

Pensioner Newsletter

2007

USS
UNIVERSITIES
SUPERANNUATION
SCHEME LIMITED

Welcome to our new annual newsletter. I hope you will find it interesting and useful.

We have included some information that we need to send you and important contact details for you to keep for future reference. We've also included some articles which we thought might be of general interest to you. We'll use the newsletter in future to help keep you fully informed of any changes to the scheme that might affect you.

We would appreciate your comments about the content as well as your suggestions of what you'd like to see in future editions. Please write to me or email communications@usshq.co.uk with your comments or any views.

The last 12 months have been very busy for all pension schemes, including USS, with numerous legislative

changes and the introduction of new rules designed to prevent age discrimination and new simplified tax rules (well, in truth, only slightly more straightforward)! We've also embarked on a consultation exercise with employers about the funding of future benefits in USS and more details on this are enclosed.

Copies of this newsletter are also available on the USS website www.usshq.co.uk. Our website has a lot of information about the scheme and you can view or download all of our publications from there. You may be interested to know that the USS website won the prestigious Professional Pensions Website Design Award for 2006!

With my very best wishes.

Colin Busby

Communications Manager

ePensions Strategy

USS Ltd is embarking on a major exercise to change the way it communicates with employers, members and pensioners. Over the next three years we will be developing secure online systems that will enable employers to send and receive information about members through the website. Members will be able to calculate estimates of their benefits and pensioners will be able to check the provision made for their dependants. We will also give pensioners the option to receive information from USS by email.

We are setting up a pilot exercise in the autumn to send out the Members' Annual Report by email to pensioners living overseas. If you would like to take part in this exercise please send your email address to ussoverseas@usshq.co.uk.

USS centenarian

Mrs Helen Kelsall, the widow of the late Professor Roger Kelsall, celebrated her 100th birthday on 16 March 2007.

She spent the day with friends at the nursing home in Sheffield, where she has lived for the past 4 years.

Professor Kelsall, former Professor of Sociology at the University of Sheffield, was one of the first USS pensioners when he retired in 1975.

Inside:

- Legislative changes affecting USS
- Consultation on the future funding of USS
- Can you afford to wait for your state pension?
 - Living abroad in retirement
- An introduction to the Payroll team
 - Important reminders

Legislative changes affecting USS

Age Discrimination Legislation 2006

With effect from 1 December 2006 new regulations were introduced that affect all pension schemes to remove any rules that were age discriminatory.

The changes made to the USS rules will not affect pensioners except we have made a small improvement in the qualifying conditions for the payment of children's pensions. These used to be paid until age 17 and then after that at the trustee company's discretion until age 23, if a child is in full-time education or training. We will now pay the pension automatically until age 18 and thereafter at the trustee company's discretion. This will ensure that in most cases a pension is payable automatically until the child enters higher education at which time we will require confirmation from the college or university.

Can you afford to wait for your State Pension?

The government brought in a scheme two years ago that offers a guaranteed rate of return of 2 percentage points above Bank of England base rate for anyone who postpones the date they take their State pension. If you decide to wait for your State pension, you can choose to take an increase in your weekly pension or take a cash lump sum when you decide to claim it. The maximum period that you can put off taking your pension is five years and you must defer your pension for at least a year to qualify for a lump sum. The payments are taxable but only at the highest rate applicable to your other income.

One disadvantage is that if you die before you receive your lump sum, your descendants will not benefit from the cash you should have received, although your spouse or civil partner may receive the extra benefits. If you choose to increase your pension in this way then you will receive an additional 1% on your weekly pension for every five weeks you put off claiming. This equates to about 10.4% extra for every year you put off claiming your State pension.

This increased flexibility may be of interest to members who can live on their USS pension or other income. But you should consider the possible impact on entitlement to other State benefits. The increases do not have any effect on pension credit, housing benefit or council tax benefit. This is just an outline of the scheme. For more details contact the Department of Work & Pensions.

Consultation on the future funding of USS

In October last year we launched a detailed consultation exercise with the institutions that participate in USS, seeking views on a range of possible options designed to meet the rising future funding costs of providing pensions to our 230,000 members and also to consider modernising benefits, including allowing flexible retirement.

Launching the consultation, Sir Martin Harris, chairman of USS Ltd, said: "While I would emphasise that there is no cause for alarm, scheme funding is coming under pressure for a number of reasons. We seek an open dialogue where no outcomes have been pre-determined."

Tom Merchant, chief executive of USS Ltd, said: "We would also like to reassure USS members that there should be no concern that the existing benefits are to be cut, or indeed that there should be worries over the strength of the scheme."

These changes do not directly affect pensioners because we are looking at the cost of providing benefits in the future. There is no question of any changes to pensions currently in payment.

The choices available to employers were to leave the scheme unchanged and raise the employers' contribution rate, probably in the order of 2%, or alternatively reduce, or perhaps eliminate, the need for a contribution rate increase by taking steps such as increasing retirement ages for new members in the light of improving longevity and/or introducing a system whereby early retirements are paid for separately by institutions rather than being funded generally through the scheme contribution rate.

The proposals also asked employers if they wished to take advantage of the opportunity under new government legislation for USS to provide flexible retirement pension arrangements, enabling employees to "taper their way into retirement" by taking a proportion of their pension while leaving the remainder in the scheme and continuing to work and build up further pension entitlement.

The first phase of the consultation is now complete and the employers agreed to introduce charging the institution for the extra costs of early retirement before age 60 and to establish a standard normal retirement age of 65 for all new members. The employers also supported the introduction of flexible retirement and negotiations are now proceeding between the representatives of the employers and the union to agree the flexible retirement terms.

Living abroad in retirement

Almost 2,400 USS pensioners currently live outside the UK. Some have returned to their home country but many are spending their retirement years in a warmer climate and who would blame them!

Our pensioners are spread over 87 countries but the most popular retirement locations are United States, France, Australia, Canada, Spain and New Zealand. There are many things to consider if you are thinking of moving abroad either permanently or just for a temporary period. There are several helpful websites that provide information for people who

have moved overseas or are thinking of moving. We recommend that you look at www.direct.gov.uk/en/BritonsLivingAbroad, which contains a lot of information including how to register to vote overseas, health issues and tax information.

The Department for Work and Pensions has set up an International Pensions Centre at www.thepension.service.gov.uk/atoz/atozdetailed/livingoverseas.asp, which deals with claims for State Pensions and has a helpful section on frequently asked questions.

If you are considering moving abroad, please let us know as soon as possible. We will explain the options available to you and send you an HM Revenue & Customs information leaflet.

Important Reminders

Changes of address and bank details

If you change your address or your bank/building society details, to which your pension is paid, please tell us as soon as possible in writing. There is a form on the USS website www.usshq.co.uk, alternatively simply write to USS Ltd.

Death benefits

Pension benefits to spouses/dependants/civil partners

If you are legally married or in a registered civil partnership then you need do nothing as your spouse/partner is automatically entitled to a spouse's pension following your death.

If you are not married, or not in a registered civil partnership, but you have someone financially dependent or inter-dependent on you then they may qualify for the equivalent of the spouse's/civil partner's pension. To nominate this individual please complete form MO3 – *Registration of a Potential Dependant* and send it to USS Ltd. This form is available from our website www.usshq.co.uk or contact USS Ltd and we will post one to you.

Lump sums

If you die within 5 years of retirement a lump sum may be payable. For most people the amount may be fairly modest, particularly if you took tax-free cash at retirement but it's worth letting us know who should receive any lump sum payable on your death. You should complete form MO1 – *Expression*

of wish from the USS website www.usshq.co.uk or contact USS Ltd for a form.

Please tell your next of kin, or another representative, that on your death they should notify USS Ltd without delay and we will then settle any benefits due, as appropriate, to the relevant beneficiaries. If we are not informed of a death and payment continues USS Ltd will recover any overpayments.

Please note that any lump sum paid on death is tax-free and does not form part of your estate for Inheritance Tax purposes.

Children's pension benefits

These are paid up to age 18. After this age payment is at the trustee company's discretion and dependent on whether or not the child is still in full-time education, or an approved training scheme. Payment normally ceases at age 23 but there is discretion to continue payment in certain circumstances, for example if a child is incapable of being self-supporting due to a physical or mental incapacity.

If you have a son or daughter who is dependent on you and you would like reassurance that he/she would qualify for a pension, please write to the Medical Adviser at USS Ltd with details of your child's condition. Also, please inform us immediately if your child ceases full-time education or training and they are over age 18. Any overpayment may have to be refunded to USS.

Incapacity retirement benefits

If you are receiving an incapacity pension (total or partial) it's important that you keep us informed of any changes in your condition so that we can review the level of benefits paid to you.

An introduction to the USS Ltd payroll team

If you have any queries about the payment of your pension please contact the payroll team (contact details below), who will be pleased to help you.

Telephone: 0151 227 4711

Email: payroll@usshq.co.uk

Or, write to Mike McGreal, Payroll Manager at the address below.

Mike's team ensures that all our 45,000 pensioners receive their pension payments efficiently every month. If you do need to contact them please call, email or write in and one of Mike's team will be happy to help.

Please quote your national insurance number in all correspondence.



Address:
USS Ltd
Royal Liver Building
Liverpool
L3 1PY

Tel: (local rate)
0845 068 1110

Payroll Team

from the left, back row -
Liam Hailwood,
Elisha Johnson,
Mike McGreal,
Grant Hughes,
Nicki Nichols,
Maureen Dooley,
Carla Coventry
front row -
Julie Abraham,
Karen Cullen,
Tina Evans.

USS pensioner director

The trustee company, USS Ltd, is the trustee of the pension scheme and is responsible for its administration. The management committee comprises 12 directors including one director, appointed by the University and College Union, who must be a USS pensioner. Lady Merrison is the current pensioner director, having joined the management committee in October 2003. Maureen was formerly a lecturer in medieval history at the University of Bristol and since her retirement she has served as a non-executive director in the fields of banking, media and health insurance. Although her role as a director of USS Ltd requires her to act



Lady Merrison

in the interest of the whole membership, she does have a particular interest in the experience of USS pensioners. Maureen receives a widow's pension from USS, as well as a pension in her own right and previously received pensions for her two children. She used her experience of dealing with USS during a recent review of the standard letters used by the pensions department.

A large print version of this newsletter is available.
To obtain a copy please contact USS Ltd.

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