

A red circular logo with the letters 'USS' in white, serif font.

USS

For members, for the future.

A close-up photograph of a hand moving a black chess piece on a chessboard. The background is blurred, showing other chess pieces and a person's face in the distance.

A guide to investing in the Investment Builder
November 2023

Introduction

We understand that making investment decisions about your pension savings can be overwhelming and we want to make it easier for you to understand.

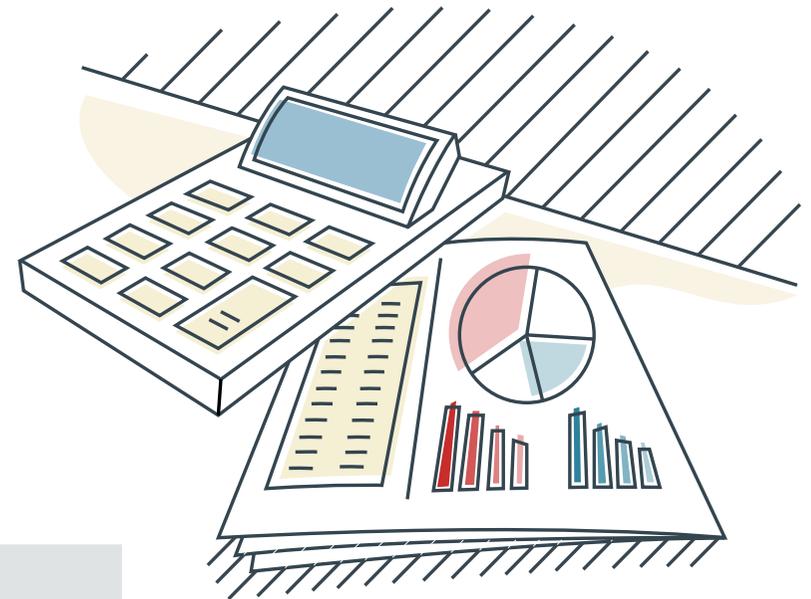
The Investment Builder is the defined contribution (DC) part of USS. It works alongside the Retirement Income Builder to give you a flexible savings pot on top of your guaranteed retirement income. If you earn above the salary threshold, have transferred funds from another scheme into USS since October 2016 (including moving any Money Purchase AVCs from Prudential), or make additional contributions, you'll have an Investment Builder pot.

As a member of the Investment Builder, you can choose how your pension savings are invested. So, we have put together this guide to help you understand the investment options and the points you should consider before making or refraining from making any decisions.

This guide has:

- Details about how your pension works
- Details about the investment options available to you – Do It For Me Option and Let Me Do It Option and what happens if you don't choose an option
- How to make or change your investment choices
- Details about the types of investment funds, investment management approaches and the different types of investment risk
- Things to think about when you are considering taking your benefits and savings
- Resources and support information for further help and guidance when making investment decisions

You should read this guide carefully, and if you're not sure what option is best for you, speak to an independent financial adviser (IFA). You may be charged a fee for any advice. By law, neither USS nor your employer can give you financial advice about your pension savings.



How your pension works

There are two parts to USS that work together. There's the Retirement Income Builder, which provides you with a regular income for life, and there's the Investment Builder, where you can build a flexible savings pot for your future.

The Retirement Income Builder is the defined benefit (DB) part of USS. This will give you a pension – a regular income for life – plus a one off, tax-free (up to a HMRC limit) cash lump sum at retirement.

and

The Investment Builder is the defined contribution (DC) part of USS. This will give you a flexible savings pot for your future. If you earn above the salary threshold, have transferred funds from another scheme into USS since October 2016 (including moving any Money Purchase AVCs from Prudential), or make additional contributions, you'll have an Investment Builder pot.

We invest these savings from you and your employer based on your investment choices (or into our default option if you don't make a choice). These savings, plus any investment returns, build up in your pot. Then, from age 55 onwards, you can choose when and how you want to use these savings.

The Retirement Income Builder is where every member builds their pension benefits. When you and your employer start contributing to USS, you automatically begin to build a pension in the Retirement Income Builder up to the salary threshold. As a member of the Retirement Income Builder, you get:

- Tax relief on your contributions
- A regular income for life once you retire
- A one-off cash lump sum (which is tax-free up to a certain limit) of three times your pension
- Ill health benefits if you have to stop working because of a long-term injury or ill-health
- Life cover while you're paying into USS and a pension for your spouse or civil partner, eligible children or dependants when you die

The Investment Builder is open to all members to save more. You'll start saving here automatically too if you earn above the salary threshold (your employer will contribute too). This means you'll have both a retirement income when you retire and a separate savings pot for your future. As well as earning above the salary threshold, there are two other ways to build an Investment Builder pot:

Make additional contributions in My USS – either as a lump sum or regularly

Transfer in a pension from another scheme (or move Money Purchase AVCs from Prudential)

Flexibility for the future

You've got more flexibility when it comes to the Investment Builder because unlike the Retirement Income Builder, you don't need to wait until you retire to access your savings. Once you reach minimum pension age (currently 55) there are a number of ways you can take your savings. You could take what you've saved as cash, use it to get an extra monthly income (by transferring your Investment Builder pot out of USS), carry on investing or you can do a combination of these. This means you can make sure your savings work for you.

Take a look at [using your Investment Builder pot](#) for more information.

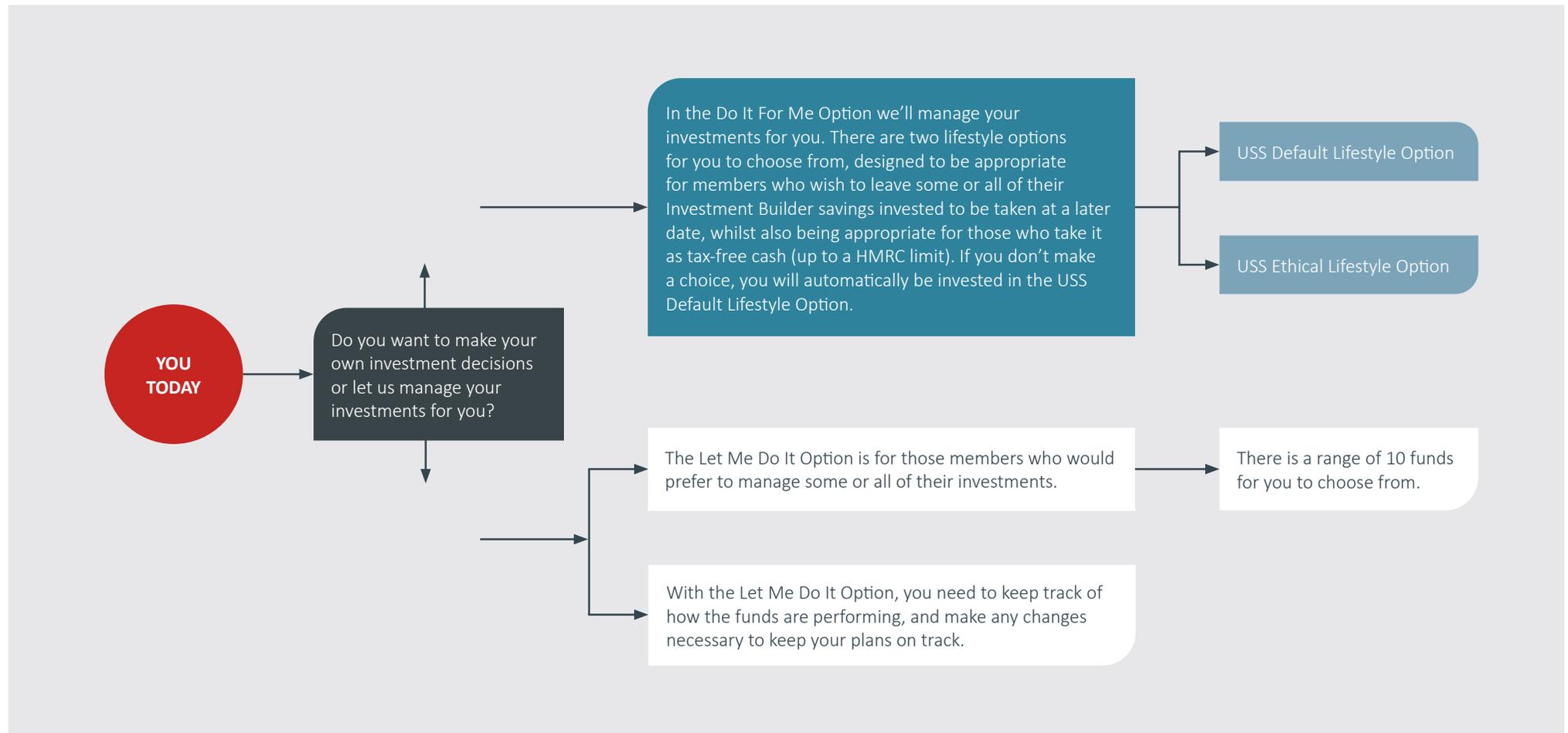
The government has announced they will raise the minimum pension age to 57 in 2028. Depending on where you are in your retirement journey, this could impact how early you can access your USS benefits.

Your employer currently subsidises the cost of things like administration and managing your investments, so in most cases, you won't need to pay a thing. There are some management charges if you transfer a pension from another scheme.



Investment options

There are two options for you to choose from, so you need to decide whether you'd prefer us to manage your investments, or whether you want to make investment choices for yourself. If you're not sure which option is right for you, see the illustration below as a guide to get you started.



Do It For Me – is this option right for me?

This option means we'll manage your investments for you, but you can choose for your savings to be invested into one of two options:

- The USS Default Lifestyle Option (we'll automatically invest in here if you don't make a choice).
- The USS Ethical Lifestyle Option (you can find more information on the ethical guidelines we follow in My USS).

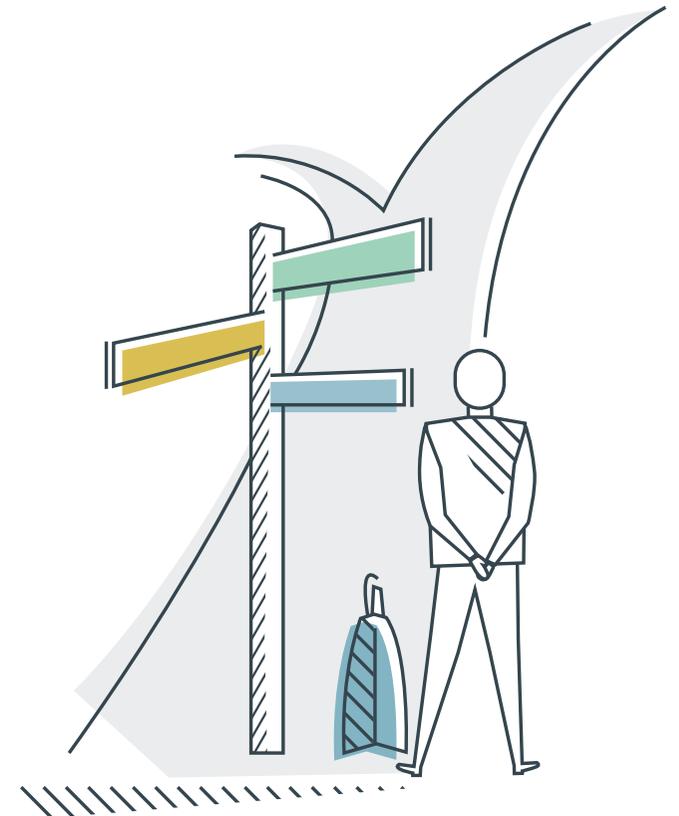
There are some pros and cons to this option:

Pros

- Your investments will move automatically over time, so you don't need to make changes yourself as you approach your Target Retirement Age.
- Your investments become more cautious as you approach your Target Retirement Age. This is to give you greater certainty over the value of your pot in the Investment Builder as you approach your Target Retirement Age.
- The lifestyle options have been designed with members in mind, and you can choose where to invest depending on your investment objectives and beliefs.

Cons

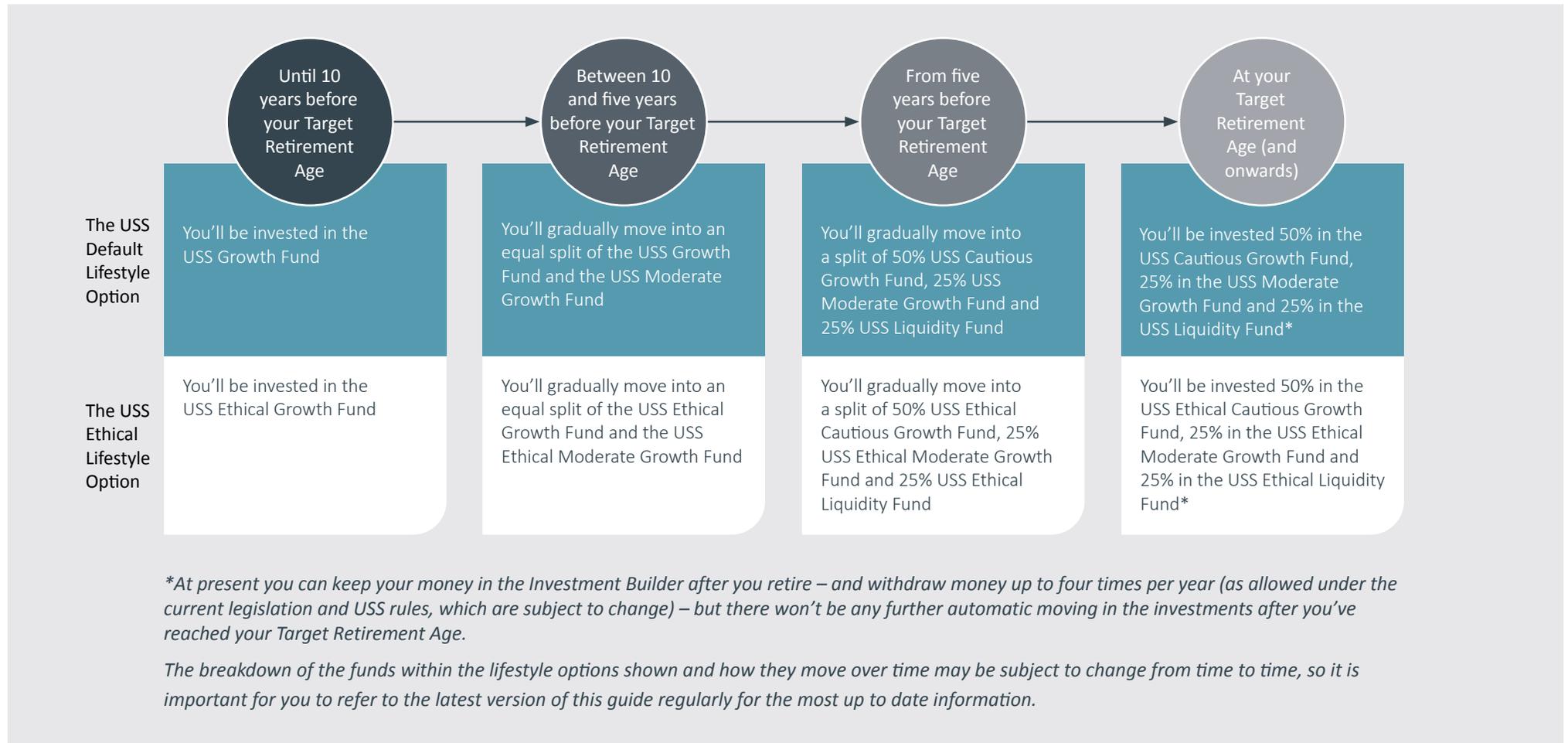
- Investments may not move at the right time, if you retire at a different age to the Target Retirement Age, we have for you, so it's important you keep this up to date.
- Your approach to risk may be different. You may want to stay invested in higher risk investments for longer to try and grow your pot as much as possible. Or you may be more cautious and want to move to lower risk funds sooner.
- Your investments move in line with your Target Retirement Age, regardless of market conditions. So, it may not always be the best time to move – we do move investments gradually to try to mitigate this.



Do It For Me – lifestyle options

If you select the Do It For Me Lifestyle option, we gradually move your investments over time through different blends of Growth, Moderate Growth, Cautious Growth and Liquidity, which are generally less susceptible to market volatility. This is called lifestyling and it begins 10 years from your Target Retirement Age.

Here's how lifestyling works:



Let Me Do It – is this option right for me?

This option puts you in control of all your investment decisions, so its up to you to keep track of how the funds are performing.

There are some pros and cons to this option:

Pros

- There is a range of funds for you to choose from, and you can invest in those funds that have a level of risk and return you are comfortable with.
- The funds range from lower risk funds, with possible lower returns, to higher risk funds, with potentially higher returns.
- You can choose funds that you think will help you achieve the future you're aiming for and align to your investment objectives and beliefs.

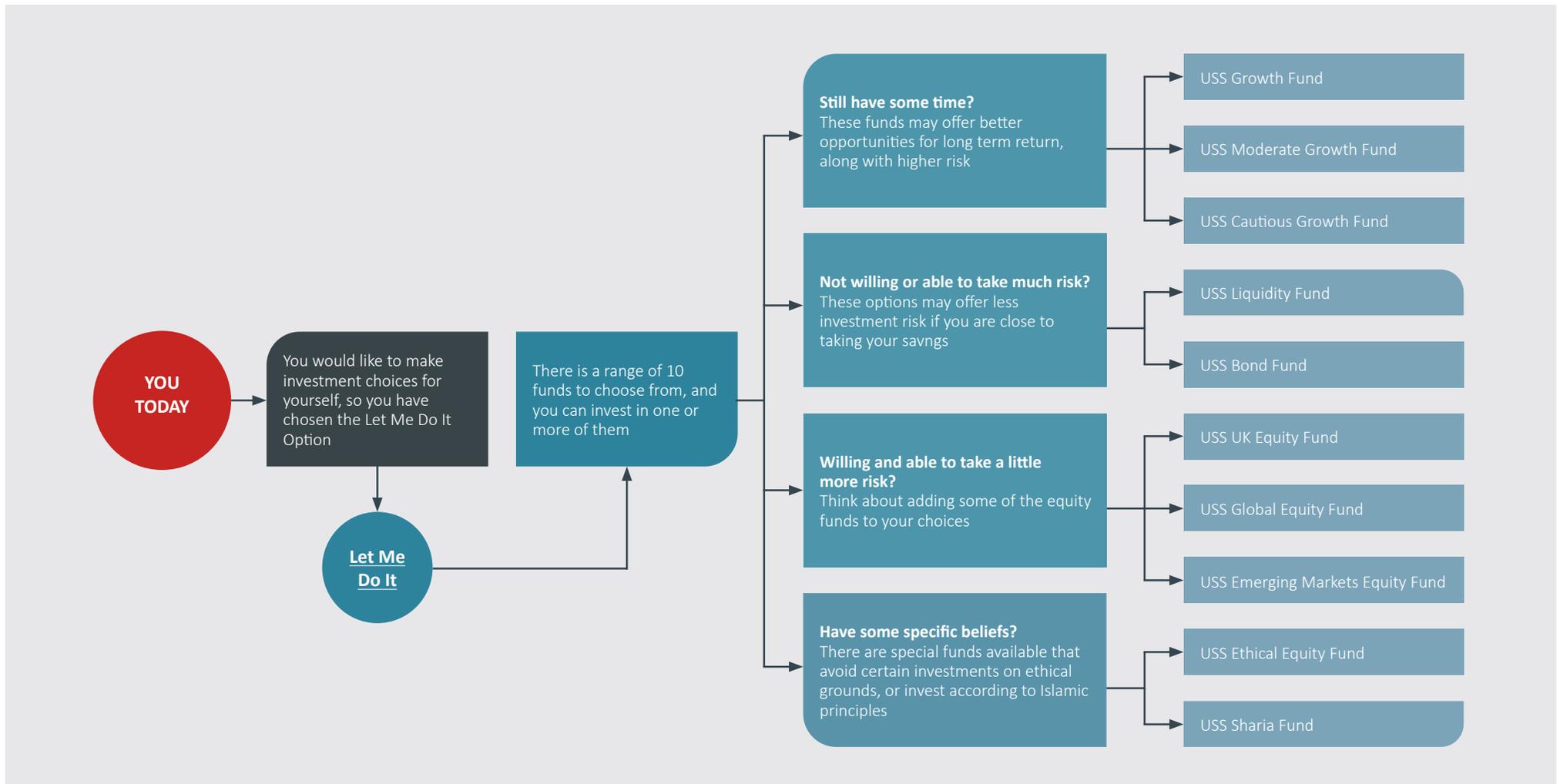
Cons

- It's your responsibility to understand the fund strategies and objectives so you can align to your objectives and beliefs.
- It's your responsibility to monitor how the funds are performing and make necessary adjustments to ensure you can have the retirement you want.
- Your investments won't automatically move over time to a more cautious approach, so you will need to do regular reviews to protect the savings you've built up, and to ensure they remain aligned to your investment objectives and beliefs.



Let Me Do It funds

The Let Me Do It Option is for members who want to make their own investment choices in My USS. Lifestyling doesn't happen in the Let Me Do It Option, so you'll be responsible for choosing the funds to invest your savings in, and make any changes necessary to keep your plans on track.



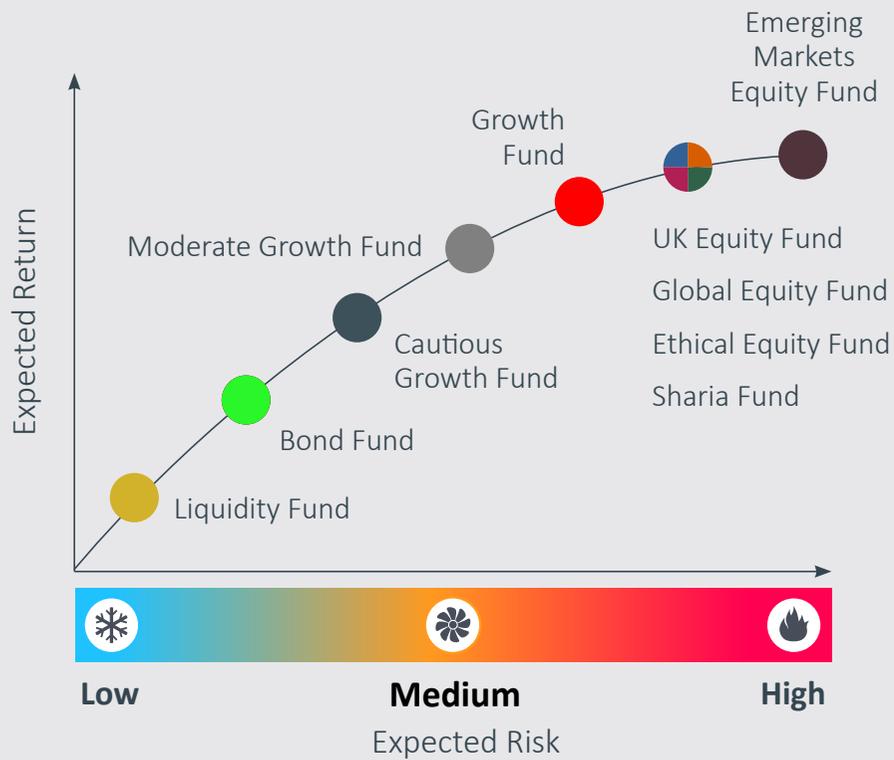
Let Me Do It funds

The Let Me Do It funds are shown in this table, along with a brief description of each of the funds.

Type of fund	Fund name	Description	Do It For Me Option	Let Me Do It Option	Risk Factor
Sterling Liquidity	USS Liquidity Fund	Mainly invests in cash, deposits and short-term bonds.	✓	✓	Low
Bonds	USS Bond Fund	A mixture of investments which include government bonds and other forms of credit investments.		✓	Low
Multi-asset funds	USS Cautious Growth Fund	A mixture of investments which includes a majority of moderate risk/moderate potential return, and lower risk/lower potential return investments.	✓	✓	Medium
	USS Moderate Growth Fund	A mixture of investments which includes a balance between higher risk/higher potential return investments, moderate risk/moderate potential return investments and lower risk/lower potential return investments.	✓	✓	Medium
	USS Growth Fund	A mixture of investments which includes a majority of higher risk/higher potential return investments.	✓	✓	High
Equity funds	USS UK Equity Fund	A mixture of investments made up from UK publicly traded stocks and shares.		✓	High
	USS Global Equity Fund	A mixture of investments made up from global publicly traded stocks and shares.		✓	High
	USS Emerging Markets Equity Fund	A mixture of investments predominately made up from global publicly traded stocks and shares from developing countries.		✓	High
	USS Ethical Equity Fund	A mixture of investments made up from global publicly traded stocks and shares, which avoid certain types of assets (see USS's guidelines for ethical investments for further information).		✓	High
	USS Sharia Fund	A mixture of investments made up from global publicly traded stocks and shares, which are compliant with Islamic financial law.		✓	High

You can find out more about the types of investment funds, see the Types of investment funds section of this guide.

This chart shows how we expect the risk of the Let Me Do It funds to compare over the long term. They range from lower risk funds with possible lower returns, to higher risk funds, with potential higher returns.



You can find a more in-depth look at each fund and their performance in the Quarterly Investment Report for the Investment Builder available in [My USS](#).

Target Retirement Age

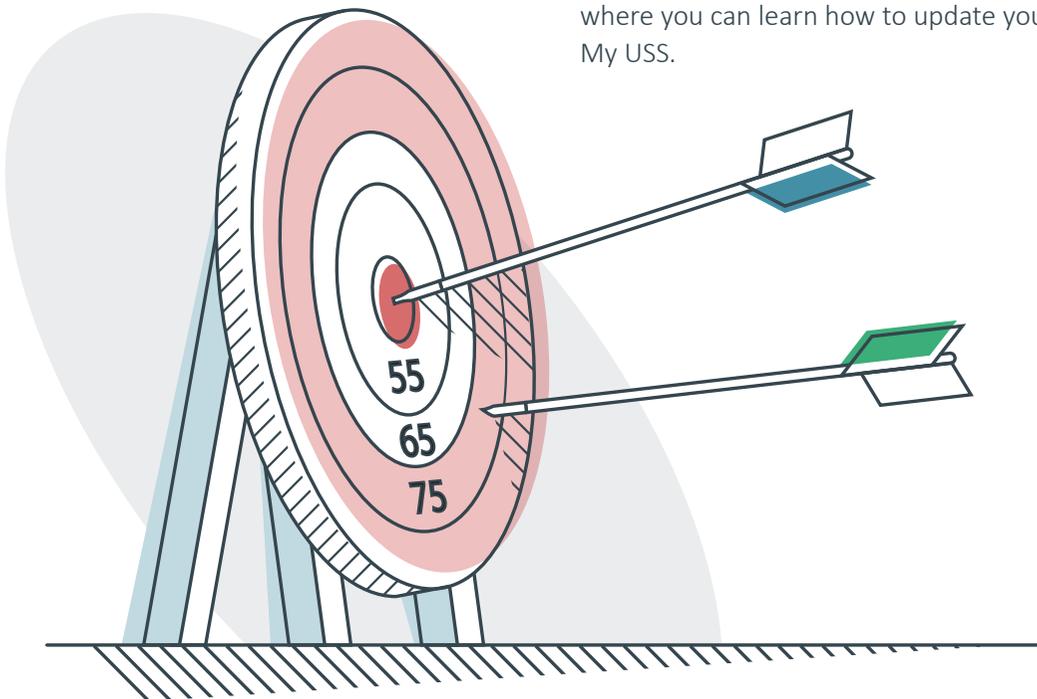
Your Target Retirement Age (TRA) is the age chosen by you, at which you intend to start taking your Investment Builder savings. It doesn't have to be the same age as when you retire and take your Retirement Income Builder benefits.

Your TRA is important, as it tells us when to start moving your investments if we're managing these for you. It's important that your TRA is up to date so we can make sure your savings are invested in the right place for when you come to take them.

Watch our short video on [How to update your TRA](#) where you can learn how to update your TRA in My USS.

If you don't set a TRA and you joined the Investment Builder on or after 6 October 2020, it'll automatically be set to the Scheme's Normal Pension Age (NPA) of 66. If you joined the Investment Builder before 6 October 2020, and you did not set a TRA, it will have been set as age 65 automatically. If you joined the Investment Builder before 6 October 2020 and set a TRA, the TRA you chose will remain in place. If you want to set or change your TRA, to reflect changes in your savings strategy or Normal Pension Age, simply log in to or register for My USS.

Setting your TRA is not a one-time decision, it's important to review your investments and your retirement plans regularly, to check you are on track for the retirement you are saving for. You'll receive Annual Member Statements to show you the value of your pension savings, and the Quarterly Investment Report for the Investment Builder and performance graphs will be updated quarterly on [My USS](#).



Your Investment Choices

Now you have considered your options, you have some investment choices and decisions to make. Watch our short video on [your investment choices](#) before you decide how you want to invest your savings.

Flexibility and choice

The Investment Builder is a flexible way to enhance and access your retirement savings, so within the Investment Builder you may have up to three different types of contributions:

- ✓ **Normal contributions:** Automatic contributions from you and your employer based on your salary above the salary threshold.
- ✓ **Additional contributions:** Extra contributions you choose to pay to save a bit more.
- ✓ **Transfer contributions:** Other pension savings you transfer in from another scheme.

Within each type of contribution, you can choose to select Do It For Me, where you can choose to invest in either the USS Default Lifestyle Option or the USS Ethical Lifestyle Option depending on your objectives and beliefs. Or, if you prefer to manage your investments, the Let Me Do It Option lets you choose from a range of 10 funds.

A combination of both options

You can choose different options for the different ways you save money in your Investment Builder. For example, let's say you earn above the salary threshold or you're making additional contributions, those contributions could be invested into the Do It For Me Option, and if you're transferring savings from somewhere else, those funds could be invested using the Let Me Do It Option.

It's not a one-time decision – you don't need to commit to Do It For Me or Let Me Do It long-term. There may be instances where you want to make changes to your investment choices or move from Do It For Me to Let Me Do It (or vice versa). In most cases, you can move whenever you want (we may charge if you make frequent movements). Remember, if you're thinking about moving between Let Me Do It and Do It For Me, you'll need to think about your TRA and make sure it's still right for you.

Once you have decided how you want to invest your savings, you will need to make your selections through My USS. You can learn how to manage your investments in My USS by watching our [My USS how to manage your investments](#) video guide.



Types of investment funds

We have a range of investment options that are monitored and reviewed regularly so we can make sure they are performing to satisfactory levels and in accordance with both the investment objectives USS has set and the USS Statement of Investment Principles (SIP).

Different investment asset types make up your investment choices and are summarised below:

Equities

Equities are shares in UK and overseas (Global) companies. Equities expect to generate higher rates of return in the longer term than bonds or cash but carry a higher investment risk because the value may rise and fall rapidly. Equities may be more suitable for those members who are not planning to retire for several years as there is time to ride out the rises and falls of the stock market.

Bonds

Bonds come in two types: corporate bonds (loans to companies) and government bonds (loans to a government). Investors typically receive a fixed return on their investment or 'interest' on their loan, except for index-linked gilts, which is linked to inflation.

Bonds and Gilts typically give lower returns than equities in the longer term, but they are generally more predictable.



Liquidity

Liquidity refers to deposits and short-term loans and can be used to protect the value of your money when other assets- such as equities or bonds are behaving in an unpredictable way. However, liquidity typically provides lower rates of return in the long term and there is still a risk that liquidity investments can go down in value from time to time.

Liquidity funds carry very little investment risk, but as with all investments there is risk and there is no guarantee that liquidity funds won't fall in value. For example, if the loan owner does not repay its commitments. Liquidity funds may also be subject to inflation risk, and the value may not keep up with the rising cost of living.

Private Market Assets

Private Market Assets are privately held assets that are bought and managed for a long period of time. They aren't bought and sold on the public market or stock exchange, so the price is expected to remain more stable over time.

Examples of these investments include property, infrastructure, such as toll roads and airports or funding private companies. A key reason for investing in these assets is diversification, and the higher return you can expect to receive for investing in these assets for the longer term. However, private market assets can be difficult to sell quickly.

Private market assets are included in the "Do it For Me" lifestyle options. We carefully manage the exposure to private market assets so that while they play an important role in the underlying funds within the USS Default Lifestyle Option and USS Ethical Lifestyle Option, it won't be a dominant one. There are several processes in place to ensure there are enough investments in liquid assets to meet cash flow requirements, except in extreme market circumstances.

The Growth, Moderate Growth, and Cautious Growth funds invest in a wide range of different assets to spread the risk and reduce the impact on the fund if one asset class or class of assets under perform. These funds are generally expected to experience less variability than the equity funds, but more variability than the bond funds or liquidity. The Quarterly Investment Report for the Investment Builder in My USS contain information about the funds and their performance, available at uss.co.uk/my-uss.

Types of investment management

The managers of the funds available through the Investment Builder take different approaches to managing the investments. Some of the managers follow a passive management approach, while others follow an active management approach.

Passive management

Passive investment management (sometimes known as index-tracking) is the process of buying and selling investments with the intention of matching the returns of a benchmark or index.

A passive manager is attempting to match the index and so will hold almost all the different shares or bonds/gilts making up the index. This means passive investments should closely follow the market index returns whether the index goes up or down.

Passive funds usually have lower investment charges than active funds and can be less volatile relative to benchmarks or average return for the relevant market.

Active management

Active management is the buying and selling of investments with the intention of outperforming a specific investment market index, benchmark, other investment managers, or a combination of these.

If successful, active management can generate significant extra returns over the long-term when compared with passive investment management. However, if the investment manager's decisions prove unsuccessful, the opposite can also be true.

Charges tend to be higher than for passive management due to transaction costs incurred by regularly buying and selling investments and, you are paying for the investment manager's expertise in choosing which investments to invest in.

You can find further information on whether a fund is passively or actively managed by reviewing the Quarterly Investment Report for the Investment Builder available in [My USS](#).

Types of investment risk

Each type of investment explained in this guide aims to deliver a certain level of investment return (or reward), but also have certain risks that you will need to consider when considering where to invest your money. These risks come in different types:

Capital risk

The risk that the value of your investments falls in value in the Investment Builder. This is what is meant by the phrase “the value of investments can go down as well as up”. This is particularly important for members close to retirement, when it should be considered in conjunction with the risk of selling assets to convert into a cash lump sum or an income stream at a certain point in time in the market (see purchasing benefits risk). This risk varies by type of investment; generally, the more investment risk taken, the greater the potential for higher returns but the more exposed your money may be to significant falls in value. Liquidity generally represents the lowest capital risk of the investment types.

Inflation risk

This is the risk that your investment returns are lower than the rate of inflation, meaning the value of your money in the Investment Builder falls over time. If this is the case, then your ‘purchasing power’ (how much you can buy with your money) will reduce over time as the cost of living increases. This type of risk may be overcome by choosing investments that have the potential to match or beat price inflation over the long-term, such as equities or diversified growth funds.

Purchasing benefits risk

The risk that the value of your investments in the Investment Builder does not move in line with the cost of purchasing the benefits you would like at retirement. This is particularly relevant if you are considering a regular income in retirement from an annuity, in which case the adverse risk of movements in annuity rates can potentially be reduced if you are already invested in bonds. This is also relevant if you plan to take a cash lump sum at retirement, in which case the risk can be reduced by investing in cash.

Moving your investments

There may be instances where you want to change your investment choices or move from Do It For Me to Let Me Do It (or vice versa). In most cases, you can move whenever you want (we may charge if you make frequent movements).

If you have invested in one of the lifestyle options, your investments automatically move over time. The mix of investments at retirement are designed for those members who want to remain invested, while also being appropriate for those who take it as tax-free cash (up to a HMRC limit). If you have different plans for how you'll use your money in the Investment Builder, you may want to consider moving to one or more of the Let Me Do It funds as you approach taking your savings. You can make changes to your investments at any time in My USS available at uss.co.uk/my-uss

When considering moving your investments, it's important to note that if you move your investments to the Do It For Me Option (USS Default Lifestyle Option & USS Ethical Lifestyle Option), all of your investments for the selected contribution type(s) will be moved from the Let Me Do It Option, and not just future contributions.

Don't forget to update your Target Retirement Age (TRA). If you're thinking about moving between Let Me Do It and Do It For Me, you'll need to think about your TRA and make sure it's still right for you. There are costs and risks involved with moving your investments, including changes to investments in the lifestyle options that happen if you change your TRA in a way that causes your investments to change. For example, if you change to a TRA that is less than 10 years away.

When considering moving your investments, the primary risk you should consider is related to timing. Both the 'purchasing' and 'selling' parts of the transaction will be processed on the next available trade date, but during this time the value of your investments can change and could go down. If, for example, you request a move and the fund you're selling falls in value before the move is made, there will be less money to move to the new fund.

To cover the costs of buying and selling funds, such as fees payable to market traders, we may charge transaction costs when you move between funds. The more movements you make, the more transaction costs you may incur. These charges are deducted automatically from your pension savings in the Investment Builder.



Investment fees

Before choosing where to invest your savings, you'll need to consider the fees you will be charged for your chosen investment options. There are two types of fees, and the fees you pay will depend partly on where the money you've contributed has come from.

The reason there are different fees payable on different types of savings is that employers have made a commitment to subsidise the majority of the fund investment management costs for the foreseeable future.

The fee you pay is the remaining amount after this agreed subsidy. Members who transfer in to USS do not benefit from the employer subsidy on that transfer and will pay the full investment charge on that transfer but not on any additional contributions or contributions based on salary above the salary threshold.



Before-subsidy fees will be charged for transfer contributions (except for moving from Money Purchase AVCs with Prudential). You can find more information on the before-subsidy fees within the Quarterly Investment Report for the Investment Builder available in My USS.

After-subsidy fees apply for all other savings to the Investment Builder, including normal and additional contributions and transfers from Money Purchase AVCs with Prudential. You can find more information on the after-subsidy fees within the Quarterly Investment Report for the Investment Builder available in My USS.

What do the fees include?

The before-subsidy fees represent the total cost of investing in a fund and include fees for:

- ✓ Underlying investment managers
- ✓ Items payable by investment managers including but not limited to custody, legal and administrative expenses
- ✓ Investment platform through which the investment options are hosted
- ✓ Investment management services, including but not limited to; fund monitoring, asset allocation management and investment manager selection and due diligence

The fees are low compared to what you would pay for many other pension schemes or investment products. This is because we have been able to take advantage of the significant market scale of USS to secure highly competitive fees from both the underlying investment manager and the investment platform provider. USS Investment Management Limited – a subsidiary of Universities Superannuation Scheme Limited can also offer its services at very little cost, using existing expertise and infrastructure that is used for the Retirement Income Builder. It looks after the investment and management of the scheme's assets and together, we have a duty to invest your contributions with long-term financial returns in mind.

Transaction costs

In addition to investment fees, there are transaction costs associated with the buying and selling of units within a fund. There are two one-off costs, known as purchase costs and selling costs which, will vary over time and with market conditions.

Purchase costs – these are the costs of making new investments into a fund

Selling costs – these are the costs of selling out of a fund

The table on the right show the details of the transaction costs for purchasing or selling for both the Let Me Do It funds and those in the USS Default Lifestyle Option.



	Transaction cost when purchasing	Transaction cost when selling
Let Me Do It funds and the funds in the USS Default Lifestyle Option		
USS Liquidity Fund*	0.00%	0.00%
USS Bond Fund	Up to 0.24%	0.00%
USS Cautious Growth Fund*	Up to 0.13%	Up to 0.05%
USS Moderate Growth Fund*	Up to 0.17%	Up to 0.05%
USS Growth Fund*	Up to 0.17%	Up to 0.04%
USS UK Equity Fund	Up to 0.56%	Up to 0.06%
USS Global Equity Fund	Up to 0.02%	Up to 0.02%
USS Emerging Markets Equity Fund	Up to 0.14%	Up to 0.18%
USS Ethical Equity Fund	Up to 0.08%	Up to 0.05%
USS Sharia Fund	0.00%	0.00%
Funds in the USS Ethical Lifestyle Option		
USS Ethical Growth Fund	Up to 0.11%	Up to 0.09%
USS Ethical Moderate Growth Fund	Up to 0.15%	Up to 0.14%
USS Ethical Cautious Growth Fund	Up to 0.17%	Up to 0.16%
USS Ethical Liquidity Fund	0.00%	0.00%

*Funds in the Default Lifestyle Option

Data as at 31 December 2022.

Please note: Transaction costs for buying and selling funds vary over time and with market conditions. They may be changed at any time and members should refer to the most current version of this guide for the latest available estimate of transaction cost information

Taking your benefits and savings

How will you take your benefits and savings?

As you approach your Target Retirement Age, you'll need to consider how you want to take your benefits and savings. What you get will depend on what you'd like to access – whether it's your Retirement Income Builder benefits, your Investment Builder pot, or both. So, it's up to you to decide to either;

a) Take your **Investment Builder savings** and your Retirement Income Builder benefits at the same time
or

b) Take your **Investment Builder savings** before or after you retire – at a different time to taking your Retirement Income Builder benefits. You're in control of when and how you take your money and you can do either one, or a combination of choice A and choice B:

In addition to these options you can also increase your income in retirement. Different providers offer different options in relation to what you can do with your savings, which may suit you better. If you have stopped contributing to USS you could transfer your Retirement Income Builder benefits and Investment Builder savings to another scheme before your Normal Pension Age, which may offer other options such as flexi-access drawdown or buy an income for life, known as an annuity. You can transfer your Investment Builder savings at any time to another pension provider and you don't have to stop paying USS contributions to do this.

Choice A

Take your Investment Builder savings and your Retirement Income Builder benefits at the same time when you retire.

Your options are:

Take your savings as tax-free cash – you can take a tax-free cash lump sum up to an HMRC tax limit. A retirement quote from USS will outline your options around this limit.

Leave anything left over invested – if you have any savings left over or don't want to use them all, you can leave them invested and use them in a way outlined in option B.

Choice B

Take your Investment Builder savings before or after you retire.

Your options are:

Take cash payments as and when you need to – anytime from age 55 you can take all or part of your savings as cash payments without having to retire (otherwise known as cash lump sums or UFPLS).

Read our factsheet *Taking cash from your Investment Builder Pot (UFPLS)* for more information and how it affects you available on our website at uss.co.uk

Leave your pot invested – you don't have to take your Investment Builder savings when you retire and take your regular income. You can leave them invested for a later date.

When will you take your benefits and savings?

There are several options available to you and it's important to think carefully about what is best for your individual circumstances before deciding, as when you choose to access your money can impact the amount of pension you receive. You can find more information on the options below at uss.co.uk.

Before Normal Pension Age/Retirement

You may take early or flexible retirement and take part of your benefits from the Retirement Income Builder and/or savings from the Investment Builder.

From the minimum pension age (currently 55) you can start using your Investment Builder pot to either:

- Take your whole Investment Builder pot as a cash payment; or
- Take up to four cash payments each calendar year, while leaving the rest of your pot invested.

There are some things to keep in mind:

- Once you start taking your Investment Builder savings, it will trigger the Money Purchase Annual Allowance. This limits how much you can pay into any defined contribution arrangement, like the Investment Builder, in the future.
- The amount of pension you receive from the Retirement Income Builder may be lower to make up for it being paid out before the Normal Pension Age. There are certain conditions that must be met before you can flexibly retire.

Before retirement by transferring out

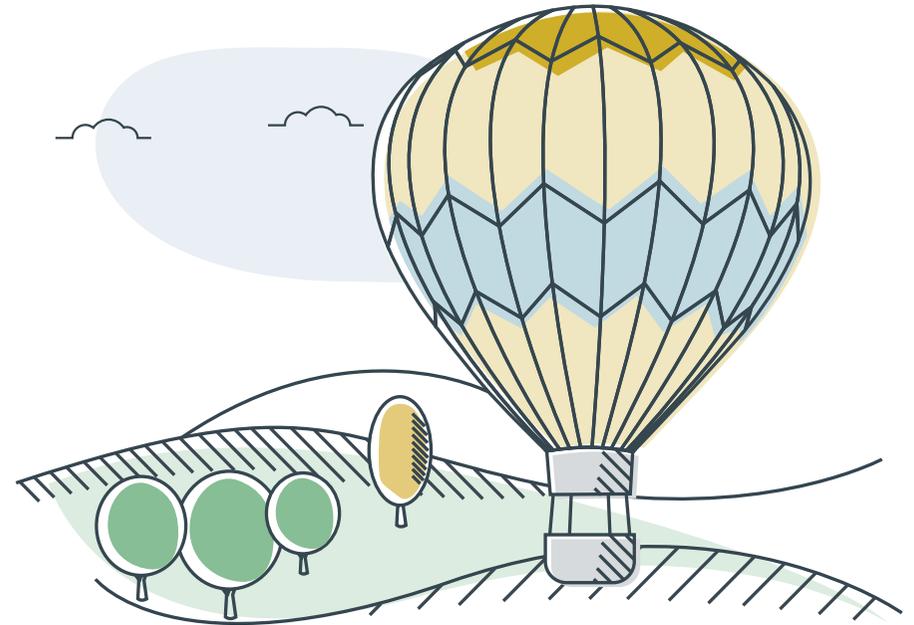
At any point you can transfer out your money invested in the Investment Builder to another pension scheme.

At or after Normal Pension Age

You may take your benefits in full from the Retirement Income Builder at your Normal Pension Age but leave some or all your Investment Builder savings until a later date if you wish. Alternatively, you might want to take all your benefits and savings after your Normal Pension Age- this is referred to as 'late retirement'. Just so you know, you'll need to start taking your pension from the Retirement Income Builder by age 75.

Things to consider before making a final decision

- ✓ What age you want to begin taking your money. Review your Target Retirement Age (TRA) regularly to make sure it's realistic for your circumstances. You can review and change your TRA in My USS, at any time. If you don't pick a TRA, it'll automatically be set as the Normal Pension Age (NPA) which is currently 66.
- ✓ When you'll begin taking your money from the Investment Builder. You might want to move your investment funds to lower risk options as you approach your TRA. If you're in a lifestyle option, this moving happens automatically. If you don't review your TRA regularly, you are at risk of the following:
 - Your investments may be moved too early, and you could lose out on investment growth.
 - Your investments may be moved too late, leaving your money exposed to sudden changes in investment markets just before your retirement, which could reduce your retirement savings.
- ✓ Tax implications – Your pension will be taxed, just like a regular income, when you start taking it. If you're thinking about what to take, there are different tax implications that may affect you. Have a look at our website uss.co.uk for further details on pension tax and consider getting advice from an independent financial adviser (you may be charged a fee for any advice).
- ✓ Speak to a financial adviser if you would like further support with making financial decisions. You may be charged for any advice you receive.

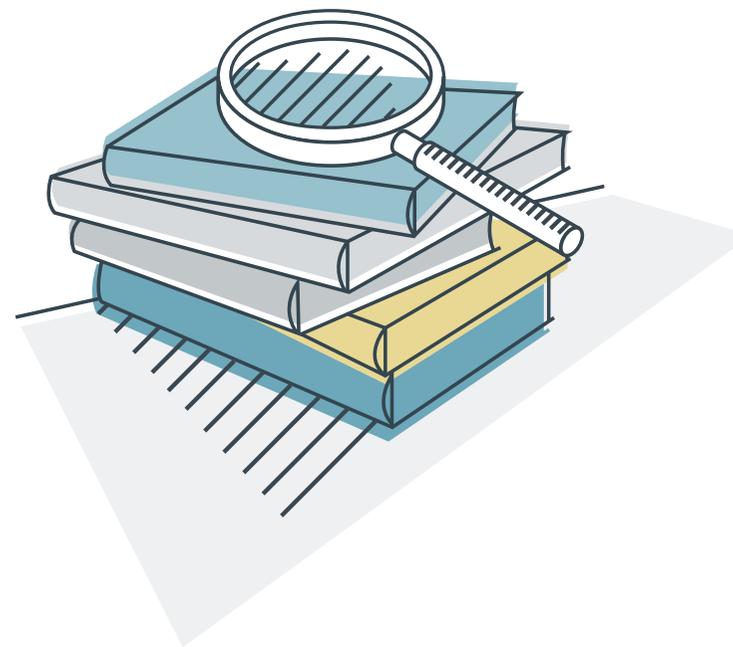


Getting financial advice

We're happy to help you as much as we can, but neither we, nor your employer, are able to advise you on what you can and can't do when it comes to your pension.

If you want to seek guidance or take financial advice on any of the topics covered in this guide, visit the [Guidance and Advice resources page](#) on our website where you'll find a range of resources to support your planning. If you need financial advice, you can also find information on how to access an independent financial adviser. They may charge for advice, so make sure you understand their fees first. They should explain how much they charge and how you'll pay their fees.

Many financial advisers offer an initial 'no-obligation' consultation. So, you might want to shop-around a little before deciding which adviser to go with.



Our commitment to Responsible Investment

USS is a long-term, responsible investor with a legal duty to invest in the best financial interests of our members and beneficiaries, so we can pay pensions long into the future.

We believe that when a company is run effectively and appropriately manages its environmental and social risks, like climate change or health and safety, investment risk can be reduced over time and returns may be positively impacted.

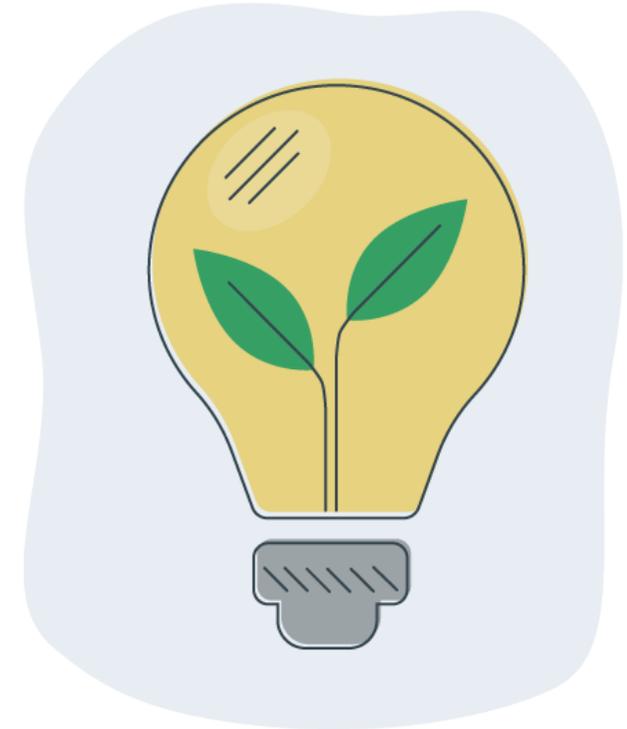
That's why we consider the financial impact of environmental, social and governance (ESG) issues when we invest. More specifically, we integrate financial ESG factors into our investment decisions and engage with the companies we invest in to encourage positive change.

How do we do it?

Being a responsible investor involves us engaging with the companies we invest in, being active owners of our assets, focusing on long-term outcomes, encouraging good corporate governance, and considering all financially material considerations for our investments.

As active owners of the companies we invest in, we encourage them to make positive changes. **Exercising the right to vote** is a fundamental part of this. We vote in line with our members' best financial interests and do so globally on all our listed investments. Having the right to vote on decisions made by the boards of these companies is one of the most effective tools we have for holding them to account, encouraging good governance and driving improvements.

Our active ownership and engagement aren't just limited to the companies in which we invest. We also engage with policymakers both in the UK and around the world, directly and through collaboration. We encourage them to put in place appropriate policies to address ESG issues across the whole market and raise market standards to protect investor interests.



Our journey to Net Zero

When it comes to climate change, we believe it presents a significant financial risk and that a low carbon world will likely be a more financially stable world. That's why we've set an ambition for our investments to be Net Zero by 2050, if not before.

You can read more about [our journey to Net Zero](#) on our website.



Your ethical investment options

Our approach to ethical investing differs to responsible investing – we appreciate that, across society, ethical (and religious) beliefs are hugely important.

While our investments for the **Retirement Income Builder** must reflect our legal duty to invest in the best financial interests of our members and beneficiaries, there is more flexibility when members can choose their own investments. That's why members with **Investment Builder** savings can choose to invest these ethically. We offer two ethical options – the USS Ethical Lifestyle Option, for members who want us to manage their investments, and the USS Ethical Equity Fund, for members who want to manage their investments themselves.

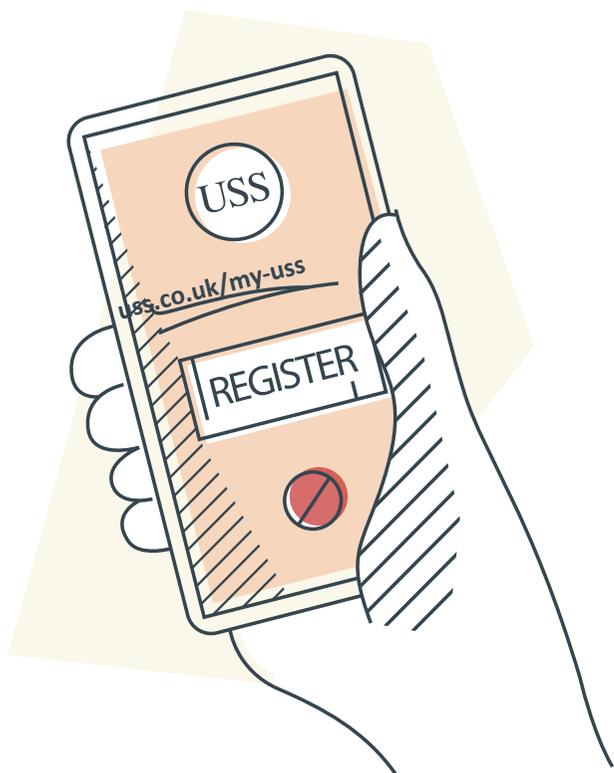
We also offer the USS Sharia Fund, which is a global passive index fund investing in equities which meet Islamic investment principles.

Where can I find more information

- Visit our [Responsible Investment web page](#) for more on our approach and how we invest responsibly. You'll also find our [Stewardship Code report](#) here, which provides more detail on our Responsible Investment and stewardship activities.
- Visit [our journey to Net Zero](#), which outlines our ambition and how we plan to get there.
- Take a look at our [Taskforce on Climate-related Financial Disclosures \(TCFD\) report summary](#), which outlines our approach to tackling climate change and details on our progress.

Resources and further support

Making investment choices is an important financial decision so we would encourage you to take some time to think carefully about your circumstances before deciding.



- ✓ Watch our [short videos](#) for an overview of things like pension basics, pension tax, and your investment choices
- ✓ You can opt in to member news and updates in My USS to keep up to date with changes to the scheme and investments
- ✓ Use our online tools to work out what you could get in the future
- ✓ Visit your pension explained
- ✓ Find out about transferring your pension in from elsewhere
- ✓ Keep on top of pension tax and its limits
- ✓ You can find the definitions of terms related to the Investment Builder in our [Glossary](#)
- ✓ Visit our website at uss.co.uk for more information and further support.

Important Information

This investment guide and the Quarterly Investment Report for the Investment Builder have been produced by Universities Superannuation Scheme Limited (USS) and should be read in conjunction with **Your guide to USS** (available on our website at uss.co.uk). You can also find further information about the Investment Builder on our website.

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.** This includes equities, bonds, private markets and liquidity, whether held directly or in a pooled or collective investment vehicle. Investments in developing or emerging markets may be more volatile and less marketable than in more established markets such as Europe or North America.

Exchange rates may also affect the value of an overseas investment. As a result, you may not get back the amount originally invested.

The USS fund objectives and benchmarks have been determined by USS, who are responsible for selecting funds in the USS range, which may be added to, removed or replaced from time to time. USS may also change the objective and / or the benchmark(s) for any of the funds from time to time.

Member selections are relevant to the USS fund selected and are not linked to or made in respect of any underlying fund manager. The underlying fund manager can be changed at any time. In certain conditions your investments could be diverted to another fund(s). Details of the underlying funds and the international securities identification numbers (ISINs) of your underlying funds are included in the Quarterly Investment Report for the Investment Builder.

The information and data contained in this investment guide and in the Quarterly Investment Report for the Investment Builder have been obtained from Northern Trust and the underlying fund managers and are not verified by USS. USS does not represent that such information is accurate or complete and it should not be relied on as such. Neither USS nor the third-party sources accept responsibility for any loss caused to any recipient of this document as a result of any error, inaccuracy or incompleteness of this publication or the Quarterly Investment Report for the Investment Builder or as a result of any third-party error. Any opinions expressed in this investment guide or in the Quarterly Investment Report for the Investment Builder are the views of USS and may change.

The USS Growth, Moderate and Cautious Growth funds invest in assets that may at times be hard to sell. This means that in extreme situations you may experience a delay or receive less than you might expect when selling your investment.

This publication, the Quarterly Investment Report for the Investment Builder and the data contained therein is for information only and is valid as at the date of publication. They do not consider your personal circumstances and do not constitute financial advice or a recommendation to make (or refrain from making) any kind of investment decision. Speak to a financial adviser if you would like further support with making financial decisions. You may be charged for any advice you receive.

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