



## Guide for members

Career Revalued Benefits section

# About this guide

This guide summarises the benefits available under the Career Revalued Benefits section of the Universities Superannuation Scheme (USS).

Further detailed information is available on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

The website contains a lot of information including factsheets, Pensions TV programmes and modelling tools.

*The following symbols appear throughout this booklet to help you.*



*where this appears more information is available in the factsheets or booklets on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*




*where this appears a modeller is available on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



*where this appears you may need to complete a form – please see the back of this booklet.*

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## ○ What is the Career Revalued Benefits section?

There are two sections of the Universities Superannuation Scheme, the Final Salary section and the Career Revalued Benefits section. The Career Revalued Benefits section of the scheme was established on 1 October 2011.

The Career Revalued Benefits section is open to all new eligible employees who:

- join USS and have not previously been a member; or
- are rejoining USS and were previously a member of the Career Revalued Benefits section; or
- are rejoining USS and are no longer eligible for membership of the Final Salary section.

You are eligible for the Final Salary section if you:

- left USS before 1 October 2011, have deferred benefits and are rejoining before 1 April 2014; or
- left the Final Salary section after 30 September 2011 and are rejoining within 30 months of leaving.

Your employer will confirm if you are eligible to rejoin the Final Salary section.

# Main benefits of the Career Revalued Benefits section

There are a number of benefits of joining the Career Revalued Benefits section, including a pension at retirement, life cover and incapacity benefits.

## A regular income when you retire

You build up a pension of 1/80th of each year's salary. The pension is worked out each year based on your salary in that year. The value of each year's pension is then revalued up to the point you leave or retire as described under the 'Pension increases' section opposite.

## Tax-free cash

In addition to a pension you will, as standard, receive three times your gross pension as tax-free cash, with the option to take more or less cash and receive a lower or higher pension (within limits).

## Immediate life cover

If you die, whilst paying into the scheme, your beneficiaries will receive a lump sum of three times your annual salary and an income is payable to your spouse/civil partner and eligible children. An income may also be payable to a financial dependant if you are not married nor part of a civil partnership.

*Please see the 'Death in service' and 'Pensions for dependants' factsheets at [www.uss.co.uk](http://www.uss.co.uk)*



## Incapacity cover

If you are unable to continue working because of partial or total incapacity, you could receive a pension for life and a tax-free lump sum.

*Please see the 'Incapacity retirement' factsheet at [www.uss.co.uk](http://www.uss.co.uk)*



## Pension increases

Your pension increases while it builds up and in payment. The increases are linked to increases in official pensions paid to public sector employees like teachers, civil servants or NHS employees. USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%. So, if official pensions increased by 15% or more, USS increases would be 10% in that year.

## A significant contribution from your employer

Your employer pays a monthly contribution currently equal to 16% of your salary while you currently pay 6.5%. You get tax relief on your contributions at the highest rate of income tax you pay and you also currently pay a lower rate of national insurance, reducing the real cost to you even more.

## Pay more and get more

You can also choose to increase the value of your benefits by making regular Additional Voluntary Contributions (AVCs). On retirement, you can also boost your regular pension income by choosing to take a smaller lump sum; or you can take a larger lump sum and a smaller pension. You could even take some of your benefits and continue working reduced hours under the flexible retirement scheme with your employer's agreement.

## Early retirement

You can, depending on circumstances, retire and start receiving your pension before the scheme's normal pension age, subject to the USS early retirement terms. You can also choose to increase the value of your benefits or plan for an earlier retirement by making regular monthly or periodic extra payments called Additional Voluntary Contributions (AVCs).

## Take your pension with you

Moving from one USS member institution to another is straightforward. If you move to a non-USS employer, you can transfer the cash value of your USS benefits to another pension scheme or a personal or stakeholder pension. Or, you can simply leave it in USS and receive the benefits when you retire.

# Joining the Career Revalued Benefits section

Membership of USS is optional and costs you only 6.5% of your salary. USS is a substantial benefit which is in addition to your salary.

## Membership

Eligibility for membership and joining arrangements vary between institutions in membership of USS but usually all employees of an appropriate grade can join the pension scheme; including part-timers and those on fixed-term, or regular/variable-time contracts.

Membership is voluntary but, because of the substantial benefit of the employer's contribution over and above your salary, your employer will assume that you will join, unless you state otherwise in writing before you start your employment. If you change your mind, you can opt out without penalty within three months of joining. Some institutions do however require variable-time employees to opt into USS membership rather than joining automatically.

### What happens if I change my mind?

You can opt out of the scheme at any point, even if you haven't left employment. You must give 28 days' notice and the same conditions apply as though you had left employment. You will need to contact your employer directly and they will make the necessary arrangements.

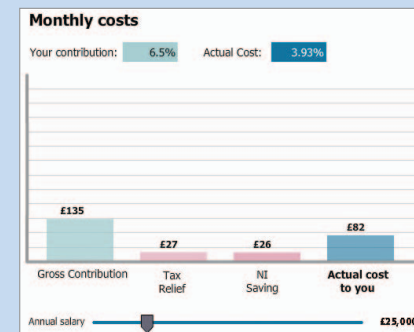
### What will it cost me?

You are required to pay 6.5% of your salary into the scheme as a contribution towards the benefits. You will receive tax relief on this contribution and you will pay less national insurance as the scheme is contracted-out of the state second pension. This means you do not build up any state second pension during your membership.

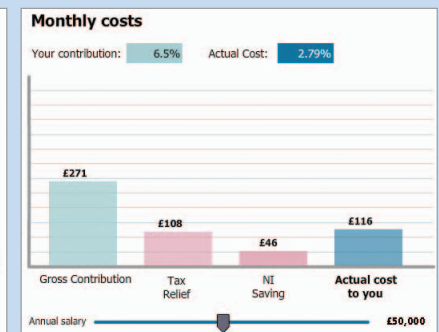


The effect of tax relief and the fact you pay less national insurance means the net cost to you is substantially lower than 6.5%.

*The two examples below show the real cost of contributing to the scheme and are taken from the 'Cost of contributions' modeller available on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



So, based on a salary of £25,000 a year the actual cost from take-home pay is 3.93%.



For a higher-rate tax payer, on a salary of £50,000 a year, the cost from take-home pay is only 2.79% of salary.

Your employer is committed, together with all the other member institutions, to making contributions that will ensure that the value of the scheme is sufficient to meet its future pension payment obligations.

However, the rate of contributions made by you and your employer is not fixed. The overall contribution rate is determined by the Trustee Company on the basis of independent actuarial advice. It reflects what is needed to ensure that USS meets members' benefit entitlements. Should there be a requirement to change rates in the future then such changes are shared at the ratio of 35:65 between members and employers, although the minimum member contribution will be 6.5% of salary. Normally, contribution rates are reviewed at each actuarial valuation, which must occur at least every three years.

**'The effect of tax relief and the fact you pay less national insurance means the cost to you is substantially lower than 6.5%.'**

# Salary sacrifice

Your employer may operate a salary sacrifice arrangement for pension contributions. This means that your employer pays your contributions on your behalf.

## What are the implications of 'salary sacrifice' arrangements for pension contributions?

Under current HM Revenue & Customs (HMRC) rules, employers may operate 'salary sacrifice' arrangements to provide various benefits.

## What is salary sacrifice?

Members who make contributions through salary sacrifice could make additional national insurance savings. This is because their salary is reduced by the value of their pension contributions as the contributions are made by their employer on their behalf. This means they see an increase in their take-home pay. Since 1 April 2007, the Trustee Company has allowed USS institutions to introduce salary sacrifice in respect of the ordinary USS contribution paid by members, normally 6.5% of salary.

The most common example of a salary sacrifice arrangement in the recent past has been childcare voucher schemes. However, other benefits may be included and HMRC provide a full list of benefits that can be included under such an arrangement. Your employer will be able to provide you with full details if they operate any salary sacrifice arrangements.

Please note that a salary sacrifice arrangement will have no effect on the amount of your salary for pension purposes in any calculations and the employer must continue to pay the full value of pension contributions based on the salary before any sacrifice is made. However, you would not be able to take a refund of

the contributions paid on your behalf by your employer if you left the scheme within two years of joining. See page 19 for further information about your options on leaving.

*Please see the 'Salary sacrifice' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



**'Members who make contributions through salary sacrifice could make additional national insurance savings.'**

# Calculating your retirement benefits

Your pension builds up each year that you are a member of USS and is based on your salary in that year. You also receive tax-free cash on retirement.



Your pension builds up gradually over time and is calculated each year\* as:

## 1/80th x salary for each year of membership

At the end of each year, your pension for that year is calculated and 'banked'. The following year you add the pension you banked in the previous year to 1/80th of that year's salary and so-on.

The value of your 'banked' pension is revalued each year as explained under the 'Pension increases' section on page 11.

## How does it work?

The following example is based on a member with exactly four years' service with a salary in year one of £40,000, rising to £45,000 in year four.

So, after four years' membership in the Career Revalued Benefits section, the member has built up a pension of £2,131.25 a year. To calculate the final pension, the effect of the increases to official pensions must be added to the figures. We have used example rates e.g. 2% is represented by 1.02.

Therefore, the total pension after four years is worth £2,196.45 a year at the date the member leaves.

### Pension earned each year

	Pension calculation	Pension for year	Banked pension
Salary in year			
£40,000	$1/80 \times £40,000$	£500.00	£500.00
£42,000	$1/80 \times £42,000$	£525.00	£1,025.00
£43,500	$1/80 \times £43,500$	£543.75	£1,568.75
£45,000	$1/80 \times £45,000$	£562.50	£2,131.25
<b>Total annual pension</b>			<b>£2,131.25</b>

### Revaluation of pension each year

Pension for year	Inflation calculation	Banked pension
£500.00	$£500.00 \times 1$	£500.00
£525.00	$(£500.00 \times 1.02) + £525.00$	£1,035.00
£543.75	$(£1,035.00 \times 1.03) + £543.75$	£1,609.80
£562.50	$(£1,609.80 \times 1.015) + £562.50$	£2,196.45
<b>Total annual pension</b>		<b>£2,196.45</b>

\*Year is 1 April to 31 March annually.



## Members working part-time

The calculation of benefits is the same as for full-time, but your actual part-time salary will be used to calculate your benefits. Life cover is calculated as three times your actual part-time salary at the date of death.



## Tax-free lump sum

Your standard tax-free cash lump sum is equal to three times your pension. The actual formula is 3/80ths of your salary each year, increased each year as described on page 9.

It's far easier to work out your pension first and then simply multiply that figure by three.

So, in the example on page 9, the tax-free lump sum would be:  
 $£2,196.45 \times 3 = £6,589.35$ .

You can elect, within limits, to take more tax-free cash and accept a lower pension, or take less (or no) tax-free cash and receive a higher pension.

HMRC sets the maximum tax-free cash you can receive as 25% of the 'capital value' of your pension. Sounds simple but it's not. You need to convert your annual pension into a capital value and add to that the amount of tax-free cash you are taking (this is the figure you want to know!) and any Prudential AVCs you have. You don't have to take the full 25% – the amount you choose to take depends on your personal circumstances.

The multiple used to work out the capital value of your pension is 20.

### How does this work?

Pension =	$£2,196.45 \times 20$	=	£43,929
+			
Tax-free cash			£6,589.35
Capital value		=	<u>£50,518.35</u>

The maximum tax-free cash available is approximately 25%

25% of £50,518.35 = £12,629.59

In the example above, if you took the maximum tax-free cash of £12,629.59, your pension would then be reduced as you have 'cashed in' part of your annual pension to take the extra tax-free cash.

*Please see the 'Tax-free cash options at retirement' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



**'Your standard tax-free cash lump sum is equal to three times your pension.'**



## What pension increases can I expect to get?

USS pensions in payment (including pensions for spouses, civil partners, dependants and eligible children) and deferred pensions are reviewed each year and increases are linked to increases in 'official pensions', paid to public sector employees such as teachers, civil servants or NHS employees.

Currently, the annual increases to official pensions, usually effective from each April, are linked to changes in inflation over the 12 months up to the previous September. Your pension will not be decreased during periods of negative inflation.

USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5%, then USS will pay half of the difference up to a maximum increase of 10%. So, if official pensions increased by 15% or more, USS increases would be 10% in that year.



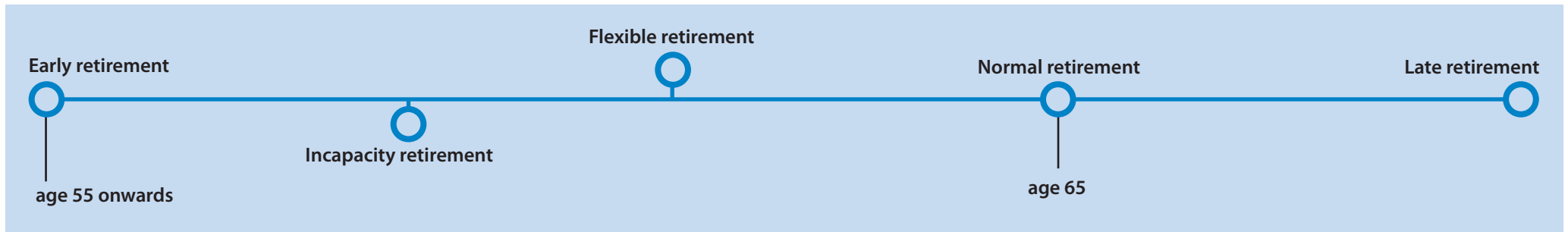
## I have benefits in the Final Salary section of the scheme – what happens to these benefits?

Earlier benefits in the Final Salary section will remain in that section of the scheme and are treated as deferred pensions. Each benefit will be calculated separately at retirement and then added together to provide you with a single pension. It may be possible for you to convert your Final Salary benefit into pension credit in the Career Revalued Benefits section. Please refer to the Leaver Guide for the Final Salary section, which explains how your benefits will be increased in the future and what other options you have.

**'USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5%, then USS will pay half of the difference up to a maximum increase of 10%.'**

# When can I retire?

The normal pension age in USS is currently 65. However, you could retire before or after this age.



## Normal retirement

The normal pension age (NPA) in USS is 65. If you retire at age 65, you are entitled to take your full pension at your NPA.

The NPA in USS will increase in the future, broadly in line with increases to the state pension age for men and women. The government has already proposed that the state pension age for men and women will increase to 66 from April 2020. This will become the USS NPA from that date. The impact on members is that benefits for service after April 2020 will be reduced if they retire before age 66. The same principle will apply to any further increase to state pension age in the UK.

## Early retirement

If you want to retire before the NPA, it may be possible under the scheme's early retirement terms. The earliest age you can retire is 55.

If you retire before the scheme's NPA (excluding retirement due to ill health), any pension you receive will be reduced because taking your benefits early means they will be paid for a longer period of time.

The early retirement reduction is currently approximately 4% for each year you take your benefits before the NPA.

Additionally, the early retirement reduction applies to any benefits transferred to USS from another scheme.

### How does this work?

If you retire at age 60, this is five years earlier than the current NPA of 65. Your benefit reduction =  $4\% \times 5 = 20\%$ .

Therefore your pension will be approximately 80% of the full pension, built up at age 60.

If you have purchased additional pension through the USS AVC scheme, the reduction (of approximately 4% each year) will also be applied to the extra pension you have purchased up to the point you retire.

## Late retirement

You can choose to retire later than the NPA, and elect to continue to pay into USS and build up further benefits. If you continue to pay into USS then your employer must also make their contribution. Any pension benefit built up at age 65 will be increased for each month later than age 65 that it is taken. This increase is currently 0.5% for each month later than age 65.

When the NPA increases in future this increase will apply in two ways:

- benefits built up before April 2020\* will receive the increase if you retire later than age 65; and
- benefits built up after April 2020\* will receive the increase if you retire later than age 66.

The same principle will apply if/when the scheme's NPA increases in the future.

\*April 2020 used as an example, increase to state pension age not confirmed at time of printing.

## Flexible retirement

You could, with your employer's agreement, opt for flexible retirement. You can take up to 80% of your USS benefits as long as you agree to reduce your hours and salary by at least 20%. You are able to take your pension in two stages and continue working. Your pension will be reduced for early payment if you are taking it before the scheme's NPA.

'You can choose to retire later than the NPA, and elect to continue to pay into USS and build up further benefits.'



## Incapacity retirement

If you are unable to continue working because of partial or total incapacity as a result of long-term illness or injury, you could receive a pension for life and a tax-free cash lump sum.

The pension you receive will depend on whether you retire on the grounds of partial or total incapacity.

Under partial incapacity you will become entitled to a non-enhanced incapacity pension and lump sum based upon your pension to date of retirement.

Under total incapacity, an enhanced incapacity pension and lump sum will be paid.

In this case your pension will be enhanced based on the pension earned in the scheme to date, plus the pension you could have earned had you remained in the scheme to age 65 or to 40 years service if less.

To do this we work out the pension you had at the point of retirement. We then work out what pension you had built up during the last 12 months' service. Your future pension is assumed to be your future service, to age 65 (or to 40 years service if less), times the last year of pension.

### How does this work?

Following on from the example on page 9, the member's pension was £2,196.45 a year, based on four years' membership and the pension built up in the last 12 months' service was £562.50 a year. The member has 20 years until they reach age 65.

If the member retired due to total incapacity, the enhanced pension would be the pension built up so far, plus 20 times the pension earned during the final 12 months' service.

$$= £2,196.45 + (20 \times £562.50)$$

$$= £2,196.45 + £11,250 = £13,446.45 \text{ a year}$$

However, a minimum of two years' active membership in USS or any comparable scheme in the employment of the same employer, normally continuous with USS service, is required to qualify for incapacity benefits. Special conditions apply to members who had a break in service within the last two years and those who were known to have a medical condition when they joined the scheme.

*Please see the 'Incapacity retirement' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



# Protection in the event of your death

You are covered by a package of protection in the event that you die whilst paying in to the scheme.



## Lump sum payment

Every member of the scheme benefits from life cover equal to three times their salary from day one of membership. This is paid tax free at the time of death to a beneficiary nominated by you.

*Complete an 'Expression of Wish' form to let us know where that lump sum should be paid. A form is available at the back of this booklet or on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



You can decide who you wish to leave your lump sum payment to but the trustees must use their discretion in deciding where the lump sum is paid. Don't worry though, in the vast majority of cases the trustees will simply follow your wishes; there would need to be very good reasons for them to go against your wishes. Because it's paid at the discretion of the trustees it does mean that this lump sum will not form part of your estate for inheritance tax purposes and so is paid tax free to your beneficiary.

'Every member of the scheme benefits from life cover equal to three times their salary..'



## Pensions for dependants

If you are married or part of a civil partnership, your spouse or partner is automatically entitled to receive a spouse's pension from USS.

The pension is 50% of the pension you would have received had you been able to continue in the scheme until age 65. To do this we work out the pension you had at the point of death, then add your potential future pension. To work out your future pension, we calculate what pension you had built up during the final 12 months' service. The future pension is then assumed to be your future service, to age 65 up to a maximum of 40 years' service, multiplied by the last year of pension.

### How does this work?

Following on from the example on page 9, the member's pension was £2,196.45 a year, based on four years' membership and the pension built up in the final 12 months' service was £562.50 a year. The member had 20 years until they reached age 65.

If the member died then the pension would be:

$$50\% \times (\pounds 2,196.45 + (20 \times \pounds 562.50)) = \pounds 6,723.22 \text{ a year}$$

Your spouse or partner would receive an income for the rest of their lives of £6,723.22 a year. This pension would increase each year in the same way as described on page 11. If you are not married nor part of a registered civil partnership, then a pension may be payable to a 'financial dependant' at the discretion of the Trustee Company.

*To nominate a financial dependant, please complete and return a 'Registration of potential dependant' form, available in this booklet or on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



## Children's pensions

In addition to a spouse's or dependant's pension, an income of up to 75% of your pension at age 65 could be payable to eligible children.

If there are two or more eligible children, they will share a total income of 75% of your potential pension at age 65. If there is only one eligible child, the value is half this figure.

An eligible child is a person who is:

- your lawful child (including any not yet born)
- legally adopted by you
- a natural child or a stepchild; or
- any other child accepted by you as a member of your family who is financially dependent on you.

Children's pensions are payable until age 18, or age 23 if they remain in full-time education or training approved by USS.

### If I have no dependants, what happens?

If you are not married or in a civil partnership and have no dependants except children, their pensions would be increased by a third and if you have no dependants the lump sum may be increased depending on your age.

# Increasing your benefits

The Career Revalued Benefits section is a good start for saving towards your retirement. However, you may want to increase your benefits even further.

## ○ Saving more in the Career Revalued Benefits section

For many it's difficult to build up a big enough pension, perhaps because of short service in the scheme or more money is needed than the standard benefits provide.

You can make extra contributions, which attract tax relief, to either buy extra benefits or use the extra contributions to invest in a Money Purchase Additional Voluntary Contributions (AVC) facility with Prudential.

## ○ Buying extra benefits

*By using the 'Revalued Benefits AVC modeller' on [www.uss.co.uk](http://www.uss.co.uk), you can get an idea of how much extra benefit you can buy by increasing your contributions.*



You can purchase extra benefit by making a lump sum or regular, flat rate monthly contributions. However, you are limited to a maximum total contribution of 15% of your annual salary (at the time you take out the contract), in addition to your standard contribution to the scheme.

If you do purchase extra benefit in this way you will also, as standard, receive three times that pension as a tax-free lump sum at retirement and any potential benefits on your death or incapacity may also increase.

## ○ Money Purchase AVCs

Money Purchase AVCs are a different way to save towards buying a bigger pension at retirement or to provide you with a greater tax-free lump sum.

The Money Purchase AVC is an arrangement run for USS by Prudential. It is, however, a USS arrangement. You open an account with Prudential and choose which type of investment fund(s) you would like to invest in. You then choose what to do with your account at retirement – either buy a pension (on the open market or from USS) or within limits, take it as a tax-free lump sum.

*Please see the 'Additional Voluntary Contributions (AVCs)' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



**'You can make extra contributions, which attract tax relief..'**

# Transferring benefits

If you have benefits in another pension arrangement, you may be able to transfer them into USS.



## What am I able to transfer-in?

You can transfer benefits from any pension scheme that has been approved by HMRC into USS. Generally speaking, this includes most schemes offered by an employer as well as personal pensions. The only type of pension scheme you are not able to transfer into USS is called a Free-Standing AVC. You may also be able to transfer overseas pension arrangements into USS, although you should be aware that it is not possible to transfer state pension benefits.

There are special arrangements if you have benefits within a public sector pension arrangement. This arrangement is called the transfer club. To benefit, you need to have started the transfer process within two years of joining USS. You should also be aware that some club schemes insist you do this within 12 months of joining another club scheme.

If you make a transfer under the transfer club terms, the extra service you receive in USS will be calculated on the Final Salary basis. So, when you retire, your main Career Revalued Benefits section benefits will be calculated separately and your transferred-in service will be calculated using the Final Salary formula. The reason for this is that the transfer club guarantees that the transfers provide 'equal value' in the receiving scheme. Therefore, the receiving scheme must provide the transfer on a Final Salary basis.

For transfers not calculated on the transfer club basis, you will receive in USS an additional amount of benefit in the year you make the transfer. This benefit then adds to the benefits you have already built up in the scheme.

There is a transfer request form included at the back of this booklet and available on the USS website or speak to the pensions contact at your employer.

*Please see the 'Transfers to USS' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



**'You can transfer benefits from any pension scheme that has been approved by HMRC into USS. Generally speaking, this includes most schemes offered by an employer as well as personal pensions.'**

# What happens if I leave the scheme?

If you leave the scheme, either by ending employment or withdrawing from the scheme, depending on the amount of service you have upon leaving, there are various options available to you.



If you have less than two years' qualifying service, you may choose any one of the following:

1

a refund of your own contributions, less statutory deductions of tax and national insurance, or

2

a deferred pension and lump sum in USS based on the value of your contributions to the scheme, or

3

a transfer of the value of your benefits to another approved pension arrangement.

If you have over two years' service, option one is not available to you and your pensions and lump sum benefits will be calculated as described on page 9.

If you have contributed to USS through 'salary sacrifice', you will not be entitled to a refund of contributions for the period of any sacrifice as these will have been paid for you by your employer as part of the arrangement.

Please note that if you transferred benefits from a personal pension into USS, you will not be able to receive a refund even if your service, including the transfer, is less than two years.

## If I rejoin, which section of USS will I be eligible for?

There are two sections in USS – the Final Salary section and Career Revalued Benefits section. If you are already a member of the Career Revalued Benefits section, then you will rejoin that section.

# Are there any limits to how much I can save?

You can increase your benefits from USS with AVCs or transfers but HMRC do impose some limits.



## Tax limits

All of your contributions, including any AVCs, are currently eligible for tax relief at the highest rate of tax that you pay. You can pay up to 100% of your available gross pay in any one tax year into pension schemes and receive tax relief on these contributions. Retirement lump sums are paid tax free. Tax is payable on all pensions, unless your tax inspector advises us otherwise.

HMRC sets a limit on the maximum amount of benefit you can build up in a single year, called the Annual Allowance. There are also limits on the maximum value of your benefits at retirement, called the Lifetime Allowance and a limit to the amount of tax-free cash you can take at retirement.



## The Annual Allowance

The Annual Allowance is currently a capital value of £50,000 a year. The increase in value of your pension from 1 April to 31 March each year is calculated and converted to a capital value, using a multiple of 19. The value of your pension at the start of the year is increased in line with the rise in the Consumer Prices Index as part of the calculation. You then add to this any contributions you have paid into what's called a 'Money Purchase' scheme. Examples of this type of scheme are personal/stakeholder pensions, Free-Standing AVCs and the USS Money Purchase AVC, administered by Prudential. If the capital value is over £50,000, then a tax charge is applied.

Use the 'Benefit modeller' on the USS website at [www.uss.co.uk](http://www.uss.co.uk) to see if you are affected.



## How does this work?

Annual pension at start of year = £1,500 (increased in line with the rise in the Consumer Prices Index – assumed 3% for this example)

Annual pension at end of year = £2,000

+

USS Money Purchase AVCs made in year = £1,200

Increase in pension over the year is:

$[(£2,000 - (£1,500 \times 1.03)) \times 19] + £1,200 = £9,845$

In this example the amount is well below the Annual Allowance. If it was above the Annual Allowance you add the excess amount to the amount of income on which you actually pay tax.

The amount of pension saving:

- below your higher rate limit will be taxed at 20%
- over your higher rate limit will be taxed at 40%
- over your additional higher rate tax band will be taxed at 50%

It is up to you to report to HMRC if you think you have exceeded the limit. Your USS benefits are measured over what is termed a 'pension input period'. For USS this is 1 April to 31 March each year.

If you do exceed the limit in one year, you are able to use any amount of unused Annual Allowance from up to the previous three years, meaning in most cases this limit only affects members with higher than average salaries and a lot of service in the scheme.



## The Lifetime Allowance

The Lifetime Allowance is currently £1.8 million (reducing to £1.5 million from April 2012). To exceed £1.5 million you would need to have built up a pension in USS of just over £65,000 a year.

*For further information, please see the 'Limits to tax relief and tax-free benefits' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



'HMRC sets a limit on the maximum amount of benefit you can build up in a single year, called the Annual Allowance.'

# Useful information

Here you can find the answers to frequently asked questions about USS. You can find more information on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

## I have more than one job with more than one employer, how does this work?

You earn a pension each year based on 1/80th of your salary for each employment which are added together to create your total pension.

## I am a variable-time employee, how does this affect my pension?

You earn a pension based on whatever you paid into the scheme in respect of your variable-time employment each year. If you have a regular employment too the pensions will be added together.

### How does this work?

So, if you paid a contribution in respect of your variable-time employment of £500 in a particular year, we would first work out your salary for that contribution, which would be:

$$£500 \div 6.5\% = £7,692.30$$

Your pension would then be:

$$1/80 \times £7,692.30 = £96.15 \text{ a year}$$

This pension is then added to any other pension from any other eligible employment that you had earned that year.

## What will I get from the state?

The benefits you get from USS are in addition to your state pension or any benefits you may also be entitled to from the state social security system. For details on your state pension entitlements visit [www.thepensionsservice.gov.uk](http://www.thepensionsservice.gov.uk)

## Can I assign my benefits?

You may not assign or charge your benefits under USS or use them as security for a loan.

## What is the normal pension age?

The normal pension age is currently 65. It is due to increase to 66 from April 2020, for service after that date. Future increases are likely to be in line with increases to state pension ages.

## How is pensionable service calculated?

Pensionable service is the time you are in membership of the scheme in a USS pensionable post but excluding breaks and periods of suspension.

## What is my pensionable salary?

Pensionable salary is your annual total salary for pension purposes, taking into account any additional pensionable payments that may be included.



## What happens if my marriage or civil partnership ends?

Your benefits under USS may be subject to a Court order requiring the Trustee Company to set aside part of your retirement and/or death benefits under USS for the benefit of your former spouse or civil partner. In 2000, legislation introduced a new method of dividing pension rights in the event of divorce or annulment of marriage, and it has been extended to cover the dissolution and annulment of civil partnerships. The options available on the breakdown of a marriage or civil partnership now include:

- **Offsetting** – valuing your pension rights along with other matrimonial assets – to enable a financial settlement to be achieved.
- **Earmarking** – part of your pension on retirement is ‘earmarked’ by a Court order to be paid to your former spouse or civil partner.
- **Pension sharing** – the Court requires the Trustee Company to value your pension rights at the time of divorce, annulment or dissolution, and to divide your pension providing you and your spouse or civil partner with a ‘clean break’.

The Trustee Company reserves the right to recover from you (and where permitted, your former spouse or civil partner), certain costs it incurs in relation to providing information in connection with an impending divorce, annulment or dissolution, or complying with a Court order.

Please contact the Trustee Company for further information.

# Information about USS

USS is the occupational pension scheme for the Higher Education sector. In this section, you can find out more about the scheme.

## What's special about USS?

USS is the pension scheme provided by more than 390 UK universities and higher education and research institutions. It was established collectively by universities in 1975 and is one of the largest pension schemes in the country.

USS is a large centralised 'defined benefit' pension scheme which provides excellent benefits for your retirement and protection in the event of your death or incapacity.

Universities Superannuation Scheme Ltd (the Trustee Company) manages the scheme and has a board of directors comprising four appointed by Universities UK (UUK). Three directors are appointed by the University and College Union of whom at least one must be a USS pensioner member. One director is appointed by the Funding Councils. A minimum of two and a maximum of four directors are co-opted directors, appointed by the Trustee Company with the prior approval of the Joint Negotiating Committee. The Trustee Company is authorised and regulated by the Financial Services Authority.

There are:

- no shareholders (and, therefore, no dividends to pay out)
- no commission charges
- no set-up administration charges
- no exit fees to pay if you transfer your pension somewhere else

## The small print

Government legislation requires that all pension schemes provide members with certain essential information. Much of this has already been mentioned in this booklet, but for absolute clarification, USS is a registered, contracted-out, defined benefit scheme. As a member of a contracted-out scheme, you pay reduced national insurance contributions and do not accrue benefits in the state second pension (formerly SERPS). If you take a refund of your USS contributions, a proportion of this will be used to buy you back into the state second pension. Unless you have only been a member for three months or less, you need to give at least 28 days' notice in writing to your employer and the Trustee Company to opt out of the scheme.

## USS Annual Report and Accounts

Copies of the scheme's annual report and accounts are available from the Company Secretary at the Trustee Company or on the USS website. A summary of the annual report is sent to every member in a document known as the Members' Annual Report.

## Amendment and termination

The Trustee Company may amend the rules of USS at any time. No such amendment can prejudice your accrued rights under USS and any amendment requires the consent of the Joint Negotiating Committee and the Funding Councils.

If USS is discontinued, the assets will be used for the benefit of the members and their dependants in accordance with the trust deed and rules.

USS is a funded defined benefit pension scheme, contributions being made by the members and participating employers. These contributions are invested to provide your future benefits. The funding position of the scheme is reviewed on a regular basis and employers and members would be required to contribute additional amounts on a 65:35 split if the scheme funding level was found to be not sufficient.

Your employer's ability to contribute is limited by its own funding which in many cases ultimately is provided by central government through the Funding Councils. Even in the event of your employer's insolvency, the benefits due for your past service are covered by the scheme as a whole, unless USS is being fully wound up.

## Pension Protection Fund

The Pension Protection Fund (PPF) is a statutory fund set up under the Pensions Act 2004 and run by the Board of the PPF, a statutory corporation established by that Act.

Its function is to pay compensation to members and pensioners of eligible defined benefit schemes (like USS) when the employers who contributed to them have gone out of business with insufficient assets to enable the schemes concerned to meet levels of pension benefit prescribed by law.

The PPF is financed by a compulsory levy on all eligible schemes, including USS.

## Data Protection

The Data Protection Act 1998 regulates the way in which personal information can be held and processed. The Trustee Company has to comply with the Act. The Trustee Company holds information about each member for the purposes of administering USS and calculating the benefits due under it. The Trustee Company does not disclose this information except, for example, to scheme advisers in accordance with these purposes. The Trustee Company also makes sure that the information held about you is kept securely and ensures that this is also the case if the data is passed on to someone else.

It is important that the information the Trustee Company holds about you is kept up to date. If you have any queries about the Data Protection Act, you should contact the Data Protection Officer at USS.

## Pensions TV

Another valuable source of information, as well as the printed guides and factsheets, is Pensions TV. Go to the USS website at [www.uss.co.uk](http://www.uss.co.uk) to view.

## Resolving a query or dispute with the Trustee Company

We aim to solve any problems quickly. If your employer cannot deal with the issue, get in touch with us at:

Universities Superannuation Scheme Ltd,  
Royal Liver Building,  
Liverpool  
L3 1PY

Tel: 0151 227 4711 / 0845 068 1110 (local rate call charge number)  
Fax: 0151 236 3173

We have a formal disputes procedure if a problem cannot be resolved to your satisfaction. This is a two stage process.

In the first instance your complaint should be addressed to:

Pensions Operations Manager  
Universities Superannuation Scheme Ltd  
Royal Liver Building  
Liverpool  
L3 1PY

In normal circumstances you will receive a full response within two months of your query.

If you are still dissatisfied with this response, you will be entitled to refer the matter to a special sitting of the Advisory Committee (augmented by two directors of the Trustee Company) within six months of receiving it. The second stage determination will be delivered to you, where possible, within two months.

It is hoped that any disputes that may arise can be resolved through the internal disputes resolution procedure. In addition, however, the USS Advisory Committee normally meets three times a year. It has six members, three appointed by the University and College Union and three appointed by Universities UK. The committee's function is to assist in the smooth and efficient running of USS. The committee advises the Trustee Company on powers and discretions which it can exercise under the rules of USS and considers any difficulties which arise in implementing or applying the rules and advises any action which may be appropriate. The committee provides a direct, accessible route to the Trustee Company and it welcomes any comments, suggestions, complaints or feedback from members, beneficiaries or institutions.

We strongly recommend that you first use the dispute procedure or direct your complaint to the Advisory Committee. However, if these methods do not provide a resolution of your dispute, the following bodies are available to advise you:

### **The Pensions Advisory Service (TPAS)**

TPAS is available at any time to assist members and beneficiaries in connection with any pension query they may have, or any problem which remains unresolved. The address to write to is:

TPAS  
11 Belgrave Road,  
London  
SW1V 1RB

Tel: 0845 601 2923

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

### **The Pensions Ombudsman**

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred to in accordance with the Pensions Scheme Act 1993.

The address to write to is:

The Pensions Ombudsman  
11 Belgrave Road,  
London  
SW1V 1RB

Tel: 0207 630 2200

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)



### **Pension Tracing Service**

This is a central register to help people trace details of pension schemes with which they may have lost contact over the years. USS details are with the registrar whose address is:

Pension Tracing Service  
Tyneview Park,  
Whitley Road  
Newcastle-upon-Tyne  
NE98 1BA

Tel: 0845 600 2537



### **The Pensions Regulator**

The Pensions Regulator is a body of which enforces the law on occupational pensions. Its address is:

The Pensions Regulator  
Napier House,  
Trafalgar Place  
Brighton,  
East Sussex  
BN1 4DW

Tel: 0870 606 3636

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

# Definitions



## Eligible child

(born or unborn) who is your lawful or adopted child or your dependent natural child or stepchild or accepted by that person as a member of the family or is a dependent lawful, natural or legally adopted child of a surviving civil partner and is:

- under the age of 18, or
- over the age of 18, but
- unable, owing to ill-health, to be in full-time education or self-supporting, or
- over age 18 but under age 23 and in full-time education or training approved by the Trustee Company.



## Normal pension age

This is currently age 65. It is linked to the state pension age and will increase as and when increases to the state pension age are made.



## Pensionable service

is normally the number of years you have worked with one or more employer participating in USS.

There are special provisions, however, if you:

- hold more than one pensionable post with one or more such employer
- are seconded to another employer
- work part-time.



## Qualifying service

is normally the calendar period you have been a member of the scheme counted at its full-time rate regardless of any part-time service.

It will include any period of contributory absence and your calendar service in another pension in respect of which a transfer value has been paid to USS. It will not include any non-contributory absence.



## Standard pension

is the pension payable at retirement before any adjustments have been made to take more or less tax-free cash in exchange for pension.



## State pension age

Historically state pension age has been 60 for women and 65 for men, however, they are changing:

- Between 2010 and 2020 women's retirement ages are increasing to 65
- From April 2020 retirement ages for men and women are proposed to increase to age 66 and further increases are likely.



### **Trustee Company**

is Universities Superannuation Scheme Limited, the body responsible for administering the scheme and for settling any questions relating to the amounts of benefits.



### **Universities Superannuation Scheme Ltd**

is the Trustee Company, the body responsible for administering the scheme and for settling any questions relating to the amount of benefits.



### **Variable-time employee (VTE)**

is an employee of an institution, none of whose eligible employment by that institution is remunerated either by a fixed annual salary or in such a way that it would be reasonably practicable for a part-time service fraction to be determined.

*Please see the 'Variable-time employees' factsheet at [www.uss.co.uk](http://www.uss.co.uk)*





# Notes



# Notes



# Notes

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For USS use only: Joiner / EoW



## Expression of Wish

### Member details

National insurance number

Initials

Title

\_\_\_\_\_

### Institution details

Full name of employing institution

\_\_\_\_\_

### Beneficiary or Beneficiaries

Name

Relationship to member

Proportion %

Address

\_\_\_\_\_

Name

Relationship to member

Proportion %

Address

\_\_\_\_\_

Name

Relationship to member

Proportion %

Address

\_\_\_\_\_

### Alternative wishes

If the above (or any of them) predecease me, I wish the Trustees Company to consider the following:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Data protection

Universities Superannuation Scheme Ltd (the Trustee Company) takes its obligations under the Data Protection Act 1998 seriously and has appropriate procedures in place to ensure that your rights under that Act are protected. The information provided on this form will be used by the Trustee Company for the purpose of administering your pension e.g. calculating the benefits due from USS. In the course of processing the information for this purpose, the Trustee Company may disclose your personal data to legal advisers it has appointed. By completing this form and submitting it to the Trustee Company you consent to the use of your personal data for the purposes set out above.

## Declaration by member

I wish the persons named overleaf to be considered as possible recipients of any lump sum from USS payable on my death at the discretion of the Trustee Company under the scheme's discretionary trusts (see below) and (where more than one person is named by me overleaf) in the proportions indicated. The person(s) named overleaf will also be considered as possible recipients of any fund value payable in respect of Money Purchase Additional Voluntary Contributions (MPAVC) paid under the scheme's rules, unless I have made a specific direction in writing in respect of my MPAVC, in which case I understand that the MPAVC fund payable is likely to be subject to inheritance tax.

I confirm that I understand that, under USS rules, the Trustee Company can take this expression of wish into account when deciding how to exercise its discretionary powers, but is not legally bound to do so. This supersedes any previous expression of wish signed by me.

Member's signature

Date

## Witnessed by

Witnessed by (the witness must not be one of the named beneficiaries)

Name

Address

Witness's signature

Date

## Definitions

**DISCRETIONARY TRUSTS** means, in relation to any sum directed to be held on such trusts in respect of a deceased individual, the trusts, powers and provisions set out below:

- (a) the Trustee Company may pay or apply the whole or any part of that sum to or for the benefit of all or any of the relatives, dependants, personal representatives or nominated beneficiaries of the deceased individual in such shares and proportions as the Trustee Company may decide;
  - (b) if the deceased leaves no relative or dependant, the Trustee Company may elect to retain all or any part of the sum in the fund;
  - (c) the Trustee Company may declare in respect of the sum or any part of it such separate trusts, terms and limitations (including for maintenance, education, advancement and accumulation of income during a minority) as the Trustee Company may by deed appoint without infringing the rule against perpetuities; the Trustee Company may appoint as trustees of such trusts any 2 or more persons or a trust corporation and may provide for the remuneration of any such trustee;
  - (d) to the extent that the Trustee Company does not exercise the powers under paragraphs (a) and (c) within 2 years of the death of the individual, the Trustee Company shall hold that sum outside the fund upon trust for the personal representatives of that individual or, if there are none, the statutory next of kin of that individual; and
  - (e) the Trustee Company may have regard to any document signed by the individual expressing wishes as to the disposal to or for the benefit of nominated beneficiaries of any sum to be held upon the discretionary trusts.
- DEPENDANT** means, in relation to a person, an individual (whether or not a relative) who in the opinion of the Trustee Company is at the time of the death of that person wholly or partly either:

- (a) financially dependent on that person; or
- (b) dependent on that person because of any physical or mental disability.

**RELATIVE** means, in respect of a deceased member, former member or ex-spouse, any living individual who is:

- (a) the surviving spouse or civil partner;
- (b) a lawful, natural or adoptive parent or the surviving spouse or civil partner of such parent;
- (c) a lawful, natural or adoptive child, or remoter issue, of such parent, or the spouse or civil partner, or surviving spouse or civil partner, of any such person; or
- (d) a former spouse or civil partner

**NOTE** If you do not leave a spouse or civil partner but do have a dependant, you may wish to indicate to the Trustee Company your wishes relating to any pension which may become payable after your death. If so, you should complete a Dependant Registration form available from this pack or the USS website [www.uss.co.uk](http://www.uss.co.uk)

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For USS use only: Joiner / Dep Reg



## Registration of potential dependant

Please complete this form using BLOCK CAPITALS

Member details      National insurance number      Surname      Initials      Title

Institution details  
Full name of employing institution

**Dependant details**  
Dependant means in relation to any member (including former member) a person (whether or not a relative) who in the opinion of the Trustee Company is, whether wholly or in part, at the time of the member's death either financially dependent on the member or dependent on the member because of any physical or mental disability. You do not need to register a child on this form who would be eligible to receive an annuity in their own right under the rules of USS.  
**You do not need to complete this form in respect of your husband or wife.**

Name      Relationship to member

Nature of dependency

Address

**Data protection**  
Universities Superannuation Scheme Ltd (the Trustee Company) takes its obligations under the Data Protection Act 1998 seriously and has appropriate procedures in place to ensure that your rights under that Act are protected. The information provided on this form will be used by the Trustee Company for the purpose of administering your pension e.g. calculating the benefits due from USS. In the course of processing the information for this purpose, the Trustee Company may disclose your personal data to legal advisers it has appointed. By completing this form and submitting it to the Trustee Company you consent to the use of your personal data for the purposes set out above.

**Declaration by member**  
To Universities Superannuation Scheme Ltd:  
Completion of this form does not commit the Trustee Company to pay a pension as that decision can only be made based on circumstances at the time of death.  
Member's signature      Date

Please sign this form and send it direct to Universities Superannuation Scheme Ltd, Royal Liver Building, Liverpool, L3 1PY



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the perforated line

For USS use only: TV in / TV in Req



## Transfer request form

Please complete this form using BLOCK CAPITALS

**Note:** If you have deferred benefits in another pension scheme you have the opportunity of investigating the possibility of transferring these benefits to the Universities Superannuation Scheme ("USS"). If you wish Universities Superannuation Scheme Ltd (the Trustee Company) to investigate a transfer on your behalf please complete this form, providing as much information as possible. This form enables you to investigate two transfers. If you wish to investigate more than two transfers, additional forms are available from our website [www.uss.co.uk](http://www.uss.co.uk)

<b>Member details</b>	National insurance number	Surname	Initials	Title
	_____	_____	_____	_____

**Institution details**

Full name of employing institution \_\_\_\_\_

**Scheme details**

Employer's name	Scheme name
_____	_____

Dates of service	Reference number	Surname known by in this scheme
_____	_____	_____

Scheme address \_\_\_\_\_

Employer's name \_\_\_\_\_

Scheme name \_\_\_\_\_

Dates of service	Reference number	Surname known by in this scheme
_____	_____	_____

Scheme address \_\_\_\_\_

### Data protection

The information obtained as a result of completing this form will be used by Universities Superannuation Scheme Ltd (the Trustee Company) for the purpose of administering your pension, e.g. calculating the benefits due to you from USS. In the course of processing the information for this purpose the Trustee Company may disclose your personal data to the personnel at your institution responsible for pension matters and the administrators of the scheme(s) you have identified on this form. By completing this form and submitting it to the Trustee Company you consent to the use of your personal data for the purposes set out above.

### Declaration by member

To Universities Superannuation Scheme Ltd:

I hereby give authority to Universities Superannuation Scheme Ltd to obtain any information it requires in connection with my pension benefits from the administrators or trustees of any pension scheme of which I am or have been a member.

Member's signature \_\_\_\_\_

Date \_\_\_\_\_


Please sign this form and return to the pensions contact at your institution.






## Contact us

If you have a question which is not answered by this booklet and if your employer is unable to help, please contact USS. Please quote your national insurance number in all correspondence.

 **Write:** Universities Superannuation Scheme Limited  
Royal Liver Building  
Liverpool  
L3 1PY

 **Tel:** 0151 227 4711  
**Tel:** (local rate) 0845 068 1110  
**Fax:** 0151 236 3173

 **Web:** [www.uss.co.uk](http://www.uss.co.uk)

A large print version of this booklet and enclosed forms is available. To obtain a copy please contact USS.

This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the latter prevail. Every effort has been made to present accurate information at the date of publication and members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits.



The mark of  
responsible forestry