

in touch

Universities Superannuation Scheme newsletter 2011



Welcome

It seems that each year I open this newsletter by telling you that it's been another busy year for those of us working in the pension sector, and 2010 was no exception. At USS we've been preparing for the proposed changes to the scheme for active and deferred members arising out of the scheme review and we've also seen significant cuts in tax relief introduced which will affect some of our members still contributing to USS.

Pension increases

The most significant change for In Touch readers is to the way pension increases are to be calculated from this year. Last year I explained how USS pensions had been increased in line with the Retail Prices Index (RPI) since the scheme began and then last October we gave notice in the Members' Annual Report that pension increases would now reflect the rate of the Consumer Price Index (CPI). This is as a result of the change announced by the Chancellor in the emergency budget to the way in which official pensions (such as those paid to public sector employees) are increased and the requirement in the USS rules to increase pensions in the same way as official pensions. Official pension increases have been linked to RPI for many years so this was an unexpected change. I know this has come as a disappointment to many of our members. I am sorry if my comments last year were read as an assurance that USS pensions would always increase in line with RPI inflation. If I had imagined that this change was coming three months later I would have included more information about the link between USS and official pensions in the explanation of increases last year.

Inside this issue

In this issue you can find out more about your pension increase, Guaranteed Minimum Pensions (GMP) and how tax codes are applied. We've also got an article from CARA about its work. As ever, we are interested in your feedback about this newsletter and we'd like to know what you think. On page 7 you'll find an invitation to take part in a Pension Communications focus group.

Best wishes

Colin Busby
Communications Manager

Pension increases



In the June 2010 emergency budget, the Government announced that it would use the Consumer Prices Index (CPI) instead of the Retail Prices Index (RPI) as the standard measure of inflation for official pensions, for example those paid to public sector employees like teachers or NHS employees. Both CPI and RPI are calculated by measuring the change in price of a hypothetical 'basket' of goods, the main difference being that CPI does not include items such as mortgages. The Government believes that CPI better reflects the expenditure of pensioners. Over recent years CPI inflation has run on average about 0.6% below RPI inflation.

The rules of USS require pensions to be increased in the same way as official pensions and so the change means that USS pension increases will also be calculated reflecting the changes in CPI instead of the changes in RPI from April 2011.

USS pension increases are determined by taking the applicable indexation rate, currently CPI, in September and applying it as the increase with effect from the following April.

USS pension increases in the last five years:

Year	Increase
2011	3.1% *
2010	0.0% **
2009	5.0%
2008	3.9%
2007	3.6%

* Change to CPI from RPI

** In periods of negative price inflation pensions are not decreased but no increase is applied

Incapacity and beneficiary benefits

The rules state that increases to the pensions payable from the supplementary section of the fund, which pays incapacity and beneficiary benefits, should be paid at the discretion of the Trustee Company. Up to and including 2011 increases have reflected the increase payable on pensions from the main section.

Please refer to your pension increase letter for details of how your monthly gross pension payment has been increased.



Guaranteed Minimum Pensions



What is a GMP?

Your pension from USS is made up of a number of elements some of which depend on when you made contributions to the scheme, or if you are receiving a beneficiary's pension. Some people have what is known as a Guaranteed Minimum Pension (GMP) as USS 'contracts-out' of the state second pension (formerly SERPS). It is there to ensure that members aren't disadvantaged by having contracted-out, although in practice USS pensions are almost always more than the GMP anyway. The GMP is calculated and normally notified to USS by the HM Revenue & Customs (HMRC) National Insurance Contributions Office when you reach state pension age. Once you start to receive your USS pension it's usually a notional component and it doesn't affect your gross monthly USS pension.

If you do have a GMP it's important to know about it as the increases to it are paid in a different way to the rest of your pension.

Do I have a GMP?

You will have a GMP if you are a member (or widow/er of a member) who is over or at state pension age with pensionable service in USS between 6 April 1978 and 5 April 1997, provided full (contracted-out) rate national insurance was paid during that period.

There are some changes to state pension age that will affect the GMP increases for a small number of members (see page 4).

More information about the GMP is available from the USS website or from HMRC.

Equalisation of state pension age

With effect from 2020, the state pension age (which is the age you can receive the state retirement benefits) is to be equalised for men and women, previously it was 60 for women and 65 for men. There is currently legislation under review to bring this forward to 2018. It is expected that the legislation will be passed in which case this change will be phased in so that over the course of the next seven years women will become eligible for their state retirement benefits slightly later depending on the year and month of their birth. Once state pension age has been equalised, it will increase for both men and women at the same rate.

You can find out your state pension age on www.direct.gov.uk

What does this mean for USS members?

It will only affect female members of the scheme. If you have already reached state pension age and are receiving your state retirement pension it doesn't affect you. It also doesn't affect your USS pension.

If you are under the new or revised state pension age and have a GMP element (see page 3) then you shouldn't see a difference in the way your pension increases are applied to that element. Increases to part of the GMP are usually payable by the Department for Work and Pensions (DWP) and you would not be eligible for them until you reach state pension age. However the GMP itself will still be included as an element of your USS pension and so USS, rather than DWP, will pay the increases on that element until state pension age, when you are eligible for GMP increases paid by DWP.

More information about GMP and pension increases is available from the Government website at www.direct.gov.uk

Any queries?

If you have any queries or problems with your USS pension payments, please contact the pensions payroll department – contact details are on the back page. Please have your pension number or national insurance number to hand to help us answer your query.

Are you a silver surfer?

The internet is a valuable source of information and not only about pensions!



Stay in contact

The internet is an easy way of staying in touch with your friends and family, not only by email but also through social networking sites such as Facebook. Many of these sites enable you to keep in touch with your friends and see what they are up to through 'status updates'. They can provide you with an easy way of contacting people or forming online groups for special interests. Use of social networking sites by people over age 50 is increasing faster than any other group as people look for ways to reconnect with old friends or colleagues and stay in touch with their families.

'In September 2010, the total UK online population was 46 million.'

Special interests

Another great way to use the internet is through forums and online communities set up specially to discuss an area of interest or a hobby. Members of a forum can post questions and start discussion topics and everyone gets to either join in or just follow what's going on. Forums are set up for any number of reasons and can be a good way to make contact with like-minded people or just to make contact with old friends or colleagues. For example the enormous increase in the number of people researching their family history is in no small part down to the internet as census records are put online and there is a thriving online community discussing this and other topics.

But is the internet a mystery to you? Well if it is fear not! Lots of local authorities run adult education classes to get you started or you could even find an online course and learn as you go!

Keeping your details up to date

It's very important that you keep your details up to date.



Change of name or address please write to the Pensions Payroll Department at USS with your new details (see 'Useful contacts' on the back page).

Change of bank account you must write to us with proof of the new details, by sending original documentation from your bank (e.g. a void cheque, bank statement or letter from your bank confirming your new details). We need to receive your new bank details no later than the end of the first week of the month in which the change is to take place (together with the proof of the change), to ensure that we can make the necessary amendments to your record. We recommend that you do not close your existing bank account until you receive confirmation from us that we have amended your bank details.

Your opinion counts!



We started sending you a newsletter in 2007 and since then we've tried to build on it to give you the right mix of USS and general interest articles. We always ask you for feedback and we're pleased to say that on the whole we get a very positive response, but we think we can do better.

We'd like to make sure that we're getting communications with pensioner and beneficiary members right so we're interested in starting an online focus group, just for you. We'd like to email some of our pensioner and beneficiary members, maybe just once or twice a year and ask them to complete a short survey about the communications we send, like this newsletter.



Those participating in the group would have the opportunity to make suggestions for articles and let us have feedback about the look and feel of the newsletters we send.

As a small reward, each time we send a survey to the group we'll have a draw for respondents and one could win a £50 M&S voucher!

This group would provide feedback about the communications we send you and is not to replace the usual ways you contact us if you have a query about your pension.

We're sorry that this is only for those of you who are already online but we think that to get this started this is the best way to go. It will keep costs down and is the most efficient way for us to handle the responses and a very easy way for you to submit them.

If you'd be interested in registering for the focus group please email us with your name at USSPFG@uss.co.uk from the email address you'd like us to contact you on.

Tax codes



USS pensions are taxed through the PAYE (Pay As You Earn) system according to a tax code calculated and given to us by HMRC. Once we receive your tax code we use it to make sure we are deducting the right amount of tax from your pension and we can only change it if HMRC instruct us to make a change. Because of this it's important to know what your tax code is and to make sure it's correct.



You may have heard in the press last year about some mistakes in the tax codes issued by HMRC which resulted in some people having either over or underpaid their tax, in some cases by quite a significant amount. If you were affected by this you should have already heard from HMRC and they will have advised what steps are necessary to rectify the mistake.

If you think your tax code may be incorrect you should contact HMRC (always quote tax reference 428/U168 and your national insurance number when contacting HMRC).

Happy Birthday to USS members!

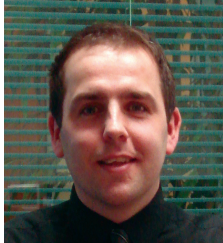
We are delighted to celebrate the 100th birthdays of our pensioner and beneficiary members of USS.

100 years

- Mr Edward Kemp (July 2010)
- Mr John H M Kells (September 2010)
- Mrs Marjorie F Gooderson (November 2010)
- Professor Max Meyer (January 2011)
- Dr Juliette Decreus (February 2011)
- Mr John Lee (February 2011)
- Dr Samuel Levine (February 2011)
- Professor Dafydd Jenkins (March 2011)
- Mrs Edna Ekins (March 2011)



Payroll profile - Grant Hughes



Last year we spoke to Mike McGreal, the payroll manager at USS. This year we went to have a chat with Grant Hughes who works with Mike and the payroll team.

Q: What is your role?

A: I'm Section Head of Pensions Payroll here at USS. I'm an accountant and a member of the Association of Chartered Certified Accountants (ACCA). I started at USS as the Office Junior 18 years ago and worked my way up. I've been in pensions payroll for five years and before that I worked in our financial accounts department.

Q: What are you responsible for?

A: I'm responsible for managing the operational running of the payroll and I have a team that works hard to provide a high quality service to our pensioners. We make over 60,000 pension payments each month so it's quite a responsibility.

Q: What's the best part of the job?

A: I enjoy the variety, there's always something new to keep us busy apart from processing the monthly payroll. We have recently completed our overseas existence checks and are currently working on the National Fraud Initiative checks which make sure we only make payments to those who are entitled to them.

Q: What do you do when you aren't looking after our members?

A: I'm a keen cricketer and I play as an all-rounder for my local club. I'm also on the committee there as the Clubmark Officer, making sure that we comply with all the England and Wales Cricket Board (ECB) codes of conduct, mainly in respect of junior members and recently we received our second Clubmark accreditation.

Q: Any message for the In Touch readers?

A: Keep in touch with us! It's very important that you let us have changes to your address, or any other details promptly. We're proud of our service here at USS and it helps us to maintain the high level of service we aim to provide. We're always happy to have feedback from pensioners to make sure we're getting it right and welcome any comments which enable us to improve the service we provide.

CARA – The UK academic community supporting persecuted academics

As a UK academic, you would probably find it inconceivable that your career might have led to your persecution, imprisonment, torture or execution, or that it might one day have forced you and your loved ones to flee the UK in fear of your lives, abandoning everything. Unimaginable as it may be, this is the story of countless academics who too often find themselves amongst the first to be targeted by rogue states and repressive regimes for their independence of mind.

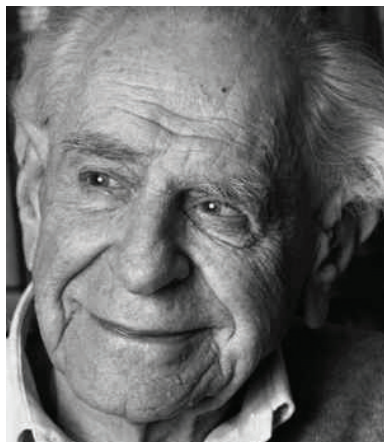
This traumatising experience heralds the beginning of a long and difficult journey to rebuild lives and identities, usually in a strange land, in the company of strangers.

The Society for the Protection of Science and Learning, later renamed the Council for Assisting Refugee Academics (CARA), was established in 1933 in an act of academic solidarity under the leadership of Sir William Beveridge, then Director of the London School of Economics. He and other UK academics worked tirelessly to rescue hundreds of educators and researchers being persecuted as a result of the rise of Nazi and Fascist regimes across Europe, to ensure that their specialist skills were not lost to mankind.

As history reveals, 18 of those assisted in the 1930s and 40s went on to become Nobel Laureates, amongst them Max Perutz and Hans Krebs, with many others elected as Fellows of The British Academy and The Royal Society in recognition of their contribution to their fields.



Hans Krebs



Karl Popper

“CARA’s work defends and promotes academic freedom and provides practical support to academics at risk.”

Beveridge’s critical work continues to this day in close collaboration with the UK university community, offering sanctuary and hope as and when world events dictate. The Hungarian uprising in the 1950s, Apartheid South Africa, Cold War dissidents, disappearances in Pinochet’s Chile, Rwanda in the mid-90s and, more recent crises in Sudan, Iraq and Zimbabwe are just some of the events that lead academics to seek refuge in the UK. In any one year, persecuted academics from up to 30 countries come knocking on CARA’s door for help.

The UK university community has not been found wanting and an alliance of 66 universities from across the university spectrum now lies at the core of CARA’s work defending and promoting academic freedom and providing practical support to academics at risk, central to which is the commitment of individual UK academics. Even in these constrained times, their selfless generosity is remarkable, supporting teaching, research and capacity-building opportunities, offering professional guidance and mentoring and, as importantly, extending understanding and friendship.

To help maintain its independence and integrity, CARA’s work is funded primarily through foundations and private donations. For further information please visit the CARA website www.academic-refugees.org through which donations may also be made.



Albie Sachs, who was supported by CARA in the 1970s and 80s

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**This document is
available in large
print on request**

Useful contacts

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Royal Liver Building
Liverpool
L3 1PY

HM Revenue & Customs Merseyside Area

Regian House
James Street
Liverpool
L75 1AA
Telephone: 0845 300 0627

Quote reference number 428/U168 and your national insurance number when contacting HMRC.



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