

# GDST

GIRLS' DAY SCHOOL TRUST

## The GDST Flexible Pension Plan for Teachers

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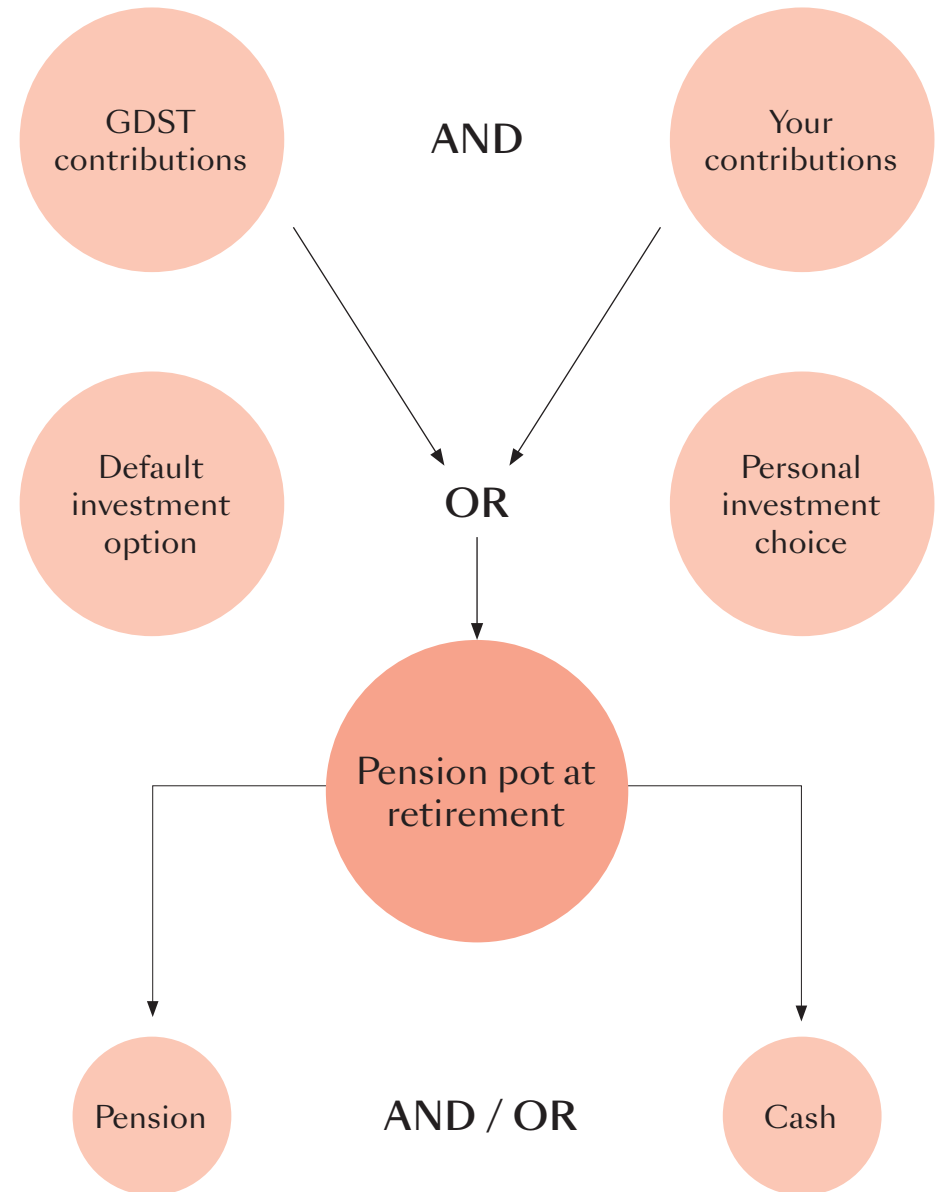
## Fact File

- A scheme where the contributions are defined, but the level of benefits isn't guaranteed is called a "Defined Contribution" (or "DC") pension scheme. Most people in the UK now save for retirement in DC schemes.
- The GDST Flexible Pension Plan is run and administered by the Aviva Master Trust. The Aviva Master Trust is an award-winning pension solution that is authorised by the Pensions Regulator. It is one of the largest pension providers in the UK.
- Master trusts are large pension schemes set up under trust for multiple employers.
- It is overseen by an independent board of Trustees.

## How do you build-up benefits in the GDST Flexible Pension Plan?

- Both you and the GDST pay contributions into the GDST Flexible Pension Plan. In this pension arrangement you decide how much you want to pay in pension contributions and how much you want GDST to pay into your pension. How much GDST pays in depends on how much you decide to contribute ([see page 7](#)).
- Pension contributions are deducted from salary before income tax is calculated. This results in any salary paid into a pension scheme being free of income tax.
- Most members pay contributions through salary sacrifice and make National Insurance savings, which result in slightly higher take-home pay.
- You can choose where to invest your contributions, from a range of options (a default arrangement applies if you do not wish to make a choice).
- Investment returns can increase and decrease over time.

The Normal Pension Age in the GDST Flexible Pension Plan is age 65, although benefits can currently be taken from age 55 (set to increase to 57 from 2028 and could potentially increase further). When you decide to retire, the amount you have built-up in the GDST Flexible Pension Plan forms part of your retirement income. The size of your pension pot depends on the amount of contributions paid in, investment returns, how you decide to take your income, and any service charges. How you take your income is up to you, and you could take advantage of all the flexibilities available to members in defined contribution schemes. These are described on [page 5](#).



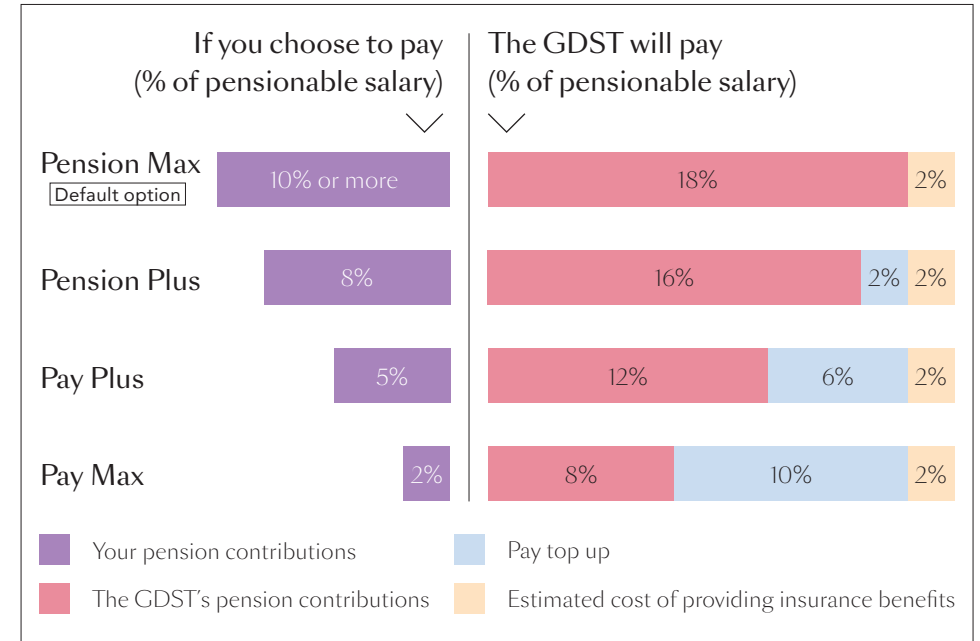
# The GDST Flexible Pension Plan for Teachers - more detail

The GDST Flexible Pension Plan is run and administered by Aviva who provide the investment platform for pension savings.

## How much do you pay to the GDST Flexible Pension Plan?

You have flexibility to choose between your take-home pay today and contributions towards your retirement. You can change your pension contribution level once per year, or when you experience significant life events.

The options are:



So, for example, if you choose to pay pension contributions of 10% or more of your pensionable salary, the GDST will contribute an additional amount equal to 18% of your pensionable salary into your pension – making a total contribution into your pension of 28% of your pensionable salary.

If you choose to pay less than 10% of your pensionable salary into your pension, GDST will contribute some of the 18% to your pension and the remainder will be paid as a top up to your salary. This pay top-up will be non-pensionable (that is, pension contributions will not be taken from this sum and the GDST will not pay pension contributions on it either) and, like your salary, it will be subject to income tax and National Insurance.

If you do not actively choose one of the pay and pension options, and do not opt out of the scheme, you will join at the "Pension Max" pay and pension option.

You can change your pension contribution level once per year, or when you experience significant life events.

## How might this look at different life stages?

These examples demonstrate how teachers could benefit from the flexibility offered by the pay and pension options by choosing the option that best suits their circumstances. It is also possible to make changes on a yearly basis, if their personal circumstances change.



### Ali is in her late twenties

and is paying back her student loan whilst also trying to save towards a deposit to buy a home. On the one hand, more take-home pay now could help with a mortgage application; on the other hand, she also knows that money put into a pension when you are younger has longer to grow, which may be better in the long term. Either way, it's her choice.



### Bhavika is in her thirties

with young children and a partner who works part-time. The decision is hers: she can opt to pay more into her pension, so she enjoys more financial independence when she retires; or she can opt to boost the family's income and help towards childcare, housing and car costs.



### Chris and their partner like to travel

and they want to be able to continue travelling after retirement. The different pay and pension options available in the GDST Flexible Pension Plan allow them to choose the right balance between income today and a safety net in their later years.



### Debs is divorced

and works part-time, having paid off her mortgage. She wants to ensure she has as much to retire on as possible, but also wants to be able to help her daughter with university costs. She can choose the pay and pension option that works for her. And if her circumstances change, she can change her option too.

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These are just examples; you can choose the pay and pension option that is best for you. You should consider the benefits and drawbacks of each option carefully before making a decision. You may wish to consider seeking independent financial advice before making any decision.

## How much money will you need to live comfortably when you retire?

The answer depends on when you choose to retire and the sort of lifestyle you want. As a rough guide, the Retirement Living Standards, based on independent research by Loughborough University, have been developed to help individuals to picture what kind of lifestyle they could have in retirement. The standards show you what life in retirement looks like at three different levels. Find out more at [retirementlivingstandards.org.uk](https://retirementlivingstandards.org.uk).

### Salary sacrifice

Under current HMRC rules, the contributions you make to an occupational pension are deducted from your salary before tax, meaning that for a basic rate taxpayer every £10 paid in effectively only costs £8, or £6 for a higher rate taxpayer.

In addition, within the GDST Flexible Pension Plan, you have the ability for your pension contributions to be paid using salary sacrifice. This is the default position, though you could choose not to pay your contributions this way if you wish. For most people, using salary sacrifice gives a slight increase in take-home pay whilst the same amount goes into their pension. This is because it reduces the amount of National Insurance that you pay. Please see the glossary for a full explanation of how salary sacrifice works.

## Additional benefits

We're also providing additional benefits. To give you protection:

- If you die whilst you're still building up benefits then 'death in service' benefits would be payable to your dependants.
- If you fall ill or have an accident and are unable to teach and/or work in any capacity.

### Investment options

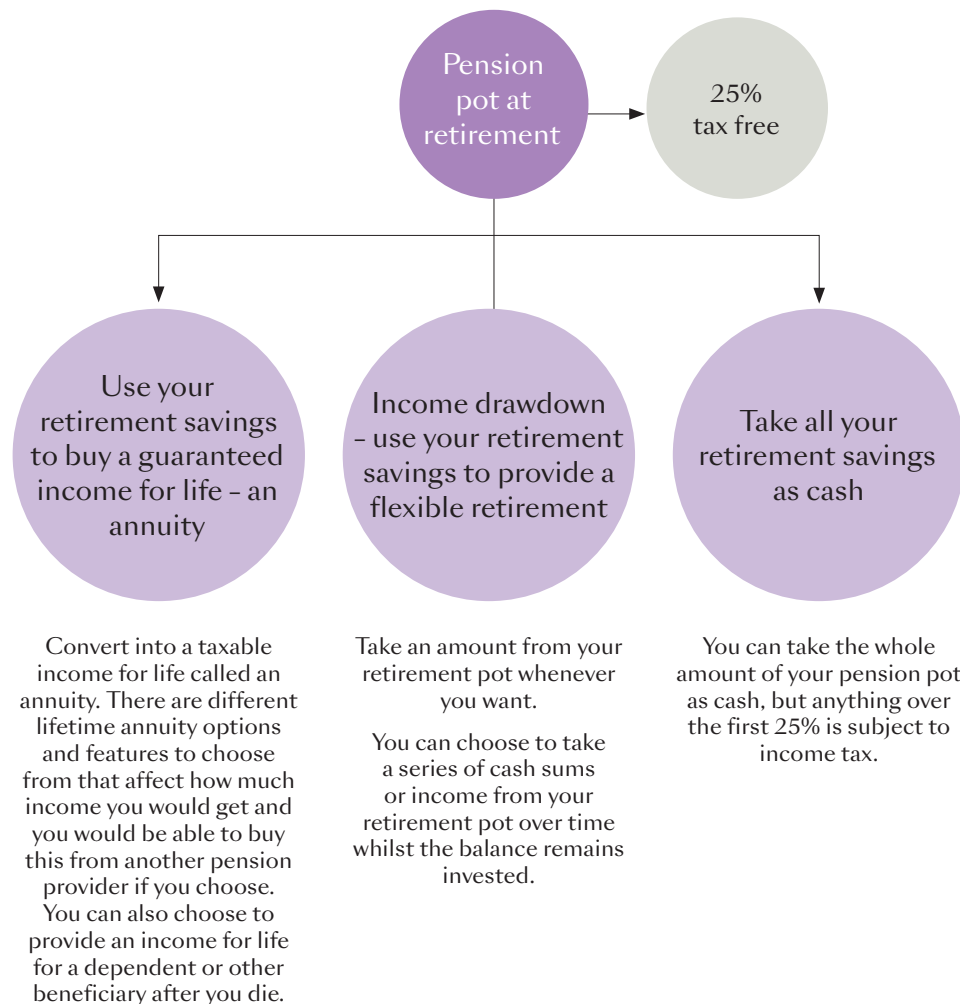
The default investment option is Aviva's "MyFuture" programme. This is a lifetime investment programme, which means that when you're a long way from retirement you're invested in assets that target a high level of growth, and as you approach retirement you're gradually moved to less risky assets.

The annual management charges for the default option are currently 0.27% of your fund per year – this is taken directly from your pot.

There is a range of other investment options available, and you can find out more about these (and the default investment option) by visiting the GDST Flexible Pension Plan website [workplace.aviva.co.uk/gdst-flexible-pension-plan](https://workplace.aviva.co.uk/gdst-flexible-pension-plan).

## Flexibility at retirement

Broadly, the benefit options available under the GDST Flexible Pension Plan are as follows:



You can use your retirement pot to do a combination of these options. Unless you buy an annuity, you would need to manage your money carefully to make it last for as long as you need it - once it runs out it is gone for good. Whichever option or options you choose, your pension benefits (above the 25% tax-free amount) would be taxed as income.

# Death and ill-health benefits

In addition to the pension itself, teachers who are members of the GDST Flexible Pension Plan also receive non-contractual Life Assurance and Income Protection benefits, subject to meeting the insurer's applicable terms and conditions. This is paid for by the GDST and worth approximately 2% of your salary per year\*.

In summary these benefits are as follows:

- x4 salary in the event of death in service
- Income protection up to 50% of scheme salary

\*until the earlier of death, retirement, ceasing to meet the definition of incapacity, ceasing to suffer from loss of earnings, end of fixed term contract, attaining benefit termination age, leaving service (except in cases of 'pay direct'), undertaking any form of employment without the insurer's agreement.

# Glossary of terms

## **Active member**

A member who is paying contributions.

## **Deferred member**

Someone who is no longer paying contributions into a particular scheme and has benefits, which they have not yet claimed.

## **Defined Benefit scheme**

A scheme where a pension is calculated based on a formula that considers both salary and service to guarantee a benefit in retirement (a bit like a salary in retirement).

## **Defined Contribution scheme**

A type of scheme where a member builds-up a pot of money, based on contributions paid and investment growth, that is used to provide benefits.

## **Normal Pension Age**

The age at which you can take your full pension without reduction for earlier payment.

In the GDST Flexible Pension Plan your Normal Pension Age would, by default, be age 65. However, you could change this at any time and the value of your savings wouldn't be reduced if you access them early (although you would have paid less in and had less time to generate investment returns).

## **Pensionable salary**

This is used to determine pension contributions and benefits.

DC Scheme: Pensionable salary is defined as basic salary plus allowances. Any pay top-up would not be pensionable salary.

## **Salary sacrifice**

If you participate in salary sacrifice, you give up the part of your pay that represents your personal contributions to a pension scheme. Your employer pays an equivalent amount to the pension scheme on your behalf. This benefits the individual and the employer as both make National Insurance savings. Most people would be eligible for salary sacrifice, but there are some exceptions, for example if it would reduce your earnings below the National Minimum Wage.

## Important notes

If there is a difference between these documents and the Regulations and/or Scheme Rules, the Regulations/Scheme Rules will prevail.

*Information in this document does not constitute legal, investment, financial or any other form of professional advice, nor a recommendation of a particular course of action.*

*We are not authorised to provide individuals with regulated financial advice. If you require this we recommend that you speak with a financial adviser whose advice falls under the jurisdiction of the Financial Services & Markets Act 2000 before making any financial or investment decisions. You can find a financial advisor near you by visiting the Money Advice Service website: [moneyhelper.org.uk](https://moneyhelper.org.uk).*

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