



Approaching retirement

Video transcript

Hello and welcome to this Approaching retirement webinar. My name's Rebecca Dodd and I'm a pensions consultant from Mercer.

The main aim of this presentation is to help give you a better understanding of retirement and the steps that you might need to take to retire. It's aimed at members who are looking to start accessing USS benefits within the next couple of years and give some information on your benefits in USS and how it all works.

Some areas to consider when thinking about your retirement and taking your pension benefits. Thinking about choosing your retirement date, so thinking about when you'll take your benefits. And also the different options that you might have to take your benefits. So looking at your options with regards to pension and cash lump sums. We'll cover the UK State Pension very briefly. And finally give a summary of how you actually go about starting the retirement process.

Let's take a look at how your benefits and savings in USS can build up. There's two main types of pension in the UK; the defined benefit (DB) and defined contribution (DC), and USS has got both these types of benefits.

Defined benefit (DB) means that your benefits on retirement are based on a predetermined formula. In USS, the pension that you build up depends on the salary that you earn each year (up to a certain threshold), the years that you've been working, and a pension build up rate. The pension that you build up is not directly connected to how much you or your employer's paid in; what matters is your formula. The defined benefit (DB) part of USS is called the Retirement Income Builder.

There's also a defined contribution (DC) part of USS which is called the Investment Builder. In a defined contribution (DC) arrangement, any money paid in by you or your employer goes into your pot. And then at retirement, your benefit is based on the value of your pot of money, so it's completely dependent on how much has been paid into your pot and how it's grown over the years.



In general, you tend to have more flexibility in how and when you can take defined contribution (DC) savings. In the defined contribution (DC) part, the Investment Builder, you can choose where your money is invested, if you wish to, from a range of investments that USS offers.

Or USS can invest these for you. For the defined benefit (DB) part, the Retirement Income Builder, USS makes those investment decisions on behalf of all members so that you receive your specific level of benefit.

We're going to have a look at these in more detail now and show some examples of how the benefits are calculated. In USS, everyone builds up Retirement Income Builder, defined benefit (DB) ,benefits on their salary up to the salary threshold. And the salary threshold from 1 April 2026 is £74,208. If you earn above the salary threshold, then you'll also build up Investment Builder savings, or defined contribution (DC) savings, on your salary above that threshold.

If your earnings fluctuate around the salary threshold, any contributions to the Investment Builder section will stop and restart as appropriate automatically. Now just having a closer look at how the Retirement Income Builder works.

In the Retirement Income Builder, you build up a block of pension equal to a 75th of your salary for each year that you're a member of the scheme. The salary used in this formula though is only up to a maximum of the salary threshold which is currently £74,208.

So you will build up a block of pension for each year that you're paying into the scheme. Then annual increases are applied to the block of pension between the time it's earned and the time it's eventually paid, and these increases are currently linked to the Consumer Prices Index, or CPI measure inflation up to certain limits.

If we add all those blocks together with those annual increases, we get your total annual pension. And you'll also get a tax-free cash lump sum of three times your total annual pension, which is a one-off payment paid at the point of retirement, paid in addition to your annual pension.

You can exchange some of your pension for a higher tax-free cash lump sum on retirement and vice versa, so you could even take no tax-free cash and take a higher pension for life. You make that decision when you come to retire.

Then once in payment, your pension will increase each year. Again these increases are currently linked to the Consumer Prices Index or CPI measure of inflation up to certain limits.

So that you can keep a track of how much you're building up, you'll receive details from USS each year in an Annual Member Statement, which can be accessed on the member portal, My USS.

Now just having a look at how the Investment Builder works. If you're earning above the salary threshold, then 20% of the value of your salary above this threshold is paid into the Investment Builder.

This comes from the contributions that you and your employer are already paying in to USS and it's at no further cost to you. The contribution rate that you pay is 6.1% of your total salary.



When thinking about retirement and taking pension benefits, there's a number of things to consider. For example, when would you like to take your benefits and will taking them at a particular age impact how much you receive?

Should you take all of your USS benefits at the same time or just take some now and some later? And will that impact what will be paid on your death to your loved ones?

What might your benefits look like? Would you prefer more tax-free cash or would you rather a higher guaranteed income payable for life?

And also how might your benefits be taxed in payment? You might be taxed on the monthly pension income that you receive depending on the total level of your income.

Some of these decisions will be determined by what pension and other income sources you have and what lifestyle you'd like to have in retirement, so what can you afford and thinking about how much income you might need?

Whilst much of this will be very personal to you, we'll look at next at what those different options are so that you can then use that information as you plan your retirement. The Benefit Calculator on My USS can be used to get an idea about what different options might look like for you.

It's prepopulated with your USS data to provide you with estimates for your retirement options and you might want to visit the calculator before you discuss plans with your employer or request or request a retirement quote from USS. In the Benefit Calculator you can also model how making changes like saving more by paying additional contributions, transferring in, leaving USS, taking a career break or taking flexible retirement could impact what you get.

Note that if you model paying additional contributions or transferring in a pension benefit from another scheme, they'll be added to your Investment Builder savings pot as part of the projections. And just to note that most of these options under the heading **Make further changes** are only available if you're still contributing to USS.

For members who are no longer contributing, they will only see the **Assumptions** option under here. The calculator is a projection tool though so if you want to take benefits within the next 12 months, you should contact the USS team for a quote; either directly, or via your employer.

USS does recommend that you seek guidance and/or take financial advice to work out what's best for you though. If you're a member but no longer contributing, you can only request a quote from USS no earlier than six months in advance of your intended retirement and contact details are available on the USS website.

We're going to have a look at retirement decisions, starting with choosing your retirement or when you will take your retirement benefits. When thinking about when you'll take your benefits, the first thing to consider is what benefits you have.



All members have Retirement Income Builder, or defined benefits (DB), in the scheme. Some people may have added years or added pension, additional Voluntary Contributions (or AVCs) that you set up before April 2016 that will add to your Retirement Income Builder benefits.

You may also have Investment Builder savings, which are defined contribution (DC) benefits. Also, prior to the introduction of the Investment Builder in October 2016, you may have built up defined contribution (DC) savings with Prudential.

These are referred to as Money Purchase AVCs or MPAVCs and you'll need to check if you have savings still with Prudential. Most MPAVC pots from Prudential's Unit-Linked Funds have already been switched into the Investment Builder, but if you have a With-Profits or Deposit Funds that you've not yet switched, your money will remain invested with Prudential unless you decide to move it.

If this applies to you, USS will provide details of these savings and the options that you have to take them as part of your retirement quote. Further detail regarding Prudential savings can be found on the USS website.

If you're unsure whether you have any savings in the Investment Builder, you can find out by logging onto My USS, and any added years or added pension AVCs, and any Prudential Money Purchase AVCs that you have can be found on your Annual Member Statement on My USS. You'll find the detail in the snapshot section of your Annual Member Statement here.

Your 2026 Annual Member Statement will be available in the Autumn and you'll receive an email from USS to let you know when it's in My USS.

Just to note, Annual Member Statements are only issued to members still contributing to USS, so members who are no longer contributing can find details of the benefits in My USS and on their leaver statement. If you do require a copy of your leaver statement, you can get contact details for USS to ask for a leaver statement on the USS website.

You can start to draw your Retirement Income Builder benefits or savings from your Investment Builder from the minimum pension age, and that's set by the government. The minimum pension age is currently age 55, but it is rising to age 57 from April 2028.

To take your benefits from your Retirement Income Builder, you need to retire from your job fully or take flexible retirement which is where you reduce your hours and take a proportion of your Retirement Income Builder benefits whilst continuing to work. But there are more options when it comes to Investment Builder savings.

You do not have to take your Investment Builder savings at the same time as your benefits from the Retirement Income Builder, and you do not have to retire from your job or even cut down your hours to take them. You can take your Investment Builder savings earlier than your Retirement Income Builder as long as you've reached the minimum pension age.

Or you might retire from your job and take your Retirement Income Builder benefits but leave your Investment Builder savings invested. You can choose what to do with them later.

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Now just focusing on the Retirement Income Builder firstly. The various types of retirement in USS are normal, early, late, flexible and ill health retirement. It is important to consider the age at which you take your benefits as this will impact what level of benefits you receive.

Normal retirement is when you take your benefits at your Normal Pension Age, but some members prefer to take them at a earlier or later date. Flexible retirement is where a member keeps working and just take some of their benefits.

And finally, whilst it's not something any of us can plan for, you may be able to take your USS benefits under ill health if that applies to you and you meet the criteria. Under each of these options, you can still take an element of your benefits as a one-off tax-free cash lump sum in addition to the pension benefits payable.

And if you have an Investment Builder pot, there's the option to take it at the same time as your Retirement Income Builder or separately. The Benefit Calculator on My USS can be used to get an idea of what these different options might look like for you.

Firstly, normal retirement is where benefits are taken at your Normal Pension Age. The Normal Pension Age is currently age 66 for those contributing to USS, but it will change in the future in line with increases to State Pension age.

It is the age at which your Retirement Income Builder benefits become payable in full. If you left the scheme before October 2020 though, your Normal Pension Age may be lower than age 66 but the Benefit Calculator will default to your Normal Pension Age. For members who are no longer contributing, they must take their Retirement Income Builder benefits by this age.

So normal retirement means that you'll get the benefits that you've built up at that date and your pension will become payable from your retirement date for life alongside a one-off tax-free cash lump sum.

Just to note, the Normal Pension Age for USS changed in October 2020 from 65 to 66 in line with the governments increase in the State Pension age. But this only applies to benefits building up after October 2020.

If you were to take your benefits at the Normal Pension Age of 66, you may receive an increase on some elements of your pension benefit to reflect the Normal Pension Age that was in place when you built up those benefits. Although some of your benefits may have been built up when the Normal Pension Age was lower than age 66, you cannot take those benefits early and then leave your age 66 benefits until a later date.

You do not have to wait until your Normal Pension Age to take your benefits though, and the earliest age that HMRC usually lets people take their pension benefits (in good health) is from the minimum pension age. This is currently age 55, but it changes to age 57 from April 2028.

Note that you can only start taking your pension in full though as long as you retire completely from your job with a USS employer. If you do start taking your pension early, then your Retirement Income Builder benefits may be reduced for early payment because it's expected that we'll be paid for a longer period.

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As I mentioned with normal retirement before the Normal Pension Age changed to age 66 in October 2020, you may have built up some benefits that have a Normal Pension Age of 65 and some people may have even built up benefits with retirement age that is lower than this. On early retirement, the calculation takes all this into account along with the age at which you're taking your benefits and different reductions will apply to the Normal Pension Ages to the different parts of your benefits.

Factors used in the calculations are reviewed and updated as appropriate by the USS trustee based on Scheme Actuary advice so are subject to change from time to time. Whereas some members want to retire as early as possible, others would rather delay retirement.

And you do not always have to retire as soon as you reach age 66. Taking benefits beyond Normal Pension Age is referred to as late retirement, but you can generally only do this as long as you're still working in eligible employment for a USS employer.

You can only delay taking your Retirement Income Builder benefits up to age 75 if you still pay in to USS. Now this does not apply to any Investment Builder benefits that you have though.

Once you do decide it's time to retire, your benefits may be increased as they'll be paid to you from a later age than expected. This time if you've built up benefits with different Normal Pension Ages, then the increase applied is likely to be different for each part again.

If you're no longer paying into the scheme, it's not possible to take late retirement unless you're still working in a USS eligible role. If you have not started to take your benefits yet, annual increases will be applied until you access them.

If you do not take your leave of benefits earlier, they'll be paid from your Normal Pension Age. The options I've discussed so far are based on you fully retiring from your job.

However, if you're still contributing to USS, it is possible to take some benefits and continue working if you'd like more flexibility over your retirement plans. As you get closer to retiring, you might decide that you want to reduce your working hours and take some of your USS pension to supplement your earnings instead.

This option is available to members who are still contributing to USS and is known as flexible retirement. As a flexibly retired member of USS, you're continuing to work and build up benefits but on a reduced salary.

At the same time, you're receiving a proportion of the USS pension you'd already built up in the Retirement Income Builder. As long as you reduce your hours and salary by at least 20% on a long term basis, you can take up to 80% of your USS Retirement Income Builder benefits via flexible retirement.

But the reduction in hours and salary does not have to match the percentage of the pension that you're taking. There are some rules to follow though for flexible retirement, including reducing your working hours and salary by at least 20%.



And these hours should not increase in the following 12-month period. A maximum of two flexes can be taken totalling no more than 80%.

And after you've taken two flexes or the full 80%, your next step will be full retirement with all your remaining Retirement Income Builder benefits. And you'll need to retire from your USS eligible role in full then.

You must give USS at least two months notice of the date you're flexibly retiring from. And this needs to be agreed with your employer due to the change in working hours and salaries.

So if this is something that you're interested in, do make sure you allow enough time to agree the terms of your flexible retirement. Having to stop working completely because of an illness or injury is not a nice thought, but unfortunately it could happen.

In that case, you may be eligible to retire on an ill health basis with USS. If you're seriously ill or no longer able to work, you may qualify for ill health early retirement if you meet the criteria, but you must have been building a pension with USS for at least two years to qualify.

If you're still paying in to USS, there are different types of ill health retirement and what you'll get will depend on how much you're able to work. There's partial ill health retirement, which is if you cannot do your job or any similar job, whether or not it's available, for the long term due to ill health but you could do another job.

With partial ill health retirement, you get the benefits that you've built up to date but they would not be reduced for early payment. Total ill health is if you cannot do your job or any job other than one that would pay only a small fraction of the salary for the long term due to your ill health.

Now with total ill health, you'll get enhanced benefits, which means they're projected as if you've continued in service until age 65. Then the serious ill health, which is if you're suffering from a serious health condition and only have a limited time to live. And in this case USS may be able to convert (or commute) your pension and pay all your benefits as a lump sum.

If you're no longer paying in to USS, your options are a little different and there's more information on the USS website on this. We're going to look at your options in terms of pension and cash amounts in this section.

This is important because in order to be able to prepare for your retirement, you'll need to understand how you can take your Retirement Income Builder and Investment Builder benefits.

So in other words, what your benefits might look like. Before getting into the retirement options, I'm going to recap a few things.

All members have Retirement Income Builder, or defined benefits (DB), in the scheme. Some people might also have added years or added pension additional voluntary contributions (or AVCs) that you set up before April 2016 that will add to your Retirement Income Builder benefits.



You might also have Investment Builder savings which are defined contribution (DC) benefits. Also, prior to the introduction of the Investment Builder in October 2016, you might have built up defined contribution (DC) savings with Prudential.

To help with your planning, you can use the Benefit Calculator to get a projection of what your benefits and options might look like at your chosen retirement age and this includes looking at all the options that we'll run through next. When you get closer to your chosen retirement age, USS will provide you with a quote of your benefits before your retirement date and will set out your options.

There's a few different ways you can access your USS benefits with more options if you also have Investment Builder savings. And we'll look at today taking the maximum tax-free cash from USS and taking the maximum pension from USS.

Both these are options whether you have Investment Builder savings or not. But having Investment Builder savings means you can access these at the same time as taking your Retirement Income Builder benefits, or earlier or later.

And we'll look at the different options available for accessing these benefits as well. To explain the retirement options, I'm going to go through an example of someone who's been a member of USS for some years and has Retirement Income Builder benefits and Investment Builder savings at retirement.

Our example member here has a Retirement Income Builder annual pension of £15,000 a year.

Their standard tax-free cash lump sum is therefore £45,000 which is three times the annual pension. Our example member also has an Investment Builder pot of £20,000.

Based on your own benefits, there's a maximum level of tax-free cash that you're able to take. Under the HMRC tax rules, you can take 1/4 of the overall HMRC value of your benefits as tax-free cash.

For those of you that want to know how to work out the overall HMRC value of your benefits, it's just 20 times your pension plus any cash that you're entitled to. The amount therefore depends on your Retirement Income Builder benefits and your Investment Builder pot.

USS will work out what the maximum tax-free cash amount is for you at your retirement date. Or if you want an idea of what your pension and your Investment Builder pot might be at retirement before you're ready to request a quote from USS, you can go on to the Benefit Calculator in My USS for an estimate and it will estimate what your maximum tax-free cash amount might be based on your benefits.

The maximum tax-free cash will generally be some amount higher than the standard tax-free cash amount of three times the pension from the Retirement Income Builder. In this particular example looking at the member's Retirement Income Builder and Investment Builder benefits, the maximum tax-free cash amount for this member given their overall benefit will be just over £90,000.

The calculation for the maximum lump sum you can take depends on the value of your benefits that you're taking. In this example it will be calculated using the value of this member's Retirement Income Builder plus their total Investment Builder savings.



And as mentioned, you can use the Benefit Calculator to estimate what this will be for you based on the value of your benefits. If you fully retire and take all of your benefits from your Retirement Income Builder and Investment Builder at the same time, USS allows you to combine your Retirement Income Builder and your Investment Builder benefits together where possible, to be able to use your Investment Builder pot as tax-free cash up to the maximum tax-free cash allowed under HMRC rules given your benefits.

For our example member, we'll move the Investment Builder savings across to be combined with the Retirement Income Builder tax-free cash. Our member will be able to use their entire £20,000 Investment Builder pot as tax-free cash.

This is because when combining with the standard amount of tax-free cash from the Retirement Income Builder plus that Investment Builder pot, it's still within this member's tax-free cash maximum amount available for this member. Combining your Investment Builder pot and Retirement Income Builder cash might not always be within the maximum allowed under HMRC; it depends on your level of benefits.

So you might not be able to take all of your Investment Builder tax-free – it depends on the overall level of your benefits. But just going back to this member though. They've decided to combine their Investment Builder pot with the Retirement Income Builder benefits and so they're now up to £65,000 in tax-free cash.

But there's still room to take even more tax-free cash though because the member's still below their maximum amount in this case. So they can, if they wish, take even more tax-free cash but if they do so they will need to exchange some of their pension for cash and take less annual pension and this is called commutation.

The rate which pension is exchanged for cash depends on a number of things such as your age at retirement and the factors in place at the time. The factors are reviewed and updated as appropriate by the trustee based on Scheme Actuary advice so are subject to change from time to time.

So if this member takes more tax-free cash they will have a smaller annual pension in exchange. In this example let's assume £90,000 is their maximum tax-free cash and the member's going to take the full £90,000 as a one-off tax-free cash.

Their pension has to come down in exchange and their annual pension reduces to £13,750 a year rather than the £15,000 standard amount. Just going back to the standard Retirement Income Builder and Investment Builder amounts for a moment.

It's also possible instead to exchange some or all of your Retirement Income Builder tax-free cash for extra annual pension. I'm going to show you how that works with this example. You'll see that the member could exchange their tax-free cash from the Retirement Income Builder to provide a higher annual pension.

So rather than £15,000 a year, they can take £17,250 a year. In this case though, the member would still be able to use their Investment Builder pot as tax-free cash lump sum.

Just to note, in most circumstances though it's not possible to buy extra pension in the Retirement Income Builder with your Investment Builder pot. It is available to you to use your your defined contribution (DC)



pot as extra annual pension if you've got Money Purchase AVCs with Prudential, or if you've switched any Prudential AVCs into the Investment Builder you can use those to provide an additional pension.

Your USS retirement quote will include this if it applies to you. If you have Investment Builder savings though that you cannot convert into the additional pension and you want to, there are additional ways that you can use your Investment Builder savings outside of USS though.

Just going back to your standard benefits again. Just to note that when taking your Retirement Income Builder benefits, you cannot take your pension and one-off tax-free lump sums at different times.

However, if you do not want to, you do not have to take all of your Investment Builder pot at the same time as you take your Retirement Income Builder benefits. You can take any Investment Builder savings separately from your Retirement Income Builder.

This might be because you want to access your Investment Builder savings before you retire, or it might be because you did not take some of your Investment Builder savings when you took your Retirement Income Builder benefits. But if you have savings in the Investment Builder and you want to take them separately to your Retirement Income Builder benefits, you have the option to take cash payments.

These cash payments are known as Uncrystallised Funds Pension Lump Sum, or UFPLS for short. If you're taking cash payments from your Investment Builder pot separately from your Retirement Income Builder benefits in this way, you would only be able to take a quarter of each cash payment tax-free.

The remaining 3/4 would be taxed as income. You can take up to four cash payments a year from your Investment Builder savings.

Each payment must be at least £2,000, unless it's your last payment and you're taking the whole pot and there's less than £2,000.00 left. To take cash payments from your Investment Builder separately from your Retirement Income Builder benefits like this, you need to be at or above the minimum retirement age which is currently age 55.

Alternatively, you could choose to leave some or all of your Investment Builder pot invested in USS. You can take cash payments at a later date, or leave some or all of it to be paid to your loved ones when you die.

I'll just mention here that in the Autumn 2024 budget, the government announced that from 6 April 2027, most unused pension funds and death benefits will form part of a person's estate for inheritance tax purposes. So if you are considering leaving some of your benefits to your loved ones or you think you might be impacted by those changes announced, we recommend that you seek independent financial advice.

Or you can choose to transfer all of your Investment Builder pot to another pension arrangement even if you're still contributing to USS. Just for confirmation though, you cannot transfer your Retirement Income Builder benefits out of USS if you're still contributing, or you've passed your Normal Pension Age – only your Investment Builder pot can be transferred in that case if you're still contributing or you've passed your Normal Pension Age.

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If you transfer your Investment Builder pot to another arrangement, in that arrangement you might be able to take cash payments like you can from USS, or you might be able to access options that are not directly available through USS. One of those options is what's called drawdown, which is where you take a regular or occasional income payments from your pot until it's used up.

Or you might want to use your pot to buy a guaranteed income for life (which is pension basically) in the form of an annuity from a specialist provider. One thing you do need to be aware of though is if you take out any cash payments from your Investment Builder pot or access your pot flexibly as income through drawdown, you might limit the amount that you can contribute to another defined contribution (DC) scheme in the future such as the Investment Builder.

But more detail on that can be found on the USS website. Your retirement income does not all have to come from your workplace pension. You might be eligible for a State Pension from the government too.

You might want to take this value into account therefore as part of your planning as it could form part of your income in retirement. The State Pension age is currently age 66, but it is reviewed regularly so is subject to change.

But your State Pension age will depend on when you were born. You are able to keep working once you reach State Pension age, and you can defer your State Pension age if you want to and then access it from a later age.

But you cannot access it before your State Pension age. Your State Pension amount depends on your National Insurance record and the full rate of new State Pension is currently £241.30 a week, which is £12,547.60 a year.

However, your amount could be different. Because there's a few things that can affect the calculation, the easiest way you can check your State Pension forecast is on the government's website. That's at www.gov.uk/check-state-pension, and on there you can see what you'll get.

You will not get your State Pension automatically — you will need to claim it as you're nearer your State Pension age. But you should receive an invitation letter from the Government Pension Service which will include that invitation code so you can apply online.

Here we're going to look at the retirement process, so from getting a quote from USS to getting your first pension payment. This section will focus on the retirement process for members who are still contributing.

For members who are no longer contributing to the USS the process is similar, but you can request a retirement quote directly from USS but this can only be requested no earlier than six months in advance of your proposed retirement date. So you've done your retirement planning and now you're thinking about actually starting the retirement process.

If it's more than 12 months before your planned retirement date, you can use the Benefit Calculator projection tool in My USS to provide an estimate of the Retirement Income Builder benefits you'll receive and any Investment Builder savings you could access in retirement. Then as an active member you can



request a retirement quote from USS, or through your employer, up to 12 months before your planned retirement date to understand what your benefits might be.

This is six months before your retirement date if you're a deferred member. Your retirement quote will outline your benefits and savings as well as your options.

Then you can use the information in that retirement quote within the Benefit Calculator in My USS to explore options like how much cash and pension to take. I'm just going to go into the **Use your retirement quote tool** here to have a look.

Once you're in here, enter the figures from your retirement quote into the boxes and then click this **Continue to my options**. If we go in here, that's where you can explore further options with your benefits.

The default projection shows the maximum level of tax-free cash lump sum you can take, but you can change this to see how taking less tax-free cash can affect your savings and retirement income. You can also look at what choices you can make if you've got defined contribution (or DC) savings.

Then at around three to six months before your retirement date, to kick off the process, contact your employer because you'll need to agree your retirement date with them. Then your employer will submit a retirement form to USS on your behalf. Once USS receives the form from your employer, they'll send your retirement quote back to your employer who should then share that with you.

If you've had a quote before agreeing your retirement date with your employer, this might be a second quote from USS but you'll be able to use the figures again in the Benefit Calculator in My USS to explore your options. Then it's around two months before your retirement date once you've considered your options and you know how you want to take your benefits, you can return your completed form.

You can either return this via your employer or directly to USS. But the earlier you return the form, the better because it's going to help ensure your benefits are paid at your preferred date.

It's especially important if you're taking any Investment Builder or Prudential savings too, because USS will need to disinvest your savings and will need a little more time to process this. Once your benefits have been processed, you receive a settlement letter from USS confirming your benefits which is usually sent within two weeks leading up to your retirement date. Or within a few days of USS processing your benefits if your form was not returned on time. Then it's your retirement date!

The process that I've gone through here is if you'd be retiring from USS as an active member which means you're still contributing to USS right up to when you retire. But if you leave USS before you retire, then you'll be contacted by USS a few months before your Normal Pension Age (NPA). Or you can contact USS yourself if you want to retire earlier than your Normal Pension Age. Then you'll send your forms back directly to USS.

Then the first working day after your retirement date, you'll typically receive your one-off lump sum, if you've chosen to take one, straight into your bank account. It could be later if your form was not returned on time.



Then after your retirement date, you'll typically receive your first pension payment on the 21st day of the month following the month that you retire, and then each month after that. For example, if you retire from your role on 10 August, meaning your pension start date is 11 August, your first pension payment will actually be on 21 September.

But your first pension payment would also include the arrears back to your retirement date where necessary. So in this example it would be for the period 11 August to 31 August for those arrears.

You might be taxed on the monthly pension income that you receive depending on the total level of your own income. If you want to know more, you might want to watch the **Tax and your pension webinar**.