

# IN

# TOUCH

Universities Superannuation Scheme Newsletter 2008



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## Welcome



This is the second edition of our newsletter for people who receive a USS pension. We have chosen a name that encapsulates our aim, which is to keep you up-to-date with information that hopefully will be of interest to our retired members and beneficiaries. Judging by your comments, the first edition was well received, but I have to say I was taken to task by one reader who pointed out that not everyone in receipt of a pension from USS is a pensioner!

It seems as though a week does not go by without a news story about pensions and I am sure this must be unsettling for some of our readers. Although USS is not immune from

the fluctuations in the investment markets, and indeed demographic changes such as improvements in life expectancy, the trustee board has no concerns about the scheme's ability to pay the pensions that have been promised. However, as Sir Martin Harris, chairman of the trustee board reported in the Members' Annual Report last September, we expect the employers and the trade unions to discuss, later this year, an increase to the retirement age for new members to the scheme and other possible changes to safeguard its valuable benefits not just for current members and pensioners, but also for future members.

Colin Busby  
Communications Manager



# USS

UNIVERSITIES SUPERANNUATION SCHEME

# Inheritance Tax Changes

Many members will already be aware from articles in the press of the sudden change in the inheritance tax rules from 9th October 2007.

But what exactly changed? Well, essentially not an awful lot!

Prior to October 2007, as long as you arranged your wills in the correct way each party in a marriage was entitled to an inheritance tax allowance (£300,000 for the 2007/08 tax year). On the death of one party, their allowance of £300,000 was utilised, the estate then passed to the spouse and on their death they also benefited from their own allowance, so essentially in the 2007/08 tax year it was possible to achieve a total allowance of £600,000 - but this did depend on you having established your wills in the correct way on the advice of a suitable solicitor.

This is one of the reasons why inheritance tax was sometimes known as the voluntary tax, as there were some measures you could take to mitigate or remove the potential cost.

If you hadn't established your wills in this way, then on the death of one party the whole estate was normally passed to the other party and on their death the whole value of the estate was counted for inheritance tax but of course only one allowance applied, therefore a potentially significant extra tax charge simply because there was no adequate provision made by the individuals in advance.

So what changed in October 2007? Well, all that really changed is that every *individual* now has an inheritance tax threshold, currently

£300,000 each and there is now no need to specifically structure your will to benefit from this.

## Not married?

The above summary relates to married couples or couples that have entered into a civil partnership arrangement. If neither of those situations applies to you then the new rules don't really help you at all. However, there are measures you can take to reduce the impact of any potential inheritance tax charge and you should speak to a suitable adviser/solicitor about the best way to achieve this.

Universities Superannuation Scheme Ltd encourages all members to establish a suitable will; there are other extremely sound financial reasons why everyone should do this and we would ask members to speak to a suitable adviser/solicitor in this respect.

## Other options

Please also remember there are other ways in which you can legally reduce the value of your estate and therefore reduce the level of any potential tax charge. For example, you are able to make financial gifts within certain limits.

For full information visit the HMRC website:

[www.hmrc.gov.uk/pbr2007/it-nil-rate-guide.pdf](http://www.hmrc.gov.uk/pbr2007/it-nil-rate-guide.pdf) or phone 0845 30 20 900

This article is a very brief reminder of the change: if you think you might be affected you should take advice for your own circumstances.

If you visit the USS website [www.ussq.co.uk](http://www.ussq.co.uk) you can view a list of financial advisers under the 'Planning' section, who have the highest level of retirement planning qualifications and who also have a good knowledge of USS.

Unfortunately, we are not able to offer specific financial advice but we hope this article has alerted you to actions you may want to take.



## Happy Birthday Mr. Michalski!

Last year we were happy to be able to tell you of the birthday of our first beneficiary to reach 100 years old. This year we celebrated the 100th birthday of USS pensioner Mr. Kazimierz Michalski in February 2008.

Born in Poland in 1908, Mr. Michalski came to the UK in 1946 after the Second World War and was employed by Oxford University's Law Library from 1965 until he retired in 1976. He celebrated his birthday with a champagne buffet at his local church with friends and family.

All of us at USS are pleased to wish Mr. Michalski a very happy birthday!

## Have you Heard about the Unclaimed Assets Register?

It is estimated that over £15 billion remains unclaimed in the UK, lying in old bank accounts, pension funds and with life assurance and investment companies. There are many reasons for these lost financial assets, but the most common are a failure of owners to notify institutions of changes of address, lost documentation, spouses and other heirs who are totally unaware of the assets concerned, or simple forgetfulness.

The Unclaimed Assets Register offers a unique computerised search service that helps the rightful owners to find lost assets and re-establish contact with financial institutions. Most are easy to reclaim, and you can search for assets in your own name or those in another person's name (e.g. a deceased relative or family member).

Searching is easy and can be done by completing a form, either electronically or by post. A small fixed fee of £18 is charged for each search, 10% of which goes to charity. So if you think you might have forgotten assets somewhere, it may be worth spending ten minutes to find out. More information is available on the website [www.uar.co.uk](http://www.uar.co.uk)



# Leisure and Voluntary Work in Retirement

**Before they retire, many people look forward to long stretches of unplanned time where they can relax and use their newfound freedom to pursue their passions.**

But retirement can be a far more major lifestyle change than first anticipated and people can find themselves missing social interaction, mental stimulation and wondering how they are going to fill their time.

Hobbies can help keep you busy and give you the opportunity to pursue enthusiasms, socialise and learn new skills. Activities can range from writing, reading, photography, to taking up a new form of exercise like swimming, golf, rambling, yoga or bowls. There are many types of clubs which you can join, such as lunch or wine tasting, who meet either daily, weekly or monthly. Information

can be found by looking in your local library, newspaper or supermarket.

Retirement can also offer opportunities to learn. This could mean updating current skills or pursuing a subject that has always fascinated you. There are lots of short courses available at various adult and community education colleges, which can be taken on a part-time basis, plus institutions like the Open University, who can help you learn at your own pace, either for qualifications or just for fun.

Many people also pursue volunteering opportunities in their retirement. This may help you stay somewhat connected with the working environment, helping you get much more out of life, whilst allowing you use your skills and knowledge.

Whichever direction you choose, the good news is, researchers have found that retired people who pursue hobbies are happier and healthier and tend to live longer!



**For more information regarding some of these topics:**

**Age Concern Information Line**

Tel: 01364 651640

Website: [www.ageconcern.org.uk](http://www.ageconcern.org.uk)

**The University of the Third Age**

Tel: 020 8466 6139

Website: [www.u3a.org.uk](http://www.u3a.org.uk)

## Charitable Choices

**Here at Universities Superannuation Scheme Ltd many of our staff get involved in raising money for charitable causes.**

In June 2007 members of our IT department completed the Three Peaks Challenge, climbing the highest peaks in Scotland, England and Wales in 29 hours. They raised an impressive £1,300 for Leukaemia Research. But it doesn't stop there: our staff have taken part in bike rides, runs, coffee mornings and even sponsored moustache growing to raise money for charity.

If you want to help out your favourite charity you don't need to go to such extremes. Instead you can contribute directly from your pension and receive tax relief via the Give As You Earn (GAYE) scheme. If you would like to participate all you need to do is send us a completed Charities Trust Payroll Giving form which you can get from their website at [www.charitiestrust.org](http://www.charitiestrust.org) or from our Pensions Payroll team.

We'll make arrangements for the money to be paid over by the Charities Trust and you'll receive your tax relief on the donation as the money is deducted before tax. So if you're paying 20% tax a £5 contribution is only actually costing you £4; if you pay 40% tax the same contribution only costs you £3.

USS pensioners and beneficiaries are already benefiting their chosen charities by making contributions in excess of £15,000 each month via the GAYE scheme.



**On top of Ben Nevis:**

**Top row:** Andy Currie, Grahame Weaver, Stuart McLean, Rob Lee, Mark Shawyer.

**Bottom row:** Mark Hughes, Karl Roberts, Mark Reynolds, Kieran Cliffe.

**Further information on GAYE is available from the HM Revenue and Customs website:**

[www.hmrc.gov.uk/payrollgiving/donors/questions.htm](http://www.hmrc.gov.uk/payrollgiving/donors/questions.htm)

# Important Reminders

## Changing Address or Bank?

It is important that you keep us up-to-date with any changes to your personal details, particularly changes to your address or to the bank or building society to which your pension is paid.

You will be aware that instances of "identity theft" are being mentioned more and more frequently in the media. Because of this, we have reviewed our data security procedures and are introducing tighter measures for notification of change of bank details. We currently require members to provide a signed authority for notification of change of bank details, but from 1st April we will also require documentary evidence of the change (such as a cancelled cheque or a bank statement in respect of the new account) before we will initiate the change.

Please include some form of documentary evidence of your new bank details when notifying us of a change to your bank. Please also ensure that you notify any amended bank details by the end of the month prior to that in which the change is to take place. We would recommend that you leave your

existing bank account open until you receive written confirmation from us that we have amended our records.

## Bank Details on your Pensions Payment Advice Slip

From April 2008 we will no longer be printing the full bank or building society account number on your pension payment advice slip and will instead print \*\*\*\* for the first four digits.

## Pensions Increases on Guaranteed Minimum Pension (GMP)

Your GMP is the equivalent of the pension you would have received from the state if you had not been contracted-out of the state second pension. Increases on your GMP will not be paid by the Department for Work and Pensions if you:

- are a widower of a former USS member, unless you are receiving either a state retirement pension which includes an additional pension based on your late wife's contributions or incapacity benefit based on your late wife's contributions, or

- are not resident in an overseas country, where there is a reciprocal arrangement, 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 SERPS, paid as part of your state retirement pension, which is less than the total GMP to which you are entitled.

If you think that any of these situations apply to you, you should write to us quoting your USS pensioner number (shown on the last pension payment advice slip we sent you) giving details of your circumstances. If it is established that the Department for Work and Pensions is not providing increases on your GMP, we will be able to increase your main section pension from USS once confirmation of the situation has been received.

## Any Queries?

Here at Universities Superannuation Scheme Ltd we have a dedicated Pensions Payroll team to look after those USS members and beneficiaries who are in receipt of a pension.

Mike McGreal is our Payroll Manager and in addition to running the payroll each month and ensuring that your pensions are paid on time his team also respond to telephone queries and correspondence regarding your pension payments.

If you have any queries or problems with your pension please contact Mike's team and quote your USS pensioner number or National Insurance number which can be found on any of your pension payment advice slips.



### Pensions Payroll Team:

**Top row:** Grant Hughes, Elisha Johnson, Karen Cullen, Liam Hailwood, Carla Coventry, Nicki Nichols, Mike McGreal. **Bottom row:** Rhian Lewis, Julie Abraham, Tina Evans.

## P60 - End of Year Certificate of Pension and Income Tax

The P60 is an important document that should be retained but we frequently receive late requests for duplicate information to be supplied very close to HM Revenue & Customs deadlines. If we do not receive a timely request, we can not guarantee that we will be able to send written confirmation within the timescale requested.

You may be interested to know that when we use external printers we use data encryption software to ensure that any personal data is secure.

## Contact Information

### Pensions Payroll

Universities Superannuation Scheme Ltd  
Royal Liver Building  
Liverpool  
L3 1PY

T: 0151 227 4711

E: [payroll@usshq.co.uk](mailto:payroll@usshq.co.uk)

W: [www.usshq.co.uk](http://www.usshq.co.uk)

This document is available  
in large print on request.