

What happens to your benefits and savings when you die?

A factsheet for members paying in to USS

You get life cover whilst paying in

While it may not be a nice thought, we're here to help take care of your loved ones should the worst happen.

With USS, you get life cover that could include:

- a lump sum for your beneficiaries of three times your annual salary
- a pension for your spouse or civil partner for life, or a dependant's pension if you are not married or in a civil partnership
- a pension for any eligible children.

We explain each of these below, plus what happens to any Investment Builder savings you have (which are treated a little differently) and any actions you may need to take.

If you're reading this as a loved one or beneficiary, you'll find more on what you need to do at the end.

A quick look at the key terms we use

Beneficiary

Someone who'll receive your benefits when you die.

Dependant

Someone who's reliant on you financially, or because they have a physical or mental disability. They must be dependent on you when you die.

The lump sum

What your beneficiaries could get

A lump sum of three times your full annual salary. If you work part-time it'll be the actual salary you receive, not the full time equivalent. Under certain circumstances, if you used to earn more than you do when you die, your lump sum may be higher.

Who the lump sum can go to

It can be paid to a relative, dependant, personal representative or someone else nominated by you. It does not have to be just one person – you can choose how it's divided up. Or it does not have to be a person at all, it could be a charity or any other organisation close to your heart.

How and when it's paid

We aim to pay the lump sum as soon as possible once we:

- receive official confirmation of your death (the death certificate)
- have confirmed who it's being paid to.

It'll be paid straight into the bank account(s) of those receiving it.

Good to know

Payment of the lump sum is made at the discretion of USS, but your wishes are of course taken into consideration. This allows us to make sure your money goes to the right people and means it's not subject to Inheritance Tax.

The salary threshold does not apply when we work out your lump sum – it's based on your full salary. This means any normal and employer contributions over the salary threshold to the Investment Builder will be credited back to USS. See more in the Investment Builder section below.

If you die before age 65, the lump sum may be slightly more if you do not leave a spouse, civil partner, dependant or eligible child.

The lump sum is based on your pensionable salary – any non-pensionable benefits you get will not be included. This includes any temporary payments, like overtime or performance pay.

What you need to do:

Complete an **Expression of Wish form** to tell us who you wish to receive the lump sum. Log in to [My USS](#) to complete online or [download](#) a copy to print and return to us. It's important you update this at least every three years so we know it's up to date, even if your wishes have not changed.

If you do not complete an Expression of Wish, we'll take other documents, like your Will, into consideration. But we will not have your most up to date wishes for our final decision.

A pension for your spouse or civil partner

What your spouse or civil partner could get

They'll get a pension for life equal to around half the pension you'd have got if you continued paying in until age 65.

How their pension is calculated

We project your benefits to work out what you'd have got if you continued paying in until age 65. Your spouse or civil partner will get half of the benefits you've already built up (you can see what you've built up in [My USS](#)), plus half of what you'd have built up to age 65.

To project what you'd have built up, we look at the benefits you built in the last 12 months and times these by the number of years left to age 65. If you went part-time in the 12 months before you die, we may use a higher salary when we project these.

For example, say a member dies at age 45 and has built up a total annual income of £5,000. In the last 12 months they built an annual income of £600. They had 20 years left before reaching age 65 so we work out their spouse or civil partner's pension as follows:

- £5,000 (what's already built up) $\div 2 = £2,500$
- £600 (what was built up in the last 12 months) $\times 20$ (years left to age 65) $= £12,000$
 - $£12,000 \div 2 = £6,000$
- $£2,500 + £6,000 = \text{an annual income of £8,500 for your spouse or civil partner}$

Good to know

The salary threshold does not apply when we work out their pension – it's based on your full salary. This means any contributions from you or your employer over the salary threshold to the Investment Builder will be credited back to USS. See more in the Investment Builder section below.

If you've been paying in for at least five years, they'll get a higher initial pension for the first three months. This is called a death grant and is based on your salary. After this they'll get a monthly spouse or civil partner's pension as outlined above.

The pension your spouse or civil partner gets might be slightly different if you are not living with them when you die, as part of it could be payable to a dependant instead.

If you do not have a spouse or civil partner

A dependant's pension could be paid if you are not married or in a civil partnership. What they might get will not be more than what a spouse or civil partner would get.

We check their dependency when you die and agree the amount they'll get based on their level of dependency. We'll need some evidence from them to show either their financial dependency, such as your joint finances, or, if they were dependent on you due to physical or mental disability, evidence of this disability.

What you need to do:

If you're not married or in a civil partnership, complete a **Registration of potential dependant form** to tell us who you'd like to receive a dependant's pension when you die. Log in to [My USS](#) to complete online or [download](#) a copy to print and return to us. It's important you update this at least every three years so we know it's up to date, even if your wishes have not changed.

If you do not complete a form, we may not be aware that this person is dependent on you. Let us know your wishes upfront so we know to review their dependency when you die.

If you're married or in a civil partnership, you don't need to register a spouse or civil partner with USS – we'll gather the relevant information when you die.

A pension for your children

What your children are entitled to

They'll get a pension of up to 75% of the pension you'd have got if you continued paying in until age 65.

- If you have one child, they'll get half of this (37.5%)
- If you have two or more children, they'll share the 75% between them

This is payable in addition to a spouse, civil partner or dependant's pension.

Who counts as an eligible child?

An eligible child could be your lawful child, including those not yet born, or those legally adopted by you, or a child who's financially dependent on you, like a stepchild.

They must be under 18, or, if they're in full-time education, under 23. It also includes a child who's not able to support themselves financially due to a physical or mental disability.

How their pension is calculated

We project your benefits to work out what you'd have got if you continued paying in until age 65. Your child/children will get up to 75% of the benefits you've already built up (you can see what you've built up in [My USS](#)), plus up to 75% of what you'd have built up to age 65.

To project what you'd have built up, we look at the benefits you built in the last 12 months and times these by the number of years left to age 65. If you went part-time in the 12 months before you die, we may use a higher salary when we project these.

For example, say a member dies at age 45 and has built up a total annual income of £5,000. In the last 12 months they built an annual income of £600. They had 20 years left before reaching age 65 so we work out their child's pension as follows:

- £5,000 (what's already built up) x 75% = £3,750
- £600 (what was built up in the last 12 months) x 20 (years left to age 65) = £12,000
 - £12,000 x 75% = £9,000
- £3,750 + £9,000 = **an annual income of £12,750 for your children**

This income will be halved if you just have one child or shared equally between two or more children.

Good to know

Your children could get more if you're not married or in a civil partnership and do not have a dependant. The pension they'll get is increased from 75% to 100% of the pension you'd have got at age 65.

For any children over the age of 18, the pension must be paid into his or her own bank account.

What you need to do:

You don't need to register any children – we'll gather the relevant information after you die.

Your Investment Builder savings

There are two parts to your pension, the Retirement Income Builder, the defined benefit (DB) part, and the Investment Builder, the defined contribution (DC) part. You'll have savings in the Investment Builder if you're over the salary threshold, you've made additional contributions, or you've transferred your pension over from another scheme since 2016 (this includes if you've switched your Prudential Money Purchase AVCs).

To find out more about the two parts, visit [your pension explained](#).

Some of your savings will go to your beneficiaries

Any additional contributions (excluding The Match from your employer) and any other pension savings recently transferred into USS will go to your beneficiaries.

These will usually be tax-free up to your available [Lump Sum & Death Benefit Allowance](#) if you die before age 75 or taxed at the recipient's marginal rate if you die after age 75.

But some will be credited back to USS

All normal contributions above the salary threshold (for example, both your employer contributions and your own) together with any employer contribution under The Match will be credited back to USS. This is because we use your **full salary** when we calculate your life cover.

Money Purchase AVCs with Prudential

If you have Money Purchase AVCs with Prudential, we'll tell them of your death. They'll then send your savings to those outlined on your USS Expression of Wish form. If you tell Prudential of any different beneficiaries to those on this form, your Prudential lump sum may be subject to Inheritance Tax.

What you need to do:

Complete an **Expression of Wish form** so we know who you'd like any Investment Builder savings to go to. Log in to [My USS](#) to complete online or [download](#) a copy to print and return to us. It's important you update this at least every three years so we know it's up to date, even if your wishes have not changed.

If you do not complete an Expression of Wish, we'll take other documents like your Will into consideration. But we won't have your most up to date wishes for our final decision.

Further information

You can pay more than the above to your loved ones when you die. If you're over age 55 and have paid in for two years or more, you may be able to give up part of the pension you're eligible to at retirement and allocate it to someone else. See our [Allocation factsheet](#) for more information.

Your life cover will be reduced if you've used [Scheme Pays](#), taken cash payments from your Investment Builder pot or transferred savings out.

If you paid Added Years or Career Revalued Benefits AVCs for five or more years and were not paid a lump sum within a year of your death, the total benefits you'd have bought will be included in your life cover. If you paid these for less than five years or were paid a lump sum within a year of your death, you'll get a pro-rata amount of the benefits. If you are not sure what you have, take a look at your latest Annual Member Statement or log in to [My USS](#).

For loved ones and beneficiaries

We know this may be a difficult time but we're here to support you each step of the way.

If you're the beneficiary, spouse, civil partner, dependant or eligible child of a member who was paying in to USS, you may be covered by their life cover that could include:

- a lump sum of three times their annual salary
- a pension for life if you're their spouse or civil partner, or a dependant's pension if they weren't married or in a civil partnership and you're financially dependent on them
- a pension for any eligible children.

You can find more detail on each of these in the information above.

The member's employer will usually tell us of their death, so it's good to get in touch with them first so they can handle things for you. You'll need to send the death certificate to them. They'll then gather all the relevant information and get in touch with us.

Here's a list of things to pull together that we may need:

- The member's death certificate
- A marriage or civil partnership certificate
- Your full birth certificate if you're a spouse or civil partner, or for any eligible children
- A copy of the member's Will or letters of administration
- If you're a dependant, evidence of financial dependency for at least two years. This could be joint utility bills, a joint bank account or a joint mortgage
- Details of any solicitor's handling the death
- Any further education details for children over age 18.

We can accept photocopies of death, marriage or civil partnership, and birth certificates that were issued in the UK. If the certificate was issued overseas, we'll need an original or an official certified copy from the relevant register office. Once we have all the information from their employer, we'll work with you to gather what else might be needed from the list above. We may send you some forms to gather the right information.

Once we have everything we need and have confirmed who the benefits will go to, we can start to pay these out.

- The lump sum will be paid as soon as possible to the bank account of those receiving it.
- Those getting a spouse, civil partner or dependant's pension will get three months' worth of pension based on the member's salary if they'd been paying in for five years or more. This is called a death grant. After this the spouse or civil partners pension will be paid on the 21st of each month.
- A pension for any children will be paid on the 21st of each month.

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. 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. For a glossary of our terms please see our [important information](#) page.