

in touch

The 2016 newsletter for retired and beneficiary members of USS

Welcome to the 2016 *in touch* newsletter



Bill Galvin
Group chief executive officer

This is an exciting year for USS as we begin a process of change both in terms of the way that members save for their retirement and in the service we provide.

USS is uniquely positioned to meet the challenges of members' changing retirement needs. The scheme is backed by almost 370 employers, including some of the largest

and longest-standing universities in the country. It is also one of the largest schemes in the UK, and is therefore able to deliver a valuable way for almost 330,000 members to provide for their retirement.

Looking back over the past year, we have already made some significant progress; in the summer the scheme's stakeholders agreed changes to the pension benefits provided to our active members, this includes a new revised career revalued benefits (CRB) section which will be known as the **USS Retirement Income Builder** and the introduction of a new defined contribution section, which will be known as the **USS Investment Builder**. You can read an overview of the changes on page 6. Importantly, the benefits you have already built up in the scheme are secure as they are protected in both the scheme rules and in legislation.

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USS

In order to support the implementation of the changes to benefits and contributions we are updating our pensions administration system. Initially, the only change you may be aware of is that you will get a new pensioner number and this will be in your April 2016 payslip. Over time, you will begin to see some improvements in our service including new online services for members, such as the new website which we launched last month, there is more on that on page 4.

In amongst all of this change I am pleased to say that the trustee company continues to be highly valued by both employers and members for the quality of the service and support we offer. Periodically we survey both employers and members to seek their views on various aspects of our service. The results from the active member survey carried out during the year were encouraging; around 73% of employers and 65% of active members said they would speak positively about the service they received from USS.

Finally, since our last *in touch* update we have also welcomed two new board members; Professor Anton Muscatelli, Principal and Vice-Chancellor of the University of Glasgow, was appointed to the board in April 2015 by Universities UK, taking up the position vacated when Sir Martin Harris stepped down from the board and Professor Sir David Eastwood became chairman last year. Professor Muscatelli has a PhD in Economics from the University of Glasgow, where he lectured from 1984 to 2007. He was Principal and Vice-Chancellor of Heriot-Watt University from 2007 to 2009 before returning to the University of Glasgow to take up his current role.

We also bid farewell to Joseph Devlin who stepped down after eight years on the board. Professor Jane Hutton of the University of Warwick joined as the replacement UCU appointee in November. Professor Hutton works in medical statistics, with special interests in survival analysis, meta-analysis and non-random data. She has also written extensively on ethics and philosophy of statistics in health care.

I hope you enjoy this edition of *in touch*.

Bill Galvin

Group chief executive officer

Pension increases

All qualifying pensions are reviewed each year.

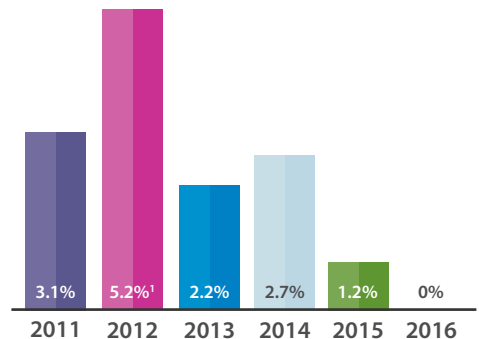
The review is based on the increases applied to 'official pensions' (those paid to members of public service pension schemes, such as teachers or civil servants). Increases to official pensions are based on the rate of inflation for the 12 months to September 2015, measured using the Consumer Prices Index.

- For pension rights built up **before October 2011**, increases match the full increase in official pensions.
- Increases to pension rights built up **from 1 October 2011** match the rise in official pensions for the first 5%. If official pensions increase by more than 5%, then USS will match half the difference up to a maximum overall increase of 10%.

For the year to September 2015 the rate of consumer price inflation was negative.

USS will not reduce the value of benefits in payment, however for 2016 no increase will be applied.

Pension increases for the last six years



¹ The increase to post October 2011 pension rights was 5.1%

Changes to increases paid on Guaranteed Minimum Pensions (GMPs)

The introduction of the single-tier State Pension from April 2016 will introduce changes to increases paid on GMPs. It will not affect those who have already reached State Pension age (SPA) on 6 April 2016 as the responsibility for paying pension increases on certain elements of USS pension will continue to be shared between USS and the government.

USS is currently considering the position of members who have yet to reach SPA by 6 April 2016. Further information will be provided on www.uss.co.uk in due course.

New website and member portal

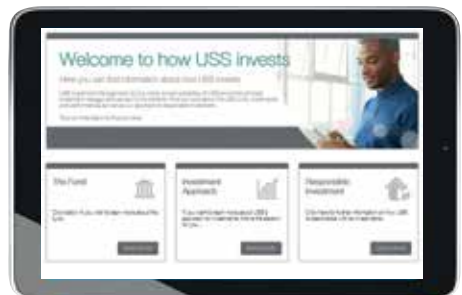
In the 2015 edition of *in touch* we mentioned the possibility of a refreshed USS web offering. Following this, we are pleased to announce we have launched a new-look website, the first step towards a wider digital service for our members.



The new-look website has a clean, contemporary design, and is compatible with a wide range of mobile devices. Like the old website, it has lots of information about your USS pension.

The website is split into three main sections; Members, Employers, and How USS invests. The purpose of the Members' section is to provide information about being a member of the scheme, whether that be actively paying, previously contributed or in receipt of a pension. Forms are available on the site to update your address and/or bank details, access previous versions of the *in touch* newsletter and see pension increase updates.

The 'How USS invests' section is designed to provide access to information about the investment strategy in relation to the current final salary and career revalued benefits (CRB) sections, and the revised CRB section, the **USS Retirement Income Builder**, which will be introduced on 1 April 2016.



This section sets out the types of investments made in a simple and transparent way, how those investments have performed and our approach to responsible investment. USS is an active and responsible investor, and we have included a significant amount of detail about the work we have done to integrate environmental, social and governance matters into the investment decision-making process.

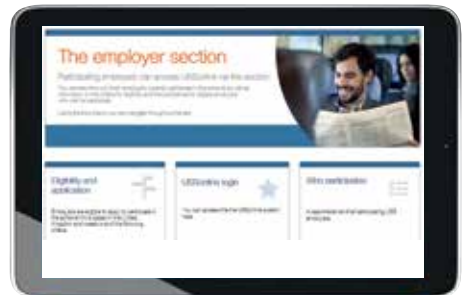


The new website is the first stage of a programme of work which is to continue throughout 2016 in order to improve our online communications and services. For you, as a retired member, the USS member portal, launching in the second half of 2016, will be the next phase to look out for. The member portal will include online account facilities for our active, deferred

and retired members. We are developing the new member portal around your feedback, many of our members have rated enhanced online services as an important feature. Ultimately, once the member portal has been fully developed, you will be able to update your details online, and view and print payslip and P60 information.

The member portal will be rolled out in phases, more information will be issued in the coming months.

We will continue to improve the **www.uss.co.uk** website, delivering new tools and features. Please help us to evolve and improve the website to meet your needs by sending us your feedback. You can do this by emailing our Communications team at **communications@uss.co.uk** or by completing the online enquiry form on the website.



Please note: The web address remains the same, **www.uss.co.uk**, however if you have bookmarked links to specific pages you may find these are no longer available. If you can't find what you are looking for, please email our Communications team at **communications@uss.co.uk**

Scheme changes

USS is changing for the future. From 1 April 2016, there will be changes to the member benefits provided by USS; and the contribution rates paid to USS by active members and their employers.

Although these changes only apply to members who are currently paying into the scheme, here's some background information to keep you updated.

The benefits you are already receiving from USS are protected by law and in the scheme rules and those benefits are not affected by these changes to the scheme.

USS currently provides two forms of defined benefit pension; final salary and career revalued benefits (CRB). Both provide a pension which is linked to salary, albeit in different ways. Going forward, USS will provide defined benefit (DB) pensions on a CRB basis alongside a new defined contribution (DC) section.



From **1 April 2016** all members, who are currently contributing to the scheme, will build up a DB pension on a CRB basis, in a new part of the scheme known as the **USS Retirement Income Builder**.



From **1 October 2016**, the new DC section of the scheme will be introduced and this will be known as the **USS Investment Builder**. Members will continue to build pension benefits, on a CRB basis, up to a certain salary threshold (initially of £55,000 a year), with contributions towards the **USS Investment Builder** available on salary above the threshold.

If you'd like to know more about the changes please visit forthefuture.uss.co.uk

New administration system

At the same time as implementing the scheme changes, we're putting in place a new administration system. As part of the switchover to the new system, all members will be given a new membership/pensioner number. Your new pensioner number will be included with your April 2016 payslip. Please quote this new number should you need to get in touch with us at any point in the future.

The role of USS's pensioner director

What does the pensioner director of USS Ltd do?

The first part of the answer is that all directors have the same legal duty to further the objectives of the company, which are to undertake and discharge the office of trustee of USS, including maintaining the security of the benefits accrued, and hence to act in the interests of the members and beneficiaries of the scheme as a whole, ensuring benefits are paid as they fall due.

The structure of the board is designed to ensure that its members will bring a range of viewpoints. In 1997 it was decided to ensure that the perspective of pensioner members be available to the board by requiring at least one of the union appointed directors be a pensioner member.

Since 2009, I have been the pensioner representative and have been receiving the views and suggestions that pensioners and beneficiaries want to bring to the board's notice, and I welcome such correspondence.

For those who retire now and in the future, issues are arising as to how far and fast USS should provide access to the greater range of options for drawing scheme benefits that have become permissible as a result of the 'pension freedoms' announced in the 2014 Budget; and as to the extent and nature of the guidance that USS should provide. USS may well be conducting surveys, and I should ask you to give a little time to responding to any that come your way. If you would like also to convey your needs and wishes to me as pensioner director, it would be nice to hear from you.

Bill Trythall
Pensioner director



Bill Trythall
Pensioner director

If you would like to get in touch with Bill, please write to:

USS's Pensioner Director, Universities Superannuation Scheme Limited,
Royal Liver Building, Liverpool, L3 1PY.

Alternatively, if you'd like to reach Bill by email, please address your message to:
communications@uss.co.uk - clearly marking your message for Bill's attention.

Useful contacts

If you'd like to write to USS about your pension, our address is:

Universities Superannuation Scheme Limited, Royal Liver Building, Liverpool, L3 1PY.

If you have a query about your USS pension payments, you can send us an email: **payroll@uss.co.uk**. Alternatively, if you'd like to talk to a member of the pensions payroll section team, please call 0151 556 0747.

Please quote your pensioner reference number in any correspondence.

For more information about the scheme and how it works, please visit our website:

www.uss.co.uk

Other useful contacts

Name of organisation	Purpose	Contact details
Citizens Advice	Helps resolve legal, financial and other problems with free, independent and confidential advice.	www.citizensadvice.org.uk Check directories for local office details.
Department for Work and Pensions (DWP)	Provides information and advice on state benefits.	www.dwp.gov.uk
HM Revenue & Customs	Provides information on tax and National Insurance contributions.	Phone: 0300 200 3300 www.hmrc.gov.uk
Money Advice Service	Provides free, clear and unbiased advice to help you make the most of your money.	Phone: 0300 500 5000 www.moneyadviceservice.org.uk
The Pensions Advisory Service	Provides general information and advice on pensions.	Phone: 0345 601 2923 Email: enquiries@pensionsadvisoryservice.org.uk www.pensionsadvisoryservice.org.uk
The Pension Tracing Service	Helps you to find any pension schemes you have lost touch with.	Phone: 0345 600 2537 www.gov.uk/find-lost-pension



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