

A new employee's guide to joining USS

This guide provides useful information about USS for you as a potential member when you start employment with an employer which participates in the scheme. It gives you an overview of the benefits of USS and explains which section of the pension scheme you may be eligible to join.

Overview

From 1 October 2011, the USS pension scheme has two sections – the Final Salary section and the Career Revalued Benefits section. Both sections are 'defined benefit', which means the benefit you receive is worked out using a known formula.

Final Salary section

The Final Salary section provides benefits based upon your service and final pensionable salary when you leave or retire. Benefits are calculated using the following formula:

$$\text{Pension} = \text{pensionable salary} \times \frac{1}{80} \times \text{pensionable service} \quad + \quad \text{Tax-free cash} = 3 \times \text{pension}$$

Career Revalued Benefits section

The Career Revalued Benefits section provides benefits based upon your salary for each year that you are a member. At the end of each scheme year in which you have been a member, benefits are calculated using the following formula:

$$\text{Pension each year} = \text{pensionable salary} \times \frac{1}{80} \quad + \quad \text{Tax-free cash} = 3 \times \text{pension}$$

This is added to any previous years' benefits, and each year your benefits are revalued* until you retire.

* For more information about how your benefits are revalued, please see the section summary on the back page.

Which section am I eligible for?

I am new to USS

If you join USS on or after 1 October 2011 and you have not been a member previously, you will be eligible for the Career Revalued Benefits section.

I have been a USS member previously

If you rejoin USS on or after 1 October 2011 you would be eligible to rejoin the Final Salary section if you:

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

Otherwise you will join the Career Revalued Benefits section.

You can check which section you can join using the flowchart on the next page.

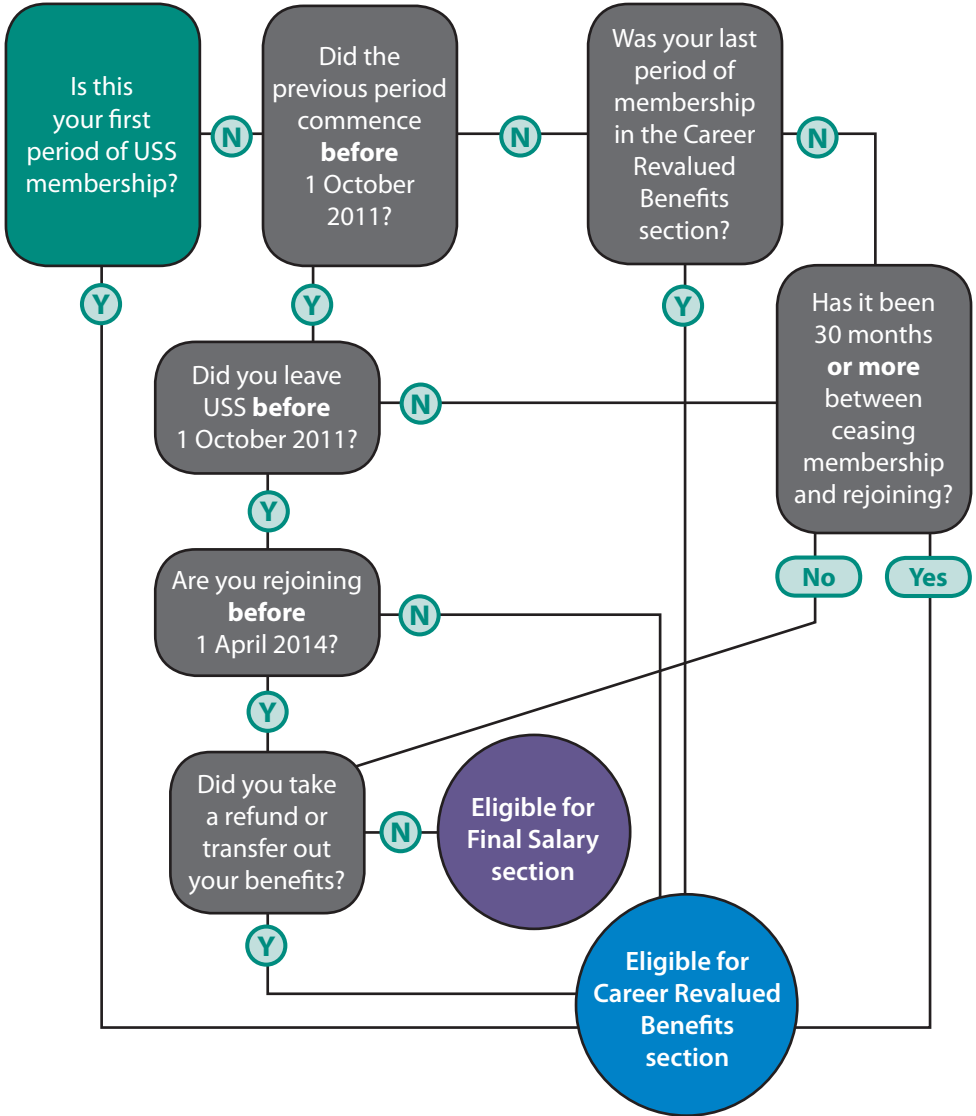
When you commence employment, if you have been a USS member before but your employer initially is unable to confirm your entitlement to rejoin the Final Salary section, you will automatically be put into the Career Revalued Benefits section pending confirmation from USS as to which section you are eligible to join.

As the contribution rate for the Career Revalued Benefits section is lower than for the Final Salary section, if it is confirmed that you are able to join the Final Salary section, your employer will make an adjustment to recover the additional 1% contribution due.

If you join USS, you will receive a copy of the appropriate Guide for Members and a membership certificate to keep for your records.



If you are joining USS on or after 1 October 2011, you can use the chart below to work out which section of the scheme you are eligible to join. Please note that the chart is to be used as a guide only and final confirmation will be provided to your employer once you have joined the scheme.



Section summary

Both sections of the scheme provide excellent retirement benefits as well as life cover and protection in the event of incapacity while you are contributing. The table below gives an overview of each section.

| | Final Salary section | Career Revalued Benefits section |
|---|---|---|
| Pension | Pension of 1/80th of salary on leaving or retiring for each year of pensionable service. | Pension of 1/80th of each year's salary. Each year of pension is added together and revalued each year by the rise in official pensions*, up to 5%. If official pensions increase by more than 5%, USS will pay half the difference up to a maximum 10% increase in any one year. |
| Tax-free cash | 3 x annual pension at retirement as standard, with the option to take more or less cash in exchange for more or less pension. | |
| Member contribution | 7.5% of salary | 6.5% of salary |
| Employer contribution | 16% of salary | |
| Death in service cover | <ul style="list-style-type: none"> Lump sum of 3 x your salary at date of death to your beneficiary/ies Spouse's/dependant's/civil partner's pension equal to 50% of your pension projected to age 65 Children's pension payable to age 18 or up to age 23 if they are in full-time education or training | |
| Incapacity cover | Total or partial incapacity cover in the event that you have to stop working due to ill health. | |
| Pension increases on pensions in payment | For benefits payable on service accrued before 1 October 2011, increases each year will be paid in line with the increases to official pensions*. For benefits in respect of service from 1 October 2011, increases will match official pensions, up to 5%. If official pensions increase by more than 5%, USS will pay half the difference up to a maximum 10% increase in any one year. | Increases will match official pensions up to 5% each year. If official pensions increase by more than 5%, USS will pay half the difference up to a maximum 10% increase in any one year. |
| Salary sacrifice | If your institution participates in salary sacrifice for pension contributions, further information is available from your employer. | |

* Official pensions are schemes for employees in the public sector like the NHS, Teaching and Civil Service.

Further useful information and publications are available at www.uss.co.uk