

# in touch

Universities Superannuation Scheme newsletter 2012



## Welcome

Welcome to this year's edition of 'in touch', which brings you the latest news about changes that have taken place within USS during the last year.

Pensions have regularly been in the news over the last 12 months. Many institutions and companies are reviewing the pension arrangements they offer to ensure they can meet the rising costs of paying members' benefits.

In October 2011, a long-running review of the scheme's benefits was completed. As a result, significant changes were made to the USS Rules which aim to control the cost of providing benefits for institutions who offer USS.

The changes included an increase to the normal pension age (the age from which benefits are assumed to be payable), higher member contributions and a cap on pension increases for benefits based on service after 1 October 2011. A new section of USS has also been introduced for members joining the scheme from 1 October 2011. This new section provides benefits based on a member's earnings during their career rather than on their final salary.

If you retired or left USS before 1 October 2011, these changes do not affect you or your beneficiaries.

## Scheme valuation

The most recent valuation as at 31 March 2011 showed a funding level of 92% when comparing the scheme's assets to the liabilities. To meet the deficit and the rising cost of benefits, a 10-year recovery plan has been proposed which commits employers to continue making contributions of 16% of salary for the next six years, and 2% above the cost of accrual for four years. More details will be available at [www.uss.co.uk](http://www.uss.co.uk) once the finalised valuation has been published.

## Pension increases

All qualifying pensions starting before 25 April 2011 will be increased from April 2012 by 5.2%, with smaller percentage increases applied for pensions starting after this date depending on the date the pension began. This is the same amount awarded to official pensions (those paid to public sector employees such as teachers or civil servants). The increase is based on the rate of inflation for the 12 months to September 2011, measured using the Consumer Prices Index. Increases to pension benefits built up since 1 October 2011 are subject to a cap of 5.1%.

**Colin Busby**

Communications Manager

# Meet the payroll team



Our Pensions Payroll team looks after members and beneficiaries who receive a USS pension. The team process monthly pension payments and respond to your letters, emails and telephone queries. Keep in touch – it's important to let them know if your address or bank details change so they can ensure your pension gets paid on time.



*Payroll supervisor Mike McGreal (centre) and his team.*

## Any queries?

If you have any queries or problems with your USS pension payments, please contact the Pensions Payroll department – contact details are below. Please have your pension number or National Insurance number to hand to help us answer your query.

### **Universities Superannuation Scheme Ltd**

**Write to:** Royal Liver Building, Liverpool L3 1PY

**Telephone:** 0151 227 4711  
0845 068 1110 (local rate)

**Fax:** 0151 236 3173

**Website:** [www.uss.co.uk](http://www.uss.co.uk)

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

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. Every effort has been made to present accurate information at the date of publication.

# An easier way to change your bank details

We've recently made it easier for you to update your bank account details by no longer requiring original documentation from your bank confirming the change. You can change your details by following these two simple steps:

## **Step 1:**

Provide signed confirmation of the change giving your NI number or member number as well as the bank sort code, account number and account name. This can be done by using the form on the USS website or sending a signed letter including the required information. The account must be in your name, or if it is a joint bank account you must be one of the named account holders.

## **Step 2:**

Send your request for the change to your bank details to USS by the end of the month prior to the month in which you want the change to be made.

We recommend that you leave your old bank account open until you have received written confirmation from our Pensions Payroll team that your bank details have been updated.



# Responsible Investment: USS's approach

USS is a significant global investor, with holdings in a large number of companies in the UK and overseas, and also in properties and other assets around the world. The fund and its Trustees have taken the position that the management, or mismanagement, of environmental, social and corporate governance (ESG) issues can have an impact on the value of the fund's investments. Given this, we believe USS has a fiduciary responsibility to act as a responsible owner of its investments. This means integrating ESG issues into investment decision-making processes, when appropriate, and engaging with companies and others where such activity could protect or enhance the value of the fund.

USS first adopted a policy on Responsible Investment (RI) in 1999, in response to government regulations requiring UK pension funds to articulate how they address these issues in the selection, retention and realisation of investments. The approach that USS has adopted to RI is couched in the legal framework that guides the operation of a UK-based pension fund. The nature of these regulations means that USS invests in a broad range of companies, some of which would not appear in an "ethical" investment fund. This is because ethical investment funds represent individual decisions around what is acceptable,

whereas USS, with its almost 300,000 members and beneficiaries, cannot incorporate individual views and must focus on its fiduciary duties to protect and enhance the value for the fund. This does not mean that the fund is unable to take into account ethical or moral issues within its processes but its decisions must be based on investment opportunity and risk.

The fund's RI strategy has three strands:

1. integration of material ESG issues into investment decision-making processes across all asset classes;
2. engagement with companies where the fund believes that there is a risk that these issues are not being managed appropriately; and
3. engagement with policymakers, regulators, representative bodies, and other investors where we believe that market wide changes associated with these issues would be beneficial to USS.

There are numerous recent examples where poor management of ESG issues has impacted the fund. The most high profile incident was of course, the BP Deepwater Horizon disaster in the Gulf of Mexico. The impact of this disaster, in

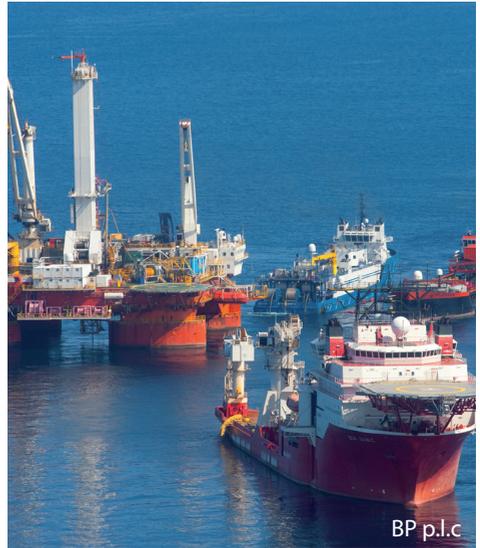


terms of financial as well as human and environmental costs, is still being felt by the company and its shareholders, including USS. The fund has engaged extensively with management and the board of BP to address our concerns.

The perennial debate on executive remuneration shows little sign of abating in the near future. This issue has been most prominent in the banking sector, but the concerns are raised in many other sectors in which USS invests. It is USS's position that executive pay should be linked to performance targets that are aligned with the company's strategic objectives and designed to incentivise management to create long-term shareholder value. USS engages with many companies to ensure these objectives are realised and will use the tools at its disposal to address problems when they arise. USS has in fact voted against the remuneration packages at a significant number of companies in our portfolio. For example, in 2011, the fund voted against or abstained on the remuneration proposals at 250 companies who have a primary listing in the UK.

#### **USS Statistics on UK Remuneration Votes 2011**

For	59.6%
Abstain	25.9%
Against	14.4%



As a fund, USS takes its responsibilities towards ESG engagement seriously, and now has a team of five specialists who implement the fund's RI policies. The fund's RI policy extends across all our asset classes including public equities, property, hedge funds, private equity, bonds, and a range of other assets.

As a result of the leadership USS has demonstrated in this area over the years, the fund has gained recognition and a reputation for being a global leader in RI. The fund will continue to address these issues within its investment processes, with the aim of improving the performance of its investments, both to generate the returns required to pay the pensions of our members and to mitigate some of the associated risks.

**For further information on USS's RI activities, please visit our website at: [www.uss.co.uk/UssInvestments/ResponsibleInvestment](http://www.uss.co.uk/UssInvestments/ResponsibleInvestment)**

# Keeping your data secure



It's important to us that the personal data we hold about you is kept secure. This is why if you request any personal information, it will only be provided:

- In writing to the home address we have for you on file;
- Over the telephone, providing you answer the security questions; or
- By fax, but only if you have answered security questions over the telephone to authorise the disclosure in this way.

Requests for information from a third party will be given in the following way:

- In writing to your home address on file (even if the third party encloses a signed authority to release information to them).
- Information will only be provided directly to a third party if you provide your signed written consent for this to be done direct to USS or if you telephone USS, answer security questions and authorise disclosure in this way.

## Happy Birthday to USS members!

We were delighted to celebrate the 100th birthdays of the following pensioner and beneficiary members of USS in the past year.

- Lady Ellen Julie Parrott
- Mr Philip C Trexler
- Mr John Roger Till
- Mrs Monica Beck
- Prof Vernon Z Newcombe
- Mrs Margaret S Hackforth-Jones

100 years!



# What is your State Pension age?



**State Pension age is the earliest age you can receive your State Pension.**

Under current legislation, from December 2018, the State Pension age for both men and women will gradually increase to reach 66 by October 2020 and the State Pension age is planned to increase to:

- 67 between 2034 and 2036
- 68 between 2044 and 2046

However, the government has announced that the increase to age 67 will now take place between 2026 and 2028. We expect that the dates for the increase to age 68 will also be brought forward. This change is not yet and law will require the approval of parliament.

## Calculating your State Pension age

Use this table to check when you will reach State Pension age based on the proposed changes.

Date of birth	Female	Male
Before 6 April 1950	60	
Before 6 April 1953		65
After 6 April 1950 and before 6 December 1953	60-65	65
After 5 December 1953 and before 6 October 1954	65-66	65-66
After 5 October 1954 and before 6 April 1960	66	66
After 5 April 1960 and before 6 March 1961	66-67	66-67
After 5 March 1961 and before 6 March 1969	67	67

\*The above table is based on the proposed changes accelerating the increase to age 67, which still require parliamentary approval. We have excluded the change to age 68 as the dates when this might happen remain unclear.

You can find out your State Pension age, as the law stands, by using the State Pension age calculator at [www.direct.gov.uk](http://www.direct.gov.uk) or by calling The Pensions Advisory Service on 0845 601 2923.

# Tax allowances



The following tables show the allowances for the 2012-13 tax year:

Income Tax allowances	2012-13
Personal Allowance – under 65	£8,105
Personal Allowance for people aged 65-74	£10,500
Personal Allowance for people aged 75 and over	£10,660
Married Couple's Allowance for those born before 6 April 1935	
• Maximum	£7,705
• Minimum	£2,960
Income limit for age-related allowances	£25,400
Income limit (where income is above £100,000 the Personal Allowance reduces by £1.00 for every £2.00 of income above the £100,000 limit)	£100,000
Blind Person's Allowance	£2,100

## Income Tax rates and taxable bands

Rate	2012-13
Starting rate for savings: 10%*	£0 - £2,710
Basic rate: 20%	£0 - £34,370
Higher rate: 40%	£34,371 - £150,000
Additional rate: 50%	Over £150,000

\*The 10% starting rate applies to savings income only. If your non-savings income is above this limit then the 10% starting rate for savings will not apply.

The rates available for dividends are the 10% ordinary rate, the 32.5% dividend upper rate and the dividend additional rate of 42.5%.

Any queries relating to your tax situation should be made direct to your local tax office, e.g. HM Revenue & Customs, Merseyside Area, Regian House, James Street, Liverpool, L75 1AA. Tel: 0845 300 0627.

# Payroll Giving – making charitable contributions more generous

Many of us choose to make charitable donations by becoming a member of a charity with a cause we admire, sponsoring friends or family taking part in fundraising events or just popping a couple of pounds in a collection tin when we're out and about. However, there is a way that you can make regular charitable donations and receive tax relief on the contribution, making your donation go even further.

USS operates 'Payroll Giving' which enables members to donate to charity directly from their pension and get tax relief at source. This means that for basic rate tax payers (20%) a £10 donation only costs £8 and if you're a higher rate tax payer (40%) then that donation would only cost you £6.

Last year, USS pensioners gave over £260,000 to charity through Payroll Giving. If you're interested in joining them, complete the Payroll Giving form from [www.charitiestrust.org](http://www.charitiestrust.org) or contact our Pensions Payroll team for a copy. We'll arrange for the deduction to be made from your pension after tax relief has been given and send it to the Charities Trust, who will subsequently arrange for it to be paid to the charity of your choice.



**'Last year, USS pensioners gave over £260,000 to charity through Payroll Giving.'**

**More information about Payroll Giving is available from the Charities Trust.**

# ACE: Promoting cultural exchange

**After a lifetime devoted to medicine and teaching Ann Barrett, OBE FMedSci MS FRCR FRCP, finds a new lease of life in retirement through her involvement with the ACE Foundation.**

Like many members of USS, when I retired I had a continuing curiosity for projects with an educational slant and, with more time on my hands, was keen to pursue my long-term enthusiasm for the arts. The ACE Foundation was a perfect fit – putting both my interest in education and the arts together.

At the 2010 Musical Brain conference – which provided a captivating insight into the scientific basis of musical appreciation – the ACE Foundation invited me to become a Trustee. ACE supported the conference and so I could immediately see the value and benefits of the charity's work.

If you are an educationalist it is exhilarating to see the range of diverse projects that ACE supports and runs. The latest additions are cultural workshops – focusing on instrumental, creative writing and painting activity – which encourage people of all ages to participate and pursue their interests with other enthusiasts.

Since it was founded in 1958 the ACE Foundation has supported projects and scholars across the world. Dedicated to promoting understanding and learning through cultural exchange, ACE has built up contacts and developed projects as far afield as Ethiopia, the plains of South Africa and the desert in Uzbekistan. Closer to home the Foundation sponsors foreign scholars at the Attingham Trust, Corpus Christi College in Cambridge and University College London.

Still run by a member of the founding family, the charity has found a new lease of life with its acquisition of Bury Farm. Next month the offices move to this attractive new centre on the outskirts of Cambridge, which will become the home for local projects as well as a UK base for international educational schemes.



**ACE scholars attending Attingham Trust summer school to study conservation techniques practised in English country houses. ACE Cultural Tours offers the public opportunities to visit private houses and their art collections.**



The charity's financial stability is primarily guaranteed by the income it receives from the profits made by its subsidiary company, ACE Cultural Tours. Starting life as ACE Study Tours, these tours were initially an add-on to the Summer School programmes that ACE ran at Oxford University. Their success prompted ACE to launch stand-alone tours for people interested in developing their knowledge of a range of cultural subjects, from music, archaeology, art and architecture to natural history.

Over the years I have travelled all over the world and have had, from a professional point of view, opportunities to meet people and see things not normally open to the general public. ACE provides this too.



**Glass dating from 10th–12th century found during the ACE-supported dig at the ancient citadel of Kuva, Uzbekistan. ACE revisits the archaeological site in September 2012.**



**ACE supports flora and fauna conservation in South Africa to provide local income and education through the sustainable harvesting of wild flowers.**

Through ACE Cultural Tours, you can see places and objects and meet people who are not normally accessible, increasing your understanding of different cultures and the arts.

Every cultural tour is led by an expert. As a specialist, and also superb host, each Tour Director provides a stimulating, friendly and inclusive atmosphere for all the travellers. Together with ACE they use their extensive network of contacts to organise special visits which include viewings of drawings not normally on show to the public, tours of private buildings, art collections, working archaeological digs and performances on historical instruments. Personally I also find it gratifying that by going on a tour I am contributing to the ACE Foundation's valuable work in local, national and international communities.

**For more information about the ACE Foundation, or to request a copy of the ACE Cultural Tours brochure, please call 01223 835055 or visit:**

**[www.acefoundation.org.uk](http://www.acefoundation.org.uk)  
[www.aceculturaltours.co.uk](http://www.aceculturaltours.co.uk)**



At the beginning of 2012 we asked our online retired member focus group for their opinion of 'in touch'. Their feedback was very helpful and we'd like to gather more of your opinions about this newsletter to help us make it more useful for you in future.

**Complete our short online survey at [www.uss.co.uk/InTouchSurvey](http://www.uss.co.uk/InTouchSurvey) before 25 May 2012 to be entered into a draw for a £50 Marks & Spencer voucher.**

If you don't have internet access you can complete it below and send it to our Freepost address: USS Ltd, Freepost, LV7039, Liverpool, L3 OBR.

### 1. Are you:

A retired member above age 65	
A retired member below age 65	
A beneficiary member above age 65	
A beneficiary member below age 65	

### 2. How would you describe the following aspects of the newsletter?

	Too complex	About right	Too simplistic
Content of the articles			
Tone of the articles			

### 3. How would you best describe the balance of text and pictures in the newsletter?

Too many pictures	About right	Too much text
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### 4. In your opinion, which is the most true (please tick one)?

The current balance of general interest and USS specific articles is right	
There should be more articles specific to USS	
There should be more general interest articles	

### 5. What subjects, if anything, would you like 'in touch' to cover?

Legal information		Finance and insurance	
Health and well-being		Culture and entertainment	
USS general information		USS payroll information	
Other (please note):			

Would you be interested in joining our online pensioner focus group? If so, please provide your name and email address below.

Name: ..... Email: .....