

Taking cash from your Investment Builder pot (UFPLS)

Your Investment Builder is a flexible way to save for the future, giving you a range of ways to use the pot you build up. One option is to take one or more cash payments. This is known as 'Uncrystallised Funds Pension Lump Sums' (UFPLS), but to keep things simple we'll call them 'cash payments'.

From age 55 you can:

- take your whole pot as cash;
- take up to four cash payments each calendar year, while leaving the rest of your pot invested; or
- leave your whole pot invested and take your cash when you want it – even after you've retired.

When taking cash payments in this way, you can continue contributing to your Investment Builder pot whilst you're an active USS member, but not yet retired.

You should think carefully before taking cash payments in this way because doing so will affect the way you continue to build your Investment Builder pot (or any other defined contribution arrangement). See 'the Money Purchase Annual Allowance' (below).

For other flexible ways to use your Investment Builder pot, see the [Using your Investment Builder pot](#) web page.

Eligibility

You can take cash payments from your Investment Builder pot if:

- you are at least minimum pension age (currently 55); or
- you have reached your protected pension age (if you have one in USS and are claiming all of your Retirement Income Builder benefits and Investment Builder savings at the same time); or
- you qualify to take benefits early under USS's ill health rules.

You will also need to have at least some of your Lifetime Allowance available:

- if the cash payment is made before age 75, the full amount must be covered by your remaining Lifetime Allowance (LTA). If you want to take more than your LTA, your cash in excess of the LTA will be paid as a Lifetime Allowance excess lump sum (see below for further detail);
- if the cash payment is made after age 75, any Lifetime Allowance which was used up as a result of you turning 75 is ignored and the tax-free amount will be restricted to 25% of your remaining LTA.

You can't take cash payments from your Investment Builder pot if you have:

- enhanced and/or primary protection and have protected lump sum rights which exceeded £375,000 at 6 April 2006. Your protection certificate should set out the protected lump sum percentage;

- a disqualifying pension credit from an ex-spouse's or former civil partner's pension already in payment included in your pension benefits; or
- a Lifetime Allowance enhancement factor on your pension benefits relating to primary protection, periods of non-residence, transfers from recognised overseas pensions schemes or pension credits prior to 6 April 2006, with the available lump sum less than 25% of the cash payment you want.

For more information, see our [pension tax](#), [life events](#), and [transferring in to USS](#) pages.

It is your responsibility to ensure you do not apply for a cash payment for which you are not eligible. We will ask you to sign a declaration to confirm this is the case, before the cash payment can be paid. If you're not sure whether you're eligible, please speak to a financial adviser.

Applying for a cash payment

To apply for a cash payment from your Investment Builder pot, complete the cash payment application form found on our [website](#). The minimum cash payment you can apply for is £2,000 and there's no upper limit.

The Money Purchase Annual Allowance (MPAA)

If you take a cash payment from a defined contribution (DC) scheme like the Investment Builder, it will trigger the MPAA. This is the limit you can pay into any DC scheme each year and still get tax relief. It applies to all DC schemes of which you're a member and any that you join in the future.

The MPAA is currently £4,000, so once you've taken a cash payment, any contributions above this amount paid by you and/or your employer(s) in a tax year, into any DC arrangement will be subject to tax charges.

Once triggered, the MPAA applies for life. The benefits you build up in the Retirement Income Builder are not affected by the MPAA as it is the defined benefit (DB) section of the scheme.

You should consider this carefully, when deciding whether to take a cash payment.

Tax

Cash payments you take from your Investment Builder pot differ from the tax-free lump sum you can take when you retire – they're subject to tax, so you'll have to think carefully before taking your cash.

Under age 75

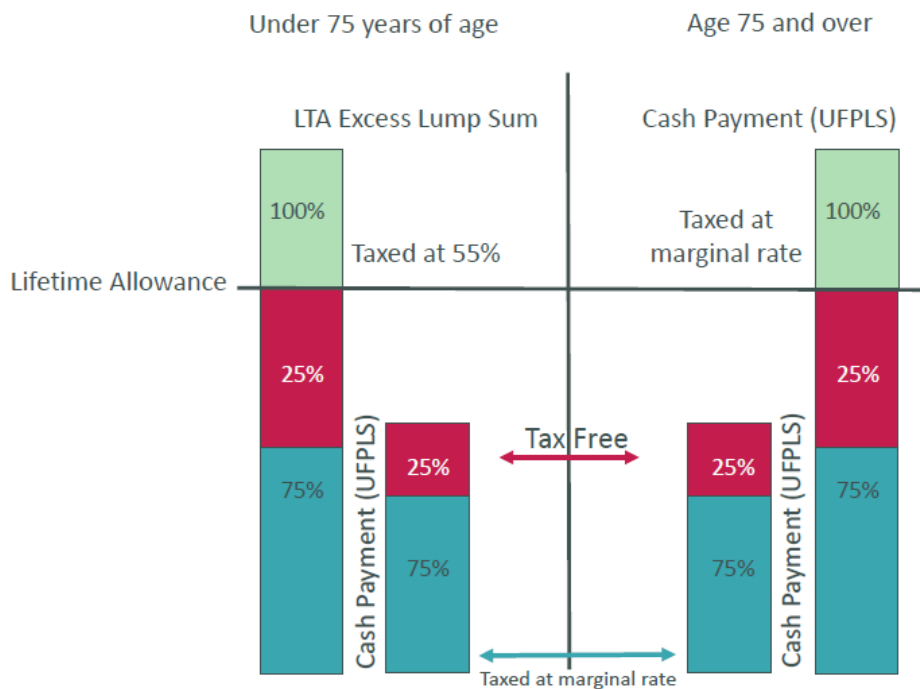
If you take cash payments from age 55 but before your 75th birthday, the first 25% of each payment is tax-free. The rest is taxed as pension income. See 'tax rates' (below).

If you take more than your available Lifetime Allowance, the excess is paid as a Lifetime Allowance excess lump sum and taxed at 55%. See the Lifetime Allowance page for more information.

Age 75 and over

If you take cash payments from age 75, as long as they don't exceed your Lifetime Allowance, the first 25% of each payment is tax-free. The rest is taxed as pension income. See 'tax rates' (below).

If you don't have enough Lifetime Allowance left to cover the cash payments you want to take, 25% of the available Lifetime Allowance would be paid tax-free and the rest would be taxed as pension income at your marginal rate. See the [Lifetime Allowance](#) page for more information.



Tax rates

Any tax you pay on the cash you take will initially be charged at the emergency rate. This means the amount of cash you receive may be more or less than you expect, and may lead to tax adjustments or a need for it to be corrected through self-assessment. For information on what you need to do, call HM Revenue & Customs on 0300 200 3300 or visit gov.uk/tax-codes.

Cash payments will be added to any other income you receive, which may:

- push you into a higher tax band;
- have an impact on your tax-free personal allowance; or
- need you to complete a self-assessment tax return.

You should consider whether your investments are suitable for cash payment.

Cash payments are drawn equally from all of the funds in which your Investment Builder pot is invested. If the value of your investments fall just before you take a cash payment, you'll be left with a smaller pot than you planned, so you need to think about the funds your pot is invested in and your plans for the future.

Each investment option available to you has specific risks associated with it, and the level of risk varies. It's important that the level of risk associated with your investments is appropriate for your circumstances. If you're not sure about the appropriate level of risk for you, you should seek financial advice.

Other things to consider

Taking regular cash payments could mean your pot won't provide income for as long as you need it to. People often enjoy longer lives than they anticipate, so you should think about how taking cash from your Investment Builder pot increases the risk of leaving you with less money than you'll need in the future or running out of money altogether.

The further you are from retirement, the less certain you are about how big your Investment Builder pot is likely to be, and taking cash payments reduces both the potential for investment growth and the size of the pot you'll have left in the future.

Investing your cash payments

If you pay some or all of your cash payment as a contribution to the Investment Builder or another scheme, this may be 'pension recycling', and you may have to pay tax on the whole of your original cash payment – even if you only recycle some of the money. This is a complicated subject, and you should seek financial advice if you are considering making further contributions to a pension arrangement and you aren't sure whether this would apply.

The potential impact on means-tested benefits

Taking money from your pension savings may result in the loss or reduction of means-tested benefits. If you're unsure, you should seek advice.

The impact on your death-in-service and incapacity benefits

Taking money from your Investment Builder pot in this way will result in a reduction to your life cover and ill health benefits.

Important Information

Limits

You may only apply for one cash payment in a single day. Payment will be made through USS's monthly payroll. Funds are paid into UK bank or building society accounts on the 21st of each month. If the 21st date falls on a weekend or bank holiday you will be paid on the working day prior to the 21st. If you live outside the United Kingdom and don't have a UK bank account, you may wish to consider using a service operated by Citibank called Worldlink Payment Services, which delivers payments to overseas bank accounts. If you use this option, we would pay your cash payment via BACS to a unique Citibank account and they would then transfer the payment to your overseas bank account.

Investment performance

When you read the information in this document, on [My USS](#), or uss.co.uk, please keep in mind that past performance is not necessarily a guide to future performance. The value of investments may go down as well as up and the return on your investments is not guaranteed.

Guidance and support

The Money & Pensions Service (MAPS) brings together three bodies of financial guidance: Pension Wise, the Money Advice Service, and The Pensions Advisory Service. You can visit MAPS at maps.org.uk, or you can contact them by email at: contact@maps.org.uk or phone 01159 659 570:

- **Pension Wise** - Pension Wise can help you make sense of your Investment Builder or Prudential AVC options. It's a government service for anyone over the age of 50: visit pensionwise.gov.uk or call 0800 138 3944.
- **Money Advice Service** - The Money Advice Service website can also guide you through your options. It's another government service that provides money advice, tools and calculators for financial planning. It also explains how you can find a financial adviser: visit moneyadvice.service.org.uk or call 0800 138 7777.
- **The Pensions Advisory Service (TPAS)** - The Pensions Advisory Service helps people with issues about their workplace and personal pension schemes. Their service is available on the phone, through live webchat, self-service online and through written enquiries. The Pensions Advisory Service is also a delivery partner for the Pension Wise service set up by HM Government, providing free and impartial pre-booked telephone appointments: visit pensionsadvisoryservice.org.uk or call 0800 011 3797.

Scams

Please be aware of investment scams. Criminals tend to target people who are around the age at which they can access the money in their pension pots. Investment scams are designed to look like genuine investments, and they may seem appealing. However, you could lose all your money, and you won't be protected through the financial compensation schemes. If you're not sure, check with any of the services above.

Financial advice

This guide is for information purposes only. It does not take into account your personal circumstances and does not constitute financial advice or a recommendation to make (or refrain from making) any kind of investment or financial decision. Neither USS nor your employer can give you financial advice.

If you are not sure what's best for you, we recommend that you speak to a financial adviser before making a decision.

If you want to seek guidance or take financial advice on the options available to you, visit the guidance and financial advice page. You'll find a range of resources to support your planning and you can also find information on how to access an independent financial adviser.

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