

# Retiring from the scheme

A guide to your options



# About this booklet

This booklet explains what happens once you've retired from USS.

It describes how your pension is paid and how any increases are applied.

*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 more information is available 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.*

## Contents

<b>Payment of retirement benefits</b>	<b>4</b>
• Income tax deductions	6
• Other deductions	10
• Change in personal details	11
• The different elements of your pension	12
<b>After you have retired</b>	<b>14</b>
<b>Death after retirement</b>	<b>15</b>
<b>Pension increases</b>	<b>18</b>
• Pension increases and your GMP	21
• Facts and figures	24
• If you live abroad	26
<b>Definitions</b>	<b>27</b>

# Payment of retirement benefits

It is important to know when and how your monthly pension will be paid to help you to plan your finances in retirement.

## ○ When will my pension be paid?

Your monthly pension will be paid on the 21st day of the month. The first instalment is normally paid on the 21st of the month following your retirement. If the 21st day of the month falls on a weekend or bank holiday, your pension will then be paid on the preceding working day.

## ○ What if my pension payment is delayed?

If payment of your benefits is delayed for any reason, any arrears of pension will be included with your first monthly pension payment as described above.

Interest will be paid on any amount over six months late or on any payment over one month late which is over £2,000. Any payment of interest will be paid through the payroll and tax will be deducted at the appropriate rate.

If your tax-free cash payment is delayed, any interest due will be included in the payment. As this payment is made tax free, you should declare any interest to your tax inspector.

## ○ How will my pension be paid?

Your pension will be credited directly into a UK bank or building society account that is solely or jointly held by you. If you are considering moving abroad, please see the section 'Moving abroad' on page 11 for payment options.

## ○ How often will I receive a payslip?

Payslips are not produced every month. They are usually only issued when your net pension payment differs by £1 or more from the amount received in the previous month. However, you will receive a payslip:

- when you receive your first pension payment;
- annually each April.

## ○ How will my retirement lump sum be paid?

USS will normally pay the lump sum directly to a UK bank or building society account that is solely or jointly held by you. Alternatively, you can request payment by cheque. You are asked to confirm your preference on the retirement option form.

### **Directly to a nominated bank or building society account**

The payment will be made electronically. This method of payment should ensure that funds are generally available on the first working day after your retirement or, if later, two working days after the date of your retirement letter. You may need to check that your bank or building society will make these funds available to you on the day the account is credited.

### **By cheque**

The cheque will be dated for the first day of your retirement but may be received by you in advance to avoid any inconvenience. You should not pay the cheque into your bank earlier than the date that appears on it.

## ○ What if I have benefits from both the Final Salary section and the Career Revalued Benefits section of USS?

If you have built up benefits in both sections of USS then you must retire and claim your benefits from both sections at the same time. Your Career Revalued Benefits and Final Salary benefits will be calculated separately but will be paid as one payment.

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# Income tax deductions

Income tax deductions may be applied to your pension. It is important to send USS your P45 and notify HMRC of any other taxable income you receive.

## How will income tax deductions be applied to my pension?

Initially this will depend on whether or not we have received your form P45.

## What is a P45 and what happens to it?

A P45 is a document that details the tax code, pay and tax details from your previous employment. A P45 is in four parts:

- part 1 is sent by your previous employer to their local tax office
- part 1A should be retained by you
- parts 2 and 3 will normally be sent direct to USS by your former employer. If however your former employer has provided you with parts 2 and 3 of your P45, please forward these to the pensions payroll section at USS immediately.

If USS receives your P45, the actual tax code that must be applied to your pension payment is taken from your P45, but applied on a 'month one' basis (this means that only one month's tax-free pay allowance is applied). We then notify HM Revenue and Customs (HMRC) electronically that you have started to receive a USS pension.

If USS does not receive your P45, the tax code that must be applied to your pension payment is the emergency tax code.

Once HMRC have assessed your tax position, they will confirm your new tax code to both you and USS.

Please note that in accordance with HMRC regulations, we are unable to amend your tax code or refund any overpayment of tax until we receive a revised tax code notification from them.

## What happens if I receive another source of income?

If you are in receipt of income from more than one source, a higher rate of tax may become payable. In these circumstances, you may be required to pay any underpayment of tax in a lump sum in the January following the relevant tax year. If you would like this position to be taken into account through PAYE, and to prevent any underpayment of income tax, you should notify HMRC of any taxable income you receive in addition to your USS pension.

You should also ensure that any new source of income that is likely to have a tax liability (e.g. capital gains), is notified to the tax office by 5 October following the relevant tax year. This will prevent you incurring any penalties for failing to notify them.

## How do I contact the tax office?

If you have any queries regarding your tax position or the tax code allocated, please contact the tax office at the address shown below. Always quote your national insurance number and quote tax reference 428/U168.

HMRC  
Merseyside Area  
Regian House  
James Street  
Liverpool  
L75 1AA

## Your P60

A P60 is a certificate that shows the total amount of taxable pension paid by USS and income tax deducted in any given tax year. It is issued annually, after the end of a tax year.

While HMRC requires us to issue your P60 so that you receive it by 31 May each year, every effort is made to issue your P60 to you by 30 April. This is an important document - please do not destroy it. Keep it in a safe place as you may require it to complete a tax return or prove your income.

## What is the Lifetime Allowance?

The Lifetime Allowance (LTA) is the maximum amount of pension savings you can build up in a tax-privileged way in aggregate of all of your pension schemes. You can of course build up a higher value than the LTA, however, the excess over the LTA will be taxed. The current LTA value is available on the USS website at [www.uss.co.uk](http://www.uss.co.uk). In April 2010, this allowance was £1.8 million and will reduce to £1.5 million from April 2012.

The LTA (or crystallised) value of your USS benefits is set out in your retirement letter and is shown as a capital value and the percentage of the LTA which your USS benefits will use up. If you have any other pension benefits outside of USS that are already in payment, then these pensions will have already used up part of the LTA if they came into payment after 5 April 2006. You will have been informed by your other registered UK pension scheme(s) of the percentage of the LTA used when your pension came into payment, and you are required by law to disclose this information to any subsequent pension scheme when the information is requested.



## What is the Annual Allowance?

Since April 2011, a new limit called the Annual Allowance has been introduced by HMRC. This new limit relates to the maximum amount of pension you can accrue in a year and still receive tax relief. Below we explain the new limit and how it might affect you once you are drawing a pension from USS.

The Annual Allowance is a limit to the maximum amount of growth in the value of your pension over what's called a Pension Input Period (PIP). For USS, the PIP is 1 April to 31 March.

This limit is expressed as a capital value; for the 2011 year in which it was introduced the limit is £50,000. It is not clear at the time of printing how or if the limit will be increased in the future. Updates will be available on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

To work out the AA for yourself, you first need to work out the value of your pension on the 1 April and increase that value by the rise in Consumer Prices Index (CPI) for the previous year. Then work out the value of your pension on the following 31 March (this is the Pension Input Period in USS) and work out the difference between the two. Then multiply this figure by 19. This is your AA for that particular tax year. Retired members would simply compare your standard pension (before you elected to take more/less cash from USS) to the value at 1 April.



## How does it work?

Based on your service in the scheme as at 1 April in the year of retirement and your pensionable salary at that point you can work out your standard pension. If your service was 30 years and your pensionable salary was £42,000, the pension would be:

$$30 \times \frac{1}{80} \times £42,000 = £15,750.00 \text{ a year}$$

Plus CPI increase of 3.1% (based on annual CPI increase for the year up to 31 March 2011)

$$= £15,750.00 \times 1.031$$

$$= £16,238.25$$

This would be your standard pension at retirement (this figure is quoted under Option 1 in your retirement quotation). For illustration purposes we will use a figure of £16,500 a year.

$$\text{Annual Allowance used up} = (£16,500 - £16,238.50) \times 19$$

$$\text{Annual Allowance used up} = £4,968.50$$

Please note that if you paid any USS Money Purchase AVCs (Prudential) during the PIP then simply add the amount paid during the period to the figure above. Additionally, if you were a member of another pension scheme during the period, you will need to add the amount of allowance you have used up in that arrangement/arrangements to your total for that year.

In this example, the member was well within the £50,000 limit.



If you exceed the AA, there is scope to utilise unused allowances from up to the previous three years. If you are still in excess of the limit then anything over the £50,000 is added to your gross taxable pay and taxed under the PAYE system, meaning that the tax charge could be 20%, 40% or perhaps 50%, depending on the level of your taxable pay.

The £50,000 limit is however generally only of concern to high earners with long service.

If you require assistance in calculating your allowance, or if you think you have exceeded the allowance, please contact USS for a full quotation.



### **What if I exceed the allowances?**

If you think you have or might exceed either (or both) the LTA or AA, please refer to the separate factsheet 'Limits to tax relief and tax-free benefits'.

# Other deductions

Other deductions may apply to your pension. You can also give to charity through your pension payments and receive tax relief.

## What is the SERPS deduction?

This will be detailed in your retirement letter if it applies to you.

If you contributed to the State Earnings Related Pension Scheme (SERPS) during a period of service with which you have been credited in USS (e.g. whilst a member of FSSU during any time from 6 April 1978 to 5 April 1980), a deduction will be made from your USS pension commencing from the date of your retirement, or the date you reach state pension age if later.

The amount of the deduction will be equivalent to the amount of additional pension which you earned in SERPS during the period of service for which you were given credit in USS and which you will be paid directly by the Department for Work and Pensions (DWP). The exact amount of this deduction cannot be calculated until the beginning of the tax year in which you reach state pension age because the amount is revalued each year. However, USS can calculate the current value on request.

## What is the lump sum deduction?

This will be detailed in your retirement letter if it applies to you.

If you have been credited with pensionable service in USS in respect of service either before joining USS (other than as a result of a transfer payment), or in respect of an earlier period of membership of USS for which you received a refund of contributions, any amounts still due to USS at the date of your retirement will be deducted with interest from your retirement lump sum or,

where appropriate, from your pension. This excludes benefits from overseas schemes and surrendered FSSU policies for members who left after 3 September 1993.

## Give As You Earn (GAYE)

USS operate a GAYE scheme, whereby you can make contributions to charities through your pension payments and tax relief is given at source on the contribution made. We use the HMRC approved, non-profit making Charities Trust agency to distribute funds.

## What is an unauthorised payment?

This will be detailed in your retirement letter if it applies to you.

In certain circumstances USS may pay benefits in accordance with USS rules that are not authorised under the legislation, which governs pension schemes. Should the benefit payable to you from USS be deemed as unauthorised, it would be subject to a flat rate of tax currently levied at 40% which you will be required to pay direct to HMRC after the end of the tax year to which it relates.

# Change in personal details

Please confirm any changes to personal details (address, bank details or marital status) in writing to the pensions payroll section.

## What information will I need to give?

Always quote your pension number (from your payslip) and sign and date your letter. If you are changing your bank account please provide documentary evidence from your bank (e.g. a letter from your bank, a cheque marked 'VOID', current bank statement or paying-in slip) to confirm the change. If you are sending a photocopy, please ensure you sign it. Changes received on or after the fifth working day of the month will normally be processed in the following month. Please note that you should also notify the tax office of any change to your address. If you change your marital status, please let us know in writing as soon as possible and provide a certified copy of the relevant certificate.

*If you need to make changes to your personal details, complete the 'Notification of change in details' form at the back of this booklet or on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



## Contacting the pensions payroll section

Any changes to personal details or queries relating to your monthly pension payments should be sent to:

Pensions Payroll Section  
Universities Superannuation Scheme Ltd  
Royal Liver Building  
Liverpool L3 1PY

Please quote the pensioner number on your payslip in any correspondence.

## Moving abroad

If you are moving abroad, please let us know as soon as possible. We will send you a letter outlining the options available to you.

Citibank offers a service by which your pension can be delivered direct to an overseas bank account. Further information can be obtained by writing to the USS pensions payroll section (address opposite).

## Audit checks

From time to time USS may write to members receiving a pension asking them to confirm that they are receiving their monthly pension and that their pension details are correct. The purpose of this letter is to provide a continuing check on the accuracy of our records and is no cause for concern. If you receive such a letter please respond to it as quickly as you can.

## Can I allocate part of my pension to a beneficiary nominated by me?

This is not possible for any retired member. Allocations must be made prior to retirement.

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



# The different elements of your pension

It is important that you are aware of the component parts of your USS pension and the relationship that exists between them and your basic state retirement pension.



The USS fund has two sections, namely a main section and a supplementary section.

The main section of the fund provides the principal benefits (pension and tax-free cash for both Final Salary and Career Revalued Benefits), whilst the supplementary section of the fund provides additional benefits payable if you retire on grounds of incapacity, or on death. The way the benefits are made up from the two sections of the fund depends on individual circumstances.

You may also have benefits from the Money Purchase Additional Voluntary Contribution (AVC) arrangement, which is administered for USS by Prudential. If you elect that your AVC fund is transferred to USS at retirement, this will increase your USS pension and lump sum. If you do not elect to transfer your AVC fund to the scheme, USS will inform Prudential of your retirement. You may then arrange to purchase an annuity with your AVC fund from Prudential or another provider, or to take 100% of this fund as a tax-free cash. You may defer making a decision regarding your Prudential AVC fund until after you have drawn your main USS benefits. However, this will limit you to drawing only up to 25% of the Prudential AVC fund as tax-free cash; the balance would have to be used to buy an annuity.

## Guaranteed minimum pension

USS is contracted-out of the State Second Pension Scheme (formerly SERPS) and as a consequence you and your employer have paid a lower rate of national insurance contributions. For service before 6 April 1997, USS guarantees to pay you a pension of at least the amount you would have received if you had participated in SERPS. This amount is known as the guaranteed minimum pension (GMP). No GMP applies for USS service after 5 April 1997 because from this date USS has been certified as providing benefits at least as good as the 'reference scheme test' requirement.

Your USS pension is likely to be greater than the GMP (in which case the GMP is a notional component of your USS pension) but it is nonetheless important that you understand that there can be this GMP element within your USS pension because pension increases are applied to the GMP in a different way from those applied to the rest of your USS pension (see page 21).

## Other pension benefits

You may also receive pensions from other registered schemes.

In addition to your USS pension, including the GMP, you will probably be entitled to receive the basic state retirement pension from the Department for Work and Pensions (DWP) from state pension age.

Total benefits are subject to maximum allowances set by HMRC.



## To summarise

Your total pension therefore could come from the following sources:

1

### At retirement from USS

- the main section of the USS fund - this amount includes the GMP element
- the supplementary section of the USS fund
- a Money Purchase AVC arrangement with the Prudential
- transfer-in from another pension scheme.

2

### At retirement from another pension arrangement

- another occupational pension scheme
- a free-standing AVC scheme
- a personal pension.

3

### From the DWP at state pension age (or such later date as you agree with the DWP)

- the basic state retirement pension
- an additional pension from the second state pension if you were contracted-in to that scheme during any period from 6 April 1978
- a graduated pension if you paid graduated national insurance contributions to the state graduated pension scheme between April 1961 and April 1975.

# After you have retired

If you intend to continue working after retirement, you need to take the following points into consideration.

## Working after retirement

Unless you are drawing only part of your pension under the USS 'flexible retirement' terms, in order to qualify for a pension you must terminate your current pensionable employment.

Reaching age 65, or achieving 40 years' service, does not automatically make you eligible for a pension if you haven't stopped working.

You would not be deemed to have retired if you intend to commence another job that is pensionable in USS with your current employer, or with any other employer that participates in USS. If however, after you have retired you are subsequently offered new employment that is pensionable in USS, you can accept that job but you cannot rejoin the scheme, unless you are in receipt of a non-enhanced partial incapacity pension. If you are in this situation, you should contact USS for further information.

You should note that your total income, including your pension, will be assessed for income tax.

If you have retired on the grounds of incapacity, the rules of USS provide that USS may either:

- (i) withdraw or suspend that pension for periods up to normal pension age if USS determines that you are no longer suffering from incapacity; or
- (ii) withdraw an enhanced incapacity pension and grant a non-enhanced incapacity pension if USS determines that you are suffering from partial incapacity and not total incapacity.

If at any time you consider the above applies to you, please inform USS in writing.

# Death after retirement

In the event of your death, benefits may be payable to your spouse or civil partner, and dependants.

## Your pension

In the event of your death, your pension will cease. If your death occurs before the 15th of a month, your last pension payment will be the instalment due for the month prior to your death and any dependant's pension payable will commence from the month of death. If your death occurs on or after the 15th of a month, your usual monthly pension payment will have been paid and your dependant's pension will commence from the following month. Your pension payments will not be apportioned up to date of death.

**The benefits which may be payable are as follows:**

### A pension to your spouse or civil partner

If you are married and you predecease your spouse/civil partner, then for the first three months after your death your spouse/civil partner will receive an enhanced pension equal to the amount of pension payable to you at the time of your death. However, if you elected to receive less tax-free cash in exchange for more pension, the pension would be equal to the standard pension calculated at retirement plus pension increases to date of death.

From the fourth month onwards, your spouse/civil partner will receive a monthly pension. If you have a pension being paid from the Final Salary section of the scheme, the benefits payable to your spouse or civil partner will be 1/160th of your pensionable salary at retirement for each year of pensionable service, plus pension increases to date of death.

If you have any pension being paid from the Career Revalued Benefits section of the scheme, the benefits payable to your spouse or civil partner will be half the standard pension calculated at your retirement, plus increases to date of death.

An enhanced spouse's/civil partner's pension for the first three months is not payable if you retired with less than five years' qualifying service.

### A pension to a dependant

If you are not married or do not have a registered civil partner at the time of your death, a pension may be payable to a dependant at the discretion of USS. If you think this may apply to you, complete a 'Registration of potential dependant' form which can be found at the back of this booklet. Alternatively, you may obtain this form from the USS website at [www.uss.co.uk](http://www.uss.co.uk)

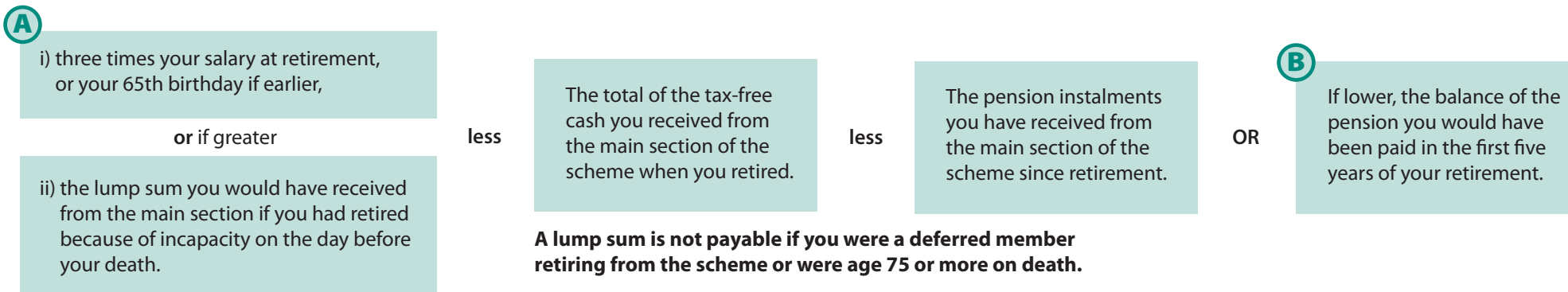
### Annuities for eligible children

The scheme rules provide for the payment of an annuity to eligible children. An eligible child is one who is under the age of 18, or is up to age 23 and receiving full-time education or full-time training approved by USS, or is physically or mentally incapable of supporting himself or herself.

#### 4 A lump sum in some circumstances

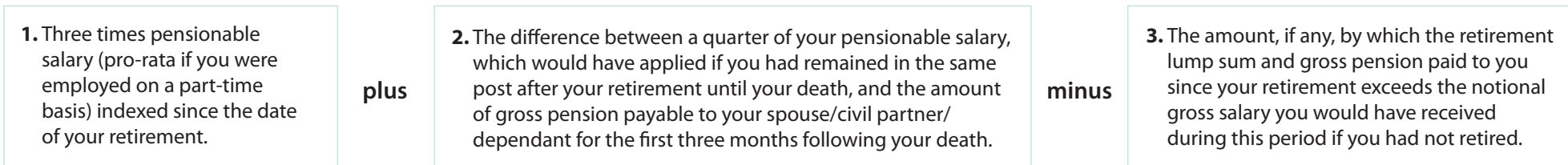
A lump sum may be payable to your beneficiary should you die within five years of retirement. The amount will depend on a range of criteria but is broadly intended to ensure that total benefits, including what you had already received, are equal to what you would have received in the first five years of retirement. Please see the 'Information for beneficiaries (death after retirement or in deferment)' factsheet for further information.

A lump sum is payable at the discretion of USS if you die within five years of retiring. This will be either A or B below, whichever is lower.



#### Death after retirement due to incapacity

If having retired due to incapacity, you die before age 65, a lump sum would be payable under discretionary trusts. The amount of the lump sum will depend on the length of time from retirement to death. The lump sum calculation is in three parts:



**Any pension benefits payable on your death will be based on your standard benefits (i.e. before conversion even if you have decided to convert some or all of these benefits to give you additional cash or pension).**



## Tax recovery charge in some instances

Lump sum benefits payable upon your death after retirement are measured against the Lifetime Allowance (LTA) in the same way as your retirement benefits when they became due. The value of the benefits 'crystallised' at retirement are recorded in your retirement statement and are advised to you annually; any future benefits paid to you add to the 'crystallised' value of the LTA.

Therefore, if you had used all of your LTA at retirement, any death lump sum, which may be payable will inevitably be in excess of the LTA and subject to the LTA tax recovery charge of 55%. Alternatively, if you have used up most of your LTA then only the amount of lump sum, which is in excess of the LTA, will become subject to this tax recovery charge.

It is important to remember that your lump sum is only taxable if it is in excess of the LTA. Otherwise it is, in most circumstances, paid tax free. If it is in excess of the LTA, you can elect to protect your lump sum, should it become payable, so that it will be taxed at 35% rather than 55%. However, if you elect to protect your death lump sum, then it will be taxed at 35% whether or not it is above the LTA limit. Therefore this option may be more appropriate for those pensioners who have either used all, or nearly all, of their LTA. Please contact USS if you would like to opt for this form of protection.

*Please see the 'Information for beneficiaries (Deaths after retirement or in deferment)' factsheet on the USS website at [www.uss.co.uk](http://www.uss.co.uk)*



# Pension increases

Pensions from the main section of USS, including those for surviving spouses, civil partners, children and other dependants of deceased USS members, are increased annually.

## What are pension increases?

For service you built up before 1 October 2011 in the Final Salary section, USS will match the increase in official pensions paid to public sector employees like teachers, civil servants or NHS employees. For service you accrued from 1 October 2011 in either the Final Salary section or the Career Revalued Benefits section, USS will pay increases which match 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 for example official pensions increased by 15%, USS increases would be 10% in that year. The annual increase is effective each April. If you retired less than 12 months before the effective date of an increase, you will receive a proportion of the full pension increase for that year.

During periods of deflation a pension increase may not be paid but your pension will not be reduced.

Pensions paid from the supplementary section of the USS fund are increased periodically to the extent that the finances of that section permit. Up to now these increases have been the same as those for the main section of the fund. It has been assumed throughout this booklet that this will continue to be the case, but no guarantee can be given that this will be so.

Annual pensions are rounded to a figure divisible by 12 and paid monthly.

Details of historic pension increases are available on page 24.

## Will I receive prior notification of increases to my pension?

Yes. Each year, USS will write to you to tell you of any increase that will be applied to your USS pension. This letter will normally be sent to you at the end of March.

## Are these increases taxable?

Yes. If you are liable to pay tax, it will be deducted at the appropriate rate from your pension. In addition, following each increase to your basic state retirement pension (if you are receiving it), your income tax PAYE code will be altered by HMRC who will notify you and USS of your new code.

## Am I eligible to receive pension increases on my USS pension after I have retired, irrespective of my age?

Pension increases are not normally applied to USS pensions until the recipient has reached age 55, but they may be paid earlier in certain circumstances, for example if:

- you retired on the grounds of incapacity, or
- you are a USS pensioner and you have a dependent child who is under 18 or up to 23 and undergoing full-time education (but see note), or
- between the date of your retirement and your 55th birthday you become disabled by physical or mental infirmity.

Note: If you are a woman who retired on or after 1 January 1993, only that part of your pension derived from service up to the end of 1992 will be increased prior to age 55. If you are a man, only that part of your pension derived from service after 16 May 1990 will be increased prior to age 55 and if you are a man who retired on or after 1 January 1993, only that part derived from service after 16 May 1990 and before 1 January 1993. In all cases service excludes any period transferred into USS prior to 1 January 1993.

## If I believe I am eligible to receive pension increases before age 55, what should I do?

You should write to USS at the address on the back page with full details of your circumstances. We will inform you when you are entitled to receive pension increases.

## When do I receive my first pension increase?

You will receive your first pension increase with the April instalment of your pension if you are age 55 or over. If you are under age 55 and you fall into one of the relevant categories, your pension increase will be paid immediately. If you are under age 55, and are not eligible to receive pension increases immediately, your gross pension will be increased with effect from the first instalment paid following your 55th birthday by the pension increases from the date of your retirement to the latest pension increase before your 55th birthday, as if they had been applied to your pension each year.

## Who pays increases on my basic state retirement pension and when?

The Department for Work and Pensions (DWP) is responsible for paying increases on your basic state retirement pension (plus increases on any part of your state second pension benefit earned in respect of a period which reckons as pensionable service in the calculation of your USS benefits). Such increases would be applied annually on the first payment date after 6 April.

The DWP will write to you about your increase in February or March each year.

## If I am entitled to a pension from another pension scheme, who is responsible for paying increases on that pension?

The responsibility for paying increases on such a pension rests with the scheme providing it. Not all schemes provide increases in the same way that USS does and practice varies considerably.



## **What effect does receiving a pension from another scheme have on the pension increases paid by USS?**

You will be advised in your retirement letter if this applies to you.

The amount of your USS pension is reduced to take into account any pension you receive from another scheme, which is derived from a period of service which counts as a period of pensionable service for USS benefits. However, pension increases are calculated on the full amount of your USS pension before such a deduction is made.

# Pension increases and your GMP

The way in which the guaranteed minimum pension (GMP) increases is different to how your USS benefits increase.

## Do I have a GMP, and if so, how are increases applied to it?

### You will have a GMP if:

- you are a member at or over state pension age with pensionable service in USS between 6 April 1978 and 5 April 1997;

OR

- you are a widow or widower of a member who had pensionable service in USS between 6 April 1978 and 5 April 1997;

AND

- full (contracted-out) rate national insurance was paid by the member during that period.

### If you do have a GMP then:

- USS does not pay the increase on your GMP if your pension is based wholly on service before 6 April 1988
- if your pension is based wholly or partly on service from 6 April 1988 and you have reached state pension age, pension increases will be calculated and paid partly by USS and partly by the DWP. The total increase paid will be equal to the amount that would have been paid if you had received the increase on the whole of your USS pension from us.

If you do not have a GMP, you will receive from USS increases on the whole of your USS pension.

## How will I know the amount of the GMP element of my pension?

This amount is calculated by the DWP and should be notified to you by them, and to USS, by your state pension age.

## What should I do if the DWP has not notified me of my GMP?

If you have not received notification of your GMP by the time you reach state pension age, you should contact your local DWP office.

## What happens if the DWP does not notify USS of my GMP?

If, by the beginning of March following the date on which you reach state pension age, the DWP has not notified USS of the amount of GMP to which you are entitled, your increase in April will be provisionally calculated by using an estimate of your GMP and any adjustment to your pension will be made when notification is received.



## How does my GMP affect my pension increase?

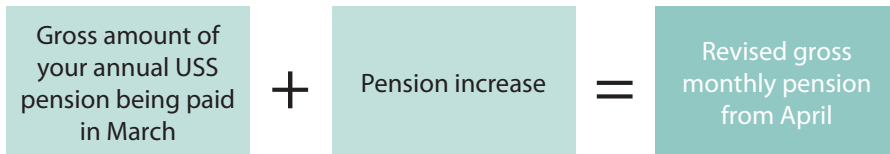
USS is responsible for providing increases of up to a maximum of 3% a year on the part of your GMP which relates to your service from 6 April 1988.

The DWP is responsible for paying increases on the part of the GMP which relates to your service before 6 April 1988, and for service from 6 April 1988, on the difference (if any) between the amount provided by USS and the prescribed increase announced by the DWP each year. The GMP is shown as contracted-out deduction on your state retirement pension payment advice.

The DWP is responsible for paying increases on your state benefits and will pay the increases on your GMP, for which they are responsible, with your state pension.

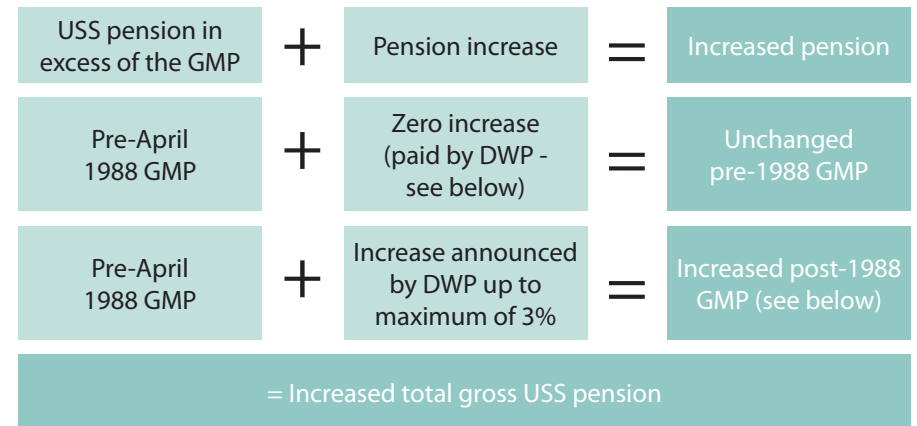
### If you do not have a GMP or are not in receipt of your basic state retirement pension or invalidity benefit

Provided you are entitled to receive pension increases, the pension paid to you by USS will be increased each April in the following manner:

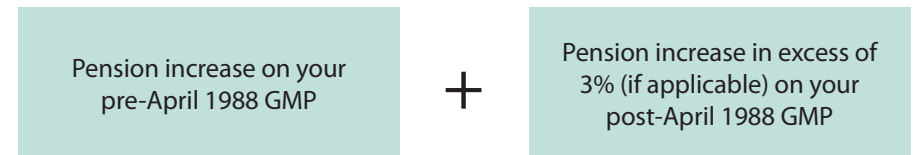


### If you have a GMP and are in receipt of state benefits

Provided you are entitled to receive pension increases, the annual pension paid to you by USS will be increased each April in the following manner (assuming that your total gross USS pension includes pre and post-April 1988 GMP components):



### In addition, DWP will pay the increases on your GMP as follows:



This increase and the increases on your state benefits are paid by the DWP annually in April.

If you are receiving a pension from another scheme see pages 12 and 13.



## Are there any circumstances in which the DWP will not pay increases on the GMP element of my USS pension?

Increases on your GMP will not be paid by the DWP if you:

- **are resident in an overseas country, which is not listed** (see 'If you live abroad' on page 26), or
- **have deferred commencement of the payment of your basic state retirement pension beyond state pension age and are not in receipt of invalidity benefit, or**
- **are, for some reason, temporarily disqualified from receiving your basic state retirement pension, or**
- **have an additional pension from state second pension (see page 12), paid as part of your state retirement pension, which is less than the total GMP to which you are entitled.** This is a relatively rare occurrence, but should it occur in your particular case and you require a detailed explanation as to how the figures have been calculated, you should write to:

HM Revenue & Customs  
NI Contributions Office  
NI Services to the Pension Industry  
Longbenton  
Newcastle-upon-Tyne  
NE98 1ZZ

Please quote your national insurance number.

If you think that any of these situations apply to you, you should write to USS quoting your USS pensioner number (shown on your pension payment advice slip) or your national insurance number, giving details of your circumstances. If it is established that the DWP is not providing increases on your GMP, USS will be able to increase your main section pension from USS once confirmation of the situation has been received.

With effect from April 2010, the state pension age for women is being increased from age 60 so as to be equalised with that for men at age 65 by November 2018. This will be a phased increase so state pension age will depend on the year and month of birth for women born between April 1950 and April 1955.

This means that state retirement benefits, such as increases on GMP, will not become payable until your state retirement age. The GMP for women will be effective from age 60, however, USS will continue to apply the full pension increase due until state pension age is reached and GMP increases are paid by the DWP as part of the state retirement pension.



## I have deferred drawing my state pension, how does this affect the USS pension increase?

State pension regulations allow you to defer drawing your state benefits until a later date, and to receive an increased level of state benefits at the point at which you eventually draw your state benefits. Please contact the DWP for more details.

If you do decide to defer drawing your state pension, the GMP element of your USS benefits will not apply until the date at which you eventually draw your state benefits. Please inform USS if you decide to defer drawing your state benefits. When you eventually begin to draw your state pension benefits, future USS pension increases will be calculated in the usual manner as explained in the 'How does my GMP affect my pension increase?' section (see page 22).

You must notify USS when you eventually begin to draw your state pension.

# Facts and figures

A guide to pension increases, tax limits and allowances.



## History of USS pension increases

The past is not necessarily a reliable guide to the future but, purely for the purposes of illustration, the following increases have been paid to USS pensioners.

Year	% increase	Effective from
1997	3.0	21 April
1998	3.6	21 April
1999	3.2	21 April
2000	2.1	21 April
2001	3.3	21 April
2002	1.7	21 April
2003	1.7	21 April

Year	% increase	Effective from
2004	2.8	21 April
2005	3.1	21 April
2006	2.7	21 April
2007	3.6	21 April
2008	3.9	21 April
2009	5.0	21 April
2010	0.0	21 April*
2011	3.1	21 April

\*In periods of negative inflation pensions are not decreased, no increase is applied.

### Basic state pension rates

Tax year	Single		Married	
	£ per week	£ per annum	£ per week	£ per annum
2011/12	102.15	5,311.80	204.30	10,623.60
2010/11	97.65	5,077.80	156.15	8,119.80
2009/10	95.25	4,953.00	152.30	7,919.60
2008/09	90.70	4,716.40	145.05	7,542.60
2007/08	87.30	4,539.60	139.60	7,259.20
2006/07	84.25	4,381.00	134.75	7,007.00

### Income tax rates and bands

2011/12	£
Basic rate 20%	0 - 35,000
Higher rate 40%	35,001 - 150,000
Additional rate 50%	Over 150,000

### Income tax allowances for 2011/12

	(£)
Personal allowance	7,475
Income limit for personal allowance	100,000
Personal allowance for people aged 65-74 <sup>①</sup> <sup>②</sup>	9,940
Personal allowance for people aged 75 and over <sup>①</sup> <sup>②</sup>	10,090
Married couple's allowance - aged 75 and over <sup>②</sup> <sup>③</sup>	7,295
Income limit for age-related allowances	24,000
Minimum amount of married couple's allowance	2,800
Blind person's allowance	1,980

- <sup>①</sup> These allowances reduce where the income is above the income limit by £1 for every £2 of income above the limit. They will never be less than the basic Personal Allowance or minimum amount of Married Couple's Allowance.
- <sup>②</sup> These allowances reduce where the income is above the income limit - by £1 for every £2 of income above the limit. From the 2010/11 tax year the Personal Allowance for people aged 65 to 74 and 75 and over can be reduced below the basic Personal Allowance where the income is above £100,000.
- <sup>③</sup> Tax relief for the Married Couple's Allowance is given at the rate of 10%.

# If you live abroad

If you live abroad in a country which is one of those listed below, you may be entitled to have increases on your UK state benefits, and therefore on your GMP, provided by the DWP.



## Overseas countries where the DWP will pay an increase on the GMP

- a European Community (EC) country including Gibraltar,
- a country in the European Economic Area,
- a country with which the UK has a reciprocal agreement, which allows you to get the increased rate.

These countries include:

- Bermuda
- Israel
- Jamaica
- Jersey and Guernsey
- Isle of Man
- Mauritius
- Turkey
- USA
- the republics of the former Yugoslavia that are not EU Member States (Bosnia-Herzegovina, Croatia, Montenegro, the Republic of Macedonia and Serbia.)
- the Philippines (this applies only to increases awarded after 1 December 1989),
- Barbados (this applies only to increases awarded after 1 April 1992),
- increases are also payable in Sark under UK domestic legislation.

If you live abroad in a country not listed opposite, you may not get an increase on your GMP from the Department for Work and Pensions and you should therefore write to USS with the necessary details so that increases can be given by USS on your full pension.

You will automatically receive increases from USS on any pension over and above the GMP.

# Definitions



## Crystallised value

This is the capital value of your benefits at retirement; it is the proportion of the Lifetime Allowance used up at the point you drew your USS benefits.



## 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.



## 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.



## Guaranteed Minimum Pension (GMP)

Is the amount the Pension Schemes Act 1993 requires to be paid to a retired member of USS whose employment is contracted-out of the second state pension scheme.



## State pension age

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

- Between 2010 and 2018 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.



## The second state pension scheme

This scheme (formerly known as SERPS), introduced on 6 April 1978, provides the earnings-related part of the state retirement pension and is shown as 'Additional Pension' on the state pension payment advice.



## 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.

This booklet represents the interpretation of the current USS rules and actuarial advice received by Universities Superannuation Scheme Ltd. These may change from time to time. The trust deed and rules of USS will take priority over any statement in this booklet should any difference of interpretation arise.



# Notes

Please tear along  
the perforated line

For USS use only: Retirement/ NoC



## Notification of change in details

Please complete this form using BLOCK CAPITALS

### Personal details

#### Current details

#### New details

Pensioner  
number

Date of birth

Surname

Forename

Title

Marital status

Address

### Bank details

#### Current details

#### New details

Name of bank/  
building society

Address of bank/  
building society

Account name

Account number

Sort code

Please note that any notification of a change to your bank details must be accompanied by original documentation from your bank (e.g. a cancelled cheque or bank statement).

**Declaration by  
member**

To Universities Superannuation Scheme Ltd:

I confirm that the above details have changed and, where appropriate, have attached the relevant supporting documentation.

Signed

Date



Please tear along  
the perforated line

For USS use only: Joiner / EoW



## Expression of Wish

Member details	National insurance number	Surname	Initials	Title
<b>Beneficiary or Beneficiaries</b>				
Name		Relationship to member		Proportion %
Address				
Name		Relationship to member		Proportion %
Address				
Name		Relationship to member		Proportion %
Address				
<b>Alternative wishes</b>	If the above (or any of them) predecease me, I wish the trustee 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 eg: 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).

Please tear along  
the perforated line

For USS use only: Retirement/ Dep Reg



## Registration of potential dependant

Please complete this form using BLOCK CAPITALS

Member details      National insurance number      Surname      Initials      Title

\_\_\_\_\_

### 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






## 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 and pensioner number (refer to payslip) 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.