

information
FOR MEMBERS

USSS

UNIVERSITIES SUPERANNUATION SCHEME



Leaving the scheme

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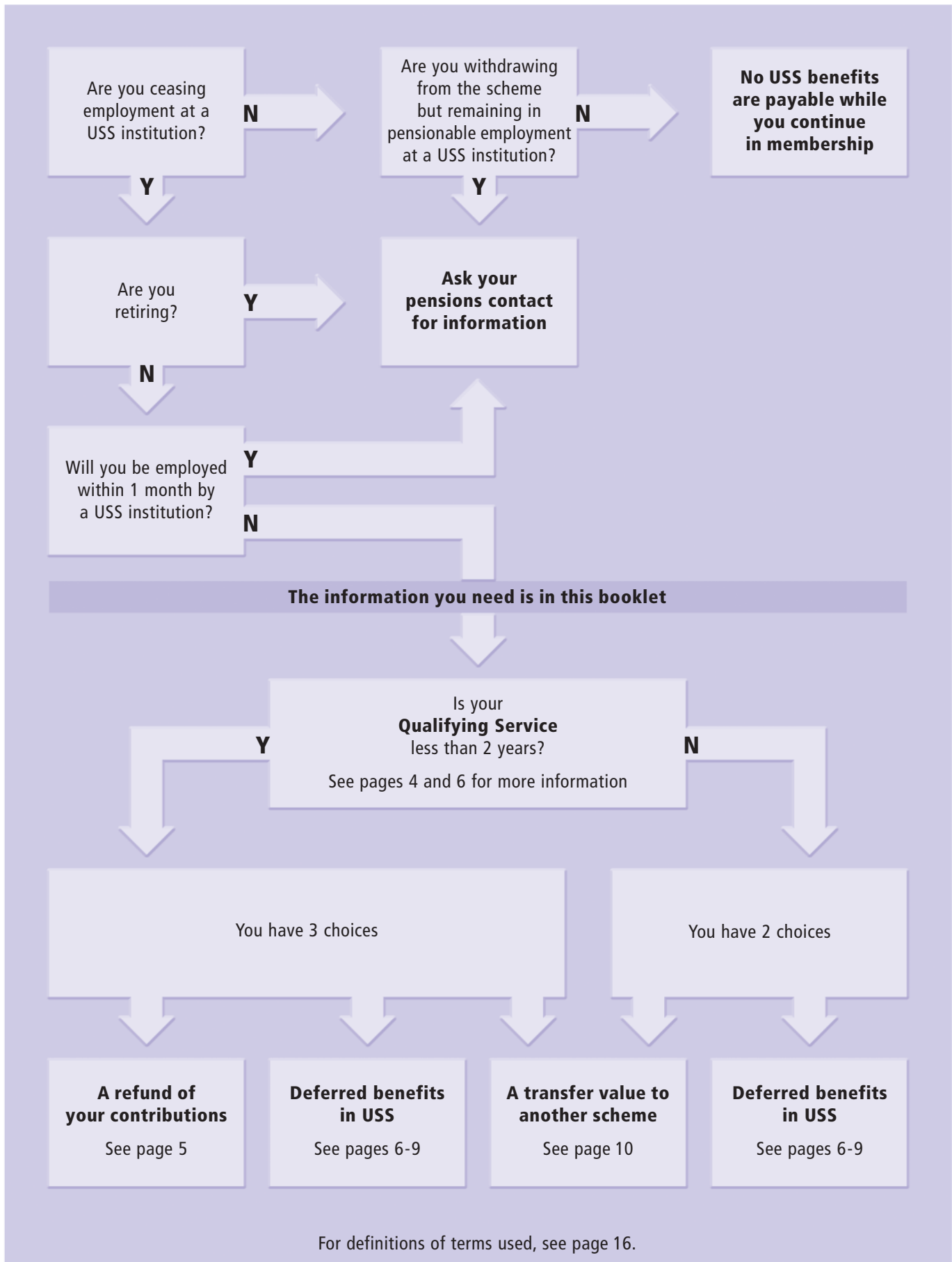
About this booklet

This booklet explains the options open to you if you have been a member of USS who has ceased employment in a pensionable post in a USS institution without having qualified for retirement benefits, and you are not re-employed within one calendar month by the same or another USS institution (see note 1); or withdrawn from participation in the scheme.

Alternatively, the flowchart on the next page may be helpful in guiding you to the appropriate information relevant to your own particular circumstances.

Important notes

1. If you are re-employed within one calendar month by the same or another USS institution and you decide to rejoin USS, the absence will not cause a break in your membership of USS (although the duration of the break will not count as a period of pensionable service in USS). In this case, none of the benefits explained in this booklet are relevant.
2. If you are a variable time employee, please refer to factsheet twenty-one which can be downloaded from the website www.uss.co.uk.



Withdrawing from the scheme

Normal withdrawal

To withdraw from membership, you must give your employer at least 28 days notice. Your last day of membership of the scheme will be the last day of the calendar month in which the 28 days' notice expires.

Please note: If you decide to withdraw (or elect not to join USS in the first instance) and subsequently wish to join or rejoin after six months have elapsed you can do so, but you lose the ability to link any earlier period of deferred benefits that you might have. Further restrictions also apply to any possible incapacity retirement after rejoining the scheme. For example, you cannot rejoin USS whilst in a period of absence due to illness and you may not be eligible for incapacity retirement within five years of rejoining if you have a known condition at the time of your rejoining.

Opting-out within three months of joining (retrospective withdrawal)

If, within the first three months of commencing USS contributions, you decide not to continue in the scheme, whether or not you are remaining in the employment of a USS institution, you should notify your employer as soon as possible of your wish to opt-out of USS.

In this case your employer will refund your USS contributions (not your employer's) through your pay. Your employer will need to make adjustments to your National Insurance contributions and tax as you will have paid less National Insurance and tax whilst a member of USS.

Leaving the scheme

What are my options?

Your options will depend on whether or not you have two or more years' qualifying service.

Qualifying service is used to determine how your benefit is calculated when you leave but is not used in the actual calculation of the benefit. It includes all of your calendar service in USS counted at its full-time rate, even if some of the service has been part-time. This will also include your calendar service in another pension scheme in respect of which a transfer value has been paid to USS (which may be different to the service actually granted on transfer). Any periods of suspended membership during periods of leave of absence are not included.

If you are unsure about the length of your qualifying service, you should consult the pensions contact at your institution.

If I have less than two years' qualifying service, what are my options?

You may choose any one of the following:

- a refund of your own contributions (minus statutory deductions), or
- a deferred pension and lump sum in USS based on the value of your own contributions to the scheme, or
- a transfer value calculated using your pensionable service and pensionable salary on leaving

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 have two or more years' qualifying service what are my options?

You may choose either:

- deferred benefits in USS (calculated using the standard 1/80th basis, based on your pensionable service and pensionable salary), or
- a transfer value calculated using your pensionable service and pensionable salary on leaving

Refund of contributions

If I choose a refund of my contributions, how will it be calculated?

You will receive a refund of your own contributions (currently 6.35% of salary) minus the following deductions:

1. Your share of the cost of buying back your rights in S2P for the period you have been contracted-out of that scheme whilst a member of USS.

S2P stands for State Second Pension, which would normally be paid in addition to the Basic State Pension, but by joining USS, you did not pay into this arrangement whilst a member and you paid lower National Insurance contributions because of this. USS has a statutory obligation to re-instate you into S2P when you leave USS and accept a refund of your contributions.

2. 20% tax (40% tax where the net refund is in excess of £10,800.00) payable to HMRC.

This sum is not income tax and cannot be reclaimed regardless of whether you currently pay tax or not. Overseas residents are not exempt from this deduction.

Please note – these deductions are statutory and have to be made in every case.

Interest on your contributions is also added to the total refund amount. Please be aware we do not apply tax to the interest and it is therefore your responsibility to inform your local tax office.

The contributions paid to the scheme by your employer are not refundable.

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

The amounts of these deductions will be shown in the statement you receive from USS once your employer notifies us that you have left.

EXAMPLE

If you had paid gross contributions amounting to £1,015 over a period of 1 year 261 days from 1 October 2005 to 18 June 2007, you would receive a refund of £595.40 calculated as follows:

£
1,015.00 contributions
– 292.00 payment to S2P
= 723.00 taxable amount
144.60 20% tax
= 578.40
+ 4.25 Interest
= <u>574.15</u> Net Refund

Deferred benefits

If I have less than two years' qualifying service and choose deferred benefits, how will these be calculated?

Your benefits will be based on your own contributions to the scheme. These contributions will purchase a deferred pension, together with a deferred lump sum of three times the annual rate of that pension. The amounts will be calculated on the basis of actuarial tables. They will be subject to pension increases from the date you ceased employment at a USS institution up to the date of payment.

Both the pension and the lump sum will be increased to reflect increases in the index of retail prices between the date you ceased employment and the date your deferred benefits are put into payment.

If I have two or more years' qualifying service and choose deferred benefits, how will these be calculated?

If you have two or more years' qualifying service and you choose deferred benefits to be paid at age 65 (or earlier in certain circumstances) you will be entitled to:

- an annual deferred pension equal to:
your pensionable service at the date you ceased employment \div 80 \times your pensionable salary at the date you ceased employment, and
- a deferred lump sum equal to:
your annual pension \times 3

Within broad limits the balance between pension and lump sum may be altered at your request just before the benefits come into payment.

Both the pension and the lump sum will be increased to reflect increases in the index of retail prices between the date you ceased employment and the date your deferred benefits are put into payment.

EXAMPLE

If you ceased employment at a USS Institution having completed 17 years 153 days pensionable service and your pensionable salary (see definitions) at the date of leaving was £17,483, your deferred pension would be calculated as follows:

$17 \text{ years } 153 \text{ days } \div 80 \times £17,483 = £3,807 \text{ per annum (rounded)}$

and your deferred lump sum would be:

$£3,807 \times 3 = £11,421$

DEFERRED BENEFITS – GENERAL INFORMATION

The information in this section will apply regardless of the amount of pensionable service you have in USS at the date you cease employment at a USS institution.

Will any deductions be made from my USS deferred benefits?

In a very small number of cases, mainly relating to those who joined USS before 28 August 1992, a period of pensionable service was granted to a member upon joining USS to reflect the fact that they were employed in a relevant employment (normally with an institution in the higher education sector), but contributing to a pension scheme other than USS. In these cases, a reduction is applied to the final benefits due from USS to reflect the amount of any benefit due from any other pension scheme in respect of the period of pensionable service granted upon joining USS.

How are my deferred benefits increased?

Your deferred pension will be increased, during the period of deferment and also after coming into payment, to reflect increases in the index of retail prices.

USS rules provide for deferred pensions to be increased in the same manner and subject to the same conditions as official pensions under the Pensions (Increase) Act 1971 as subsequently amended. One consequence of this is that increases do not normally apply immediately if your deferred benefits come into payment before age 55. The main circumstances in which increases are payable before age 55 are:

- if you become disabled by physical or mental infirmity after the deferred benefits have come into payment, or
- if whilst receiving a pension, you have a dependent child who is under 18 or undergoing full-time education. However, if you are female, only that part of your pension derived from service up to 1 January 1993 will be increased prior to age 55. If you are male, only part of your pension derived from service after 16 May 1990 and before 1 January 1993 will be increased prior to age 55.

Your lump sum on retirement is three times the annual pension coming into payment and is also indexed.

Further information about increases in USS pensions after you have retired is contained in a booklet 'Information for members payment of retirement benefits', a copy of which can be obtained via the USS website www.uss.co.uk or directly from USS.

Deferred benefits *continued*

You can also use the 'Deferred Pension increase modeller' on the website to obtain an estimate of what your future benefits may be. You will need, either the statement you received on leaving USS or, a quotation you may have received from USS since leaving the scheme. Please note that any benefits shown which have been projected to 65 are estimated and have been calculated using an assumed rate of inflation.

WHEN CAN MY DEFERRED BENEFITS BE PAID?

Your deferred benefits are normally payable at normal retirement age, which is age 65 or your Contractual Pension Age (CPA), whichever occurs first. Your CPA is the age from which you had the right to retire on pension, as stated in the contract or employment terms of your last USS appointment.

NHS transferring members following the mergers of colleges of health with USS institutions

There are three categories of members who transferred to USS following what are known as bulk transfer arrangements between the NHS in England, Wales, Scotland and Northern Ireland: mental health officer (MHO), special class (SC) and other (OT).

Mental health officers (MHO)

If you are a mental health officer, you have the right to retire, from active membership, at age 55. If you leave before age 55 by reason of redundancy, without entitlement to immediate pension, deferred benefits can be brought into payment without actuarial reduction at age 55. In all other circumstances, your deferred benefits would become payable at age 60.

Special class (SC)

If you are a special class member, you have the right to retire, from active membership, at age 55. If you leave before age 55 by reason of redundancy, without entitlement to immediate pension, deferred benefits can be brought into payment (apart from pension accrued prior to 17 May 1990 for males only) without actuarial reduction at age 55. In all other circumstance, your deferred benefits would become payable at age 60.

Other (OT)

If you are classed as 'OT' under the bulk transfer arrangement then you have the right to retire at age 60 without actuarial reduction.

Incapacity

You may receive early payment of your benefits immediately, without reduction, if you are suffering from total incapacity that would have led to your retirement on those grounds had you remained in USS.

For further information please refer to factsheet ten on how to apply for early payment of benefits due to incapacity.

Deferment of entitlement/Redundancy

If you were over age 50 when you left the scheme and had five years or more pensionable service and were made redundant or left at the request of your employer (but were not dismissed), the Trustee Company must bring your benefits into payment upon a written request without any adjustment for early payment (except for any reduction which would have applied to transferred-in service and service bought by AVCs).

However, if you were age 50 or over when you left the scheme and had less than five years pensionable service, were made redundant and have subsequently been made redundant again from a further employment, the Trustee Company has the discretion to bring your benefits into payment, without reduction.

Retirement before normal retirement age

You have the right to bring all your deferred benefits into payment at or after age 60 subject to a reduction, if appropriate, as described below. Between age 50 and 60 payment will be at the discretion of the Trustee Company.

- Benefits for service before 17 May 1990 will be subject to a reduction if they come into payment before age 65 (men) and 60 (women).
- Benefits for service between 17 May 1990 and 31 March 1995 will be payable without reduction if the whole pension becomes payable at or after age 60.
- Benefits for service from 1 April 1995 will be payable without reduction if retirement is on or after you attain age 63^{1/2}.

Any reduction in your benefits may be waived if your contract of employment (the contract which existed in respect of your last employment within USS) stated that you are able to retire earlier than 65, and you are drawing benefits at that contractual pension age.

Benefits transferred to USS

Transfers-in agreed before 1 April 2009

Any service transferred to USS may be actuarially reduced, in certain circumstances, in the event of your early retirement before age 60, other than on grounds of ill-health.

This reduction applies:

- If the transfer payment is received by USS within one year of you joining the scheme then the transferred-in service will be reduced if you retire with less than seven years active membership since joining.

OR

- If the payment is received by USS more than one year after you joined then the transferred-in service will be reduced if you retire with less than seven years' active membership since the payment had been received (although a period of six months is discounted for

administrative time taken to complete the transfer).

This condition applies to all transfer quotations (except bulk transfers). The reduction would be applied to the service transferred in, irrespective of whether or not the remainder of your USS pension has been reduced for early payment.

Transfers-in agreed on or after 1 April 2009

If you agreed a transfer-in to USS on or after 1 April 2009, the benefits granted will be payable in full from age 65. If you draw these benefits early, except in the case of incapacity retirement, the benefits in respect of the transfer-in will be reduced for the years and days earlier than age 65.

What happens if I die before my deferred benefits have come into payment?

If you die before your deferred pension becomes payable, a lump sum equal to the value of your deferred lump sum plus increases to the date your death, is payable. The Trustee Company has discretion to decide to whom the lump sum is payable. You are strongly advised to nominate your beneficiary/ies using the Expression of Wish Form (MO1), a copy of which is in the pocket at the back of this booklet or can be obtained from the USS website www.uss.co.uk.

In addition to this lump sum a pension may be payable to your spouse, civil partner or dependant equal to 50% of the amount of your deferred pension at the date of your death. Additional pensions may be payable to any eligible children at the date of your death up to a maximum of 75% of the amount of your deferred pension at the date of death for two or more children (half this amount for one child).

What happens if I die after my deferred benefits have come into payment?

If you die after your deferred benefits have come into payment pensions may be payable:

- to your surviving spouse or civil partner at the rate of 1/160th of pensionable salary for each year of pensionable service (for female members who transferred under the college of health mergers this will be based solely on service from April 1988) plus pensions increases from the date you leave the scheme; or
- to a dependant if you are not married at the time of your death, and
- for up to two eligible children at the rate of 3/640th of pensionable salary for each year of pensionable service (see definitions).

A lump sum benefit is not payable.

Can I nominate someone to receive the lump sum or a dependant's pension payable after my death?

USS strongly recommends that you indicate your wishes regarding the recipient of any lump sum benefit payable on your death (who may be relatives, dependants, your personal representatives or nominated beneficiaries) by completing an expression of wish form (M01). This is especially important if you are unmarried, divorced or legally separated or if you have someone who is dependent on you.

A copy of this form can be found in the back of this booklet or alternatively it is available from the pensions contact at your institution or via the USS website at www.uss.co.uk.

Whilst such an expression of wish is not legally binding on the Trustee Company, it will be an important factor that we will wish to consider carefully before deciding to whom the lump sum shall be paid. The lump sum benefit payable on your death is paid at the discretion of the Trustee Company and therefore under current legislation is not subject to inheritance tax.

If you are not married or do not have a civil partner when you die, you may nominate a dependant to receive – again at the Trustee Company's discretion – a pension. If you wish to do this, you should complete a 'Registration of potential dependant form' (MO3). A copy of this form can be found in the back of this booklet, or alternatively is available from the pensions contact at your institution or via the USS website at www.uss.co.uk. Such a person would have to show financial dependency on you at the time of your death.

If I have allocated part of my pension to provide an additional pension for a beneficiary nominated by me, what happens to this allocation when I cease employment at a USS institution?

On ceasing employment your allocation (which does not form part of the nomination made on an M01) will be cancelled. You will however be able to make another allocation in respect of part of your deferred benefits at a later date if you wish to do so. Full details of the allocation arrangements are included in factsheet number eighteen, a copy of which is available via the USS website at www.uss.co.uk.

When my deferred benefits are put into payment, will they be taxable?

Your pension will be subject to tax under the HM Revenue & Customs PAYE system. If a surviving spouse's pension, civil partner's pension, dependants' pension or children's annuities are payable, they too will be subject to tax under PAYE. If you are permanently resident abroad your USS pension may be exempt from the UK tax.

Limits to tax-privileged pensions and lump sums

HM Revenue & Customs (HMRC) limits the amount of tax-privileged benefits you can receive from a UK pension scheme. They do this by imposing a maximum allowance on the amount of pension savings called the Lifetime Allowance (LTA) and also an allowance for the maximum you are allowed to take as a tax-free lump sum on retirement.

Since April 2006 it has been the responsibility of each individual member to check whether their 'total' retirement savings (i.e. USS plus any other retirement benefits) exceed this LTA.

To calculate the LTA value of your potential USS pension on the statutory basis, multiply your expected pension by 20 and add on three times the value of your pension as tax-free cash (assuming you opt for the standard retirement package). So if you were expecting a pension of £10,000 a year plus £30,000 as tax-free cash the LTA value would be £230,000. The LTA value of your standard benefits is included in the leaver statement.

However, the value of most members' retirement benefits will be nowhere near the maximum possible as the LTA allowance is substantial (£1.6 million at time of printing). If you do exceed the LTA value when you retire, then the value of your pension can be reduced in order to meet tax at 25% on the excess over the LTA of your pension's capital value (as determined on the statutory basis). Periodic payments of the remaining pension will of course be subject to PAYE. Alternatively, the excess may be taken as a lump sum and taxed at 55%. You will have a responsibility to report the value of your benefits on retirement to HMRC and the LTA value of your USS benefits will be advised to you at the point of your retirement.

Once my deferred benefits are put into payment, will I be able to rejoin USS if I am offered further employment?

There is no restriction in the rules of USS to prevent you obtaining any kind of employment following retirement as long as your pensionable employment has ceased. If, after retirement, you are offered employment that is pensionable in USS, you cannot rejoin the scheme and your employer cannot make other arrangements for you without the approval of the Trustee Company.

Transfer values

If I choose to have the transfer value of my benefits in USS transferred to another pension scheme or insurance policy, what will be the amount transferred?

The amount of your transfer value will be the actuarial value, at the date of calculation, of your deferred benefits and will be based on your pensionable service and pensionable salary, no matter how much qualifying service you have accrued. If you would like a quotation, please complete the form included with your deferred benefit statement. Alternatively, you should ask the person responsible for pensions at your institution to obtain a quotation for you from USS. You will be advised by USS of the amount of the transfer value which can be made available for payment to:

- your new employer's approved pension scheme, or
- a personal pension, or
- an insurance company to purchase one or more buy-out policies (see definitions).

If you wish your transfer value to be used to purchase one or more buy-out policies then neither USS nor your institution can advise you as to which particular company or policy to choose. You are advised to obtain quotations from at least three insurance companies and to compare very carefully the benefits under each proposal with the deferred benefits available in USS before deciding to use your transfer value to purchase a buy-out policy. If necessary you should seek independent advice from a registered independent financial adviser. There are a number of websites that may help you locate a suitable adviser in your area. These can be found via the website under 'Useful links'. There is also a list of IFAs on the USS website www.uss.co.uk under 'Leaving the scheme'.

A transfer value can be paid up to twelve months before your 65th birthday even if you choose deferred benefits initially and later changed your mind, provided your new scheme will accept the transfer.

Can I have the transfer value of my accrued benefits in USS paid to my new employer if I go to work abroad?

This will depend on whether the scheme in the overseas country is willing and able to accept a transfer from the UK and also that the tax authorities in that country are willing for a transfer to be made. Therefore, your first step should be to ensure this is possible and also check to see if the tax authorities in that country make any tax charge to the incoming transfer.

Additionally, Her Majesty's Revenue & Customs (HMRC) in the UK have requirements, which state that a transfer value can be paid only to a qualifying recognised overseas pension scheme (QROPS).

In order to be considered as a QROPS, a scheme must first meet the requirements of an overseas pension scheme and must further meet the criteria for being a recognised overseas pension scheme set out by HMRC. The testing of whether a scheme meets these conditions is the responsibility of HMRC.

The scheme in the overseas country needs to register with HMRC to see if they can be recognised as a QROPS.

You can check to see if the scheme you want to transfer to has already registered with HMRC by visiting the pension scheme section of the HMRC website.

If the scheme has not registered, it will be necessary for an application to be made to HMRC. The address for correspondence is:

HM Revenue & Customs, Audit and Pension Scheme Service, Yorke House, Castle Meadow Road, Nottingham NG2 1BG.

If, for whatever reason, the scheme does not register as a QROPS then the transfer of your benefits cannot take place.

There is no time limit in the UK for making a transfer (although normally they cannot be made after age 64) but you should check whether there are any time limits applicable in the overseas country or applied by the scheme you are transferring to.

If you wish to consider a transfer from USS you should contact the new pension scheme initially and they should then contact USS directly to obtain a transfer quotation.

What will I get in return for the payment of the transfer value of my accrued benefits in USS?

The administrators of your new scheme will calculate the benefits you will receive in exchange for your transfer value. You should weigh carefully the relative values of your deferred benefits in USS against the benefits you will be entitled to in your new scheme before deciding to request that a transfer value be paid to your new scheme.

USS is a member of the Public Sector Transfer Arrangements (known as the transfer Club), which includes most public sector pension schemes and some others. Transfers between schemes in the Club are made on a basis that ensures you receive benefits in the scheme you are joining equal in value to the deferred benefits you are giving up in the scheme you are leaving. These are generally expressed as a period of additional pensionable service in your new scheme. However, because of variations between the benefits structures and retirement ages of different schemes, the amount of the pensionable service may differ somewhat between USS and the scheme you are joining.

The Club arrangements normally require you to apply for a transfer to your new employer's scheme within twelve months for taking up employment with that employer.

If the transfer value is to be paid to an insurance company to purchase a buy-out policy, or to a personal pension, only the company you choose can provide you with an estimate of what benefits you can expect. This will depend largely on amount of the transfer value, the rate of return on the investment of the transfer value and the annuity rates current at the time the benefits become payable. It is vital that you obtain the fullest information and a realistic assessment of the likely benefits from the insurance company you choose before committing yourself. If necessary you should seek financial advice from a registered financial adviser. There are a number of websites that may help you locate a suitable adviser in your area. These can be found via the USS website under 'useful links'. There is also a list of financial advisers in the USS website www.uss.co.uk under 'Leaving the scheme'.

Additional Voluntary Contributions (AVCs)

What if I have been paying AVCs?

If you have been paying AVCs to the USS added years facility and on leaving employment at a USS Institution you have chosen:

- **a refund of your contributions,**
you will also receive a refund of any 'added years' AVCs you have paid plus compound interest less 20% tax (40% tax where the net refund is in excess of £10,800.00).
- **to have the transfer value of your deferred benefits paid to another approved pension arrangement,**
the pensionable service secured by your AVCs up to the date you ceased employment (see example below) will be included in the calculation of your transfer value.
- **deferred benefits (based on less than two years qualifying service),**
the total contributions on which your deferred benefits are calculated will include the AVCs you have paid up to the date you left employment.
- **deferred benefits (based on two or more years qualifying service),**
a proportion of the pensionable service you had originally undertaken to purchase, calculated at the date you left employment, will be used in the benefit calculation.

EXAMPLE

If, on 1 July 1990, you had started to pay AVCs to purchase 10 years additional pensionable service by the date of your 65th birthday on 31 October 2015, and you ceased employment on 30 September 2004, the pensionable service credited to you on leaving employment would have been calculated as follows:

The period during which you had contracted to pay AVCs (1 July 1990 to 31 October 2015) was 25 years 123 days.

The period for which they were actually paid (1 July 1990 to 30 September 2004) was 14 years 92 days.

Extra pensionable service, to which you would be entitled on ceasing employment on 30 September 2004, is:

$$\frac{14 / 092}{25 / 123} \times 10 \text{ years} = 5 \text{ years } 229 \text{ days}$$

If you have been contributing to the Prudential AVC Scheme:

USS will notify Prudential that you have left the scheme and will advise them of the benefit option you have chosen.

Timing - Changing your options

Can I change my mind once I have made a choice?

If you have applied for a refund of your contributions you can change your mind only if you notify USS in writing before any payment has been made to you.

If you have chosen deferred benefits you may ask for the transfer value of your deferred benefits to be paid to another scheme, or to an insurance company to purchase a buy-out policy, at any time up to twelve months before your 65th birthday (before your deferred benefits are due to paid).

You cannot change your mind once a transfer value has been paid.

Opting-out within three months of joining (retrospective withdrawal)

If, within the first three months of commencing USS contributions, you decide not to continue in the scheme, whether or not you remain in the employment of a USS institution, you should notify your employer as soon as possible. In this case your employer will refund your contributions to USS (not your employer's) through your pay. Your employer will need to make adjustments to your National Insurance contributions and tax as you will have paid less National Insurance and tax whilst a member of USS.

After you have left employment

Can I continue in membership of USS after I have ceased employment in a USS Institution?

You may contribute to USS only if you are employed at a USS institution in a pensionable post eligible for membership of USS and are not already receiving a pension from the scheme.

You may be able to remain in membership of the scheme for a period during which you are seconded to another employer. You can obtain information about this from the pensions contact at your institution.

What if, after leaving, I again become employed by an institution which provides USS membership?

You may rejoin a USS institution in the future. If you do rejoin and become a member of USS, the deferred pension you had built up will be linked to your current service and calculated by reference to your pensionable salary in respect of your later period of employment. This is an important feature of USS and you should consider this very carefully if you are thinking about transferring your USS deferred pension benefits to another pension arrangement. If you rejoin USS on a lower salary you may elect to keep your benefits separate if you wish to do so. A written notification of your decision to keep your benefits separate is irrevocable.

If you chose to withdraw or not join USS when you first had the opportunity and subsequently wish to join or rejoin after six months have elapsed, you would be able to do so but you would lose the ability to link any earlier period of deferred benefit. Further restrictions also apply to any possible retirement on the grounds of incapacity following rejoining the scheme; you cannot rejoin whilst in a period of absence due to illness and you may not be eligible for retirement on the grounds of incapacity within five years of rejoining for a known condition at the time of your re-joining.

What if, after leaving, I rejoin USS when I am age 60 or above?

Any member rejoining the scheme after age 60 is termed an 'over-age entrant', eligibility is not automatic and special conditions apply, including a higher employee contribution rate. Please see factsheet twelve on the USS website (www.uss.co.uk) or ask your employer for more information if you think this might apply to you in the future.

However, before the 1 December 2006 where a deferred member rejoined the scheme as an over-age entrant service would not be linked and would therefore be calculated separately. Over-age entrants rejoining the scheme from 1 December 2006 onwards will now be able to partially link earlier periods of membership. Any service built up after 30 November 2006, but before rejoining, can be linked to the new period of membership.

For example, if you were a member from 1 April 1985 to 31 March 2008, left and then rejoined two years later in 2010 (being aged over 60 at that point) then only the service from 1 December 2006 to 31 March 2008 would be linked (the option to keep these periods of service separate will also be available). We would re-calculate the deferred benefits then due for the earlier period from 1 April 1985 to 30 November 2006.

Further information

This booklet represents the interpretation of the current scheme rules and actuarial advice received by USS. These may change from time to time.

Should you have any queries about points in this booklet then its authoritative source is the trust deed and rules for the scheme. These documents will take priority over any statement in this booklet should any difference of interpretation arise. Copies of these documents are held by each participating institution and also in each UCU office. They can be viewed via the USS website at www.uss.co.uk

Pensions TV

Another valuable source of information as well as this printed guide is Pensions TV, which can also be accessed via the USS website at www.uss.co.uk



We would encourage you to view the programme on leaving USS and use the relevant links to look at further information on the site.

If, before ceasing employment at a USS Institution, you should have any enquiries about your benefits then you should address them to the person responsible for pensions at your institution.

After you have ceased employment, the address to write to, should you require any further information concerning your USS benefits, is:

Universities Superannuation Scheme Limited
Royal Liver Building
Liverpool
L3 1PY

Website: www.uss.co.uk

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

Definitions

Buy-out policy

is an insurance policy or annuity contract purchased from an insurance company approved for the purpose, with the transfer value of your benefits in USS if you exercised your statutory right to purchase such a policy or contract under the Social Security Pensions Act 1975 (as amended).

Dependant

is in relation to any member (including a 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.

Guaranteed Minimum Pension (GMP)

is the amount the Social Security Pensions Act 1975 requires to be paid to the retired members of occupational pension schemes which are contracted out of the State Second Pension.

Pensionable salary

is calculated (at the date of ceasing employment) as follows:

- we note the salary you have earned while a member of USS for each of the 13 years previous to the date on which your pensionable salary is to be calculated
- we index up each year's amount to this date in accordance with movements in the index of retail prices over the period.

Your pensionable salary is then the higher of:

- the highest indexed amount you received in any one year out of the last three years
- your highest yearly indexed amount averaged over any three consecutive years out of the last 13 years.

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, or
- joined USS from FSSU or from the Teachers, Local Government or NHS Schemes before 6 April 1980 under the special arrangements which then applied.

Your pensionable service will be increased if you have paid additional voluntary contributions or if a cash equivalent has been paid to USS by your previous employer's scheme.

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
- in full-time education or training approved by the Trustee Company.

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.

USS

is Universities Superannuation Scheme which has two sections:

- (i) the main section, from which most of the benefits are paid (including all benefits arising on cessation of employment), and
- (ii) the supplementary section from which some benefits are paid on death in service, or retirement from employment on grounds of partial or total incapacity.

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.