If you have any questions in the first instance, please raise these with Barnett Waddingham. If there is sufficient demand, the Trustee may run further webinars in the future, and can address specific topics of interest or common questions.

How can a defined benefit pension be higher or lower based on when you retire. Isn't the payment a fixed percentage of your wage?

As you are no longer actively contributing to the UBPAS, there is no longer a salary link for your benefits within the Scheme. The benefit you accrued at the date of the scheme closed to future accrual (31 December 2019) was a percentage of your earnings at that time (assuming you were an active member at that time). Since this date, your pension is known as a deferred pension, until such time that it comes into payment. Your deferred pension will increase in line with inflation over the deferred period until the pension comes into payment, as described in the answer to an earlier question. Your deferred pension will not be reduced, unless you elect to take early retirement, in which case your benefits will be reduced to take into account that the pension will be in payment for longer.

The University of Bristol are committed to paying contributions until 2031, what happens after that date?

The University of Bristol has a legal obligation to continue to support the scheme into the future, and cannot simply walk away from its commitments. The scheme is funded with an intention for sufficient assets to held by the scheme to meet all future benefit payments (both those currently in payment, and those still to come into payment). If the funding position, along with any agreed future contribution schedule, is found to be insufficient (whether before or after 2031), then the University and the Trustee will work together to agree a fresh contribution schedule to remove any shortfall in funding. The in-depth investigations into the scheme funding position are carried out at least every three years and we write to you annually to update you of the latest position.

Why have liabilities of the Plan decreased?

The liability is a calculation of how much money the scheme needs to hold today, in order to meet all future benefit payments due under the scheme. The calculation allows for future expected investment returns, which means that if we need to meet a pension payment of £100 in a year's time, then we may only need to hold £95 today (as an example) in order to be able to have sufficient money to meet this payment in one year.

In the last 12 months, we have seen expectations of future investment returns increase (inflation is part of this, although there are other factors in addition), and hence the amount that we need to set aside today in order to meet future pension payments has reduced.