

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.

We'll look at 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.

Here we'll take a look at how your benefits and savings in USS can build up. There are two main types of pension benefit in the UK; defined benefit (DB) and defined contribution (DC) and USS has both these types of benefits. Defined benefit means that your benefits on retirement are based on a predetermined formula.

And in USS, the pension 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 you build up is not directly connected to how much you or your employer's paid in; what matters is your formula. And 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 arrangement, any money paid in by you or your employer goes into your pot. Then at retirement, your benefits are 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 savings.

In the defined contribution part, the Investment Builder in USS, 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. But for

the defined benefit part, the Retirement Income Builder, it's USS that makes those investment decisions on behalf of all members so that you receive your specific level of benefit. I'm going to have a look at these in slightly more detail now.

In USS, everyone builds up Retirement Income Builder benefits or defined benefits on their salary up to the salary threshold. The salary threshold from 1 April 2025 is £71,484. If you earn above the salary threshold, then you'll also build up Investment Builder savings or defined contribution savings on your salary above that threshold.

If your earnings fluctuate around the salary threshold, any contributions to the Investment Builder section stop and restart, as is appropriate, automatically. Just having a closer look at the Retirement Income Builder. 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 £71,484. You build up a block of pension for each year, or part year, that you're paying into the scheme.

Then annual increases are applied to the block of pension between the time that it's earned and the time that it's eventually paid, and these increases are currently linked to the Consumer Prices Index, or CPI, measure of inflation, up to certain limits.

If you 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. But 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 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.

Having a closer look at the Investment Builder. If you're earning above the salary threshold, then 20% of the value of your salary above this threshold is paid into your 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 you pay is 6.1% of your total salary.

When thinking about retirement and taking your 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'll receive, so 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?

So what might your benefits look like? And 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

may be taxed on the monthly pension income you receive, depending on the total level of your overall income.

Some of these decisions will be determined by what pension and other income sources that you have and what lifestyle you'd like to have in retirement, so what you can afford and thinking about how much income you might need. Whilst much of this is going to be very personal to you, we'll look at what those different options are so that you can use that information as you plan for 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 an estimate for your retirement options, and you might want to visit the calculator before you discuss your plans with your employer 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 do model paying additional contributions or transferring in pension benefits from another scheme, they'll be added to your Investment Builder savings pot as part of the projections.

The Benefit 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. And USS recommends that you seek guidance and or take financial advice to work out what is best for you.

Here we'll have a look at the considerations for thinking about when you'll take your 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, defined benefits, 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 benefits.

Also, prior to the introduction of the Investment Builder in October 2016, you may have built up defined contribution savings with Prudential. These are referred to as Money Purchase AVCs or MPAVCs. You'll need to check if you have savings still with Prudential.

Most Money Purchase AVC 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.

But further detail regarding Prudential savings can be found on the USS website. If you're unsure whether you've got savings in the Investment Builder, you can find out by logging onto My USS. 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. If you want to find those details on your Annual Member Statement, you'll find them in the snapshot section of your Annual Member Statement.

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

Now, 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's 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 your Investment Builder savings.

You can take your Investment Builder savings earlier than your Retirement Income Builder benefits 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 instead, and then choose what to do with them later.

With regards to your Retirement Income Builder benefits, the various types of retirement in USS are normal, early, late, flexible and ill health retirement. And it's important to consider the age at which you take your benefits, as this is going to impact what level of benefits you receive.

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

And finally, while it's not something any of us plan for, you may be able to take your USS benefits under ill health if this applies to you and you meet the criteria.

Under each of the options, you can still take an element of your benefits as a one-off tax-free lump sum, in addition to your 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 benefits 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 and we'll have a look at each of these now.

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

The Normal Pension Age is the age at which your Retirement Income Builder benefits become payable in full. You'll get the benefits you've built up to that date and your pension will become payable from your retirement date for life, alongside a one-off tax-free cash lump sum.

Now, just to note, the Normal Pension Age for USS changed in October 2020 from age 65 to age 66, in line with the government's increase in the State Pension age at that time. But this only applies to benefits building up after October 2020.

So if you were to take your benefits at the Normal Pension Age of 66, you might receive an increase on some elements of your pension benefit to reflect the earlier Normal Pension Age that was in place when you built up these benefits. Although some of your benefits may have been built up when the Normal Pension Age was lower than age 66, you can not take those benefits early and 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. The earliest age that HMRC usually lets people take their pension benefits from is from the minimum pension age, and this is currently age 55 but it does change to age 57 from April 2028.

You can only start taking your pension in full though as long as you retire completely from your job with the USS employer. But if you do start taking your pension early, then your Retirement Income Builder benefits might be reduced for early payment as they'll be paid for a longer period than expected.

As I've just mentioned with normal retirement, before the Normal Pension Age changed to 66 in October 2020, you might have built up some benefits that have a Normal Pension Age of 65 and some people might have built up benefits with the retirement age that is lower than this.

On early retirement, the calculation takes all of this into account along with the age that you're taking your benefits, and different reductions will apply to Normal Pension Ages applying to different parts of your benefits. The factors used in the calculations are reviewed and updated as appropriate by the 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. So 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, and you generally can 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. This does not apply to any Investment Builder savings you have though. Once you decide it is time to retire, in this case, your benefits might be increased as they're going to be paid to you from a later date. 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.

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. But if you do not take your leaver benefits earlier, they'll be paid from your Normal Pension Age.

The options we've discussed so far are based on you fully retiring from your job. However, 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 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% of your pension benefits.

After you've taken two flexes, or the full 80% of your Retirement Income Builder benefits, 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.

You must give USS at least two months notice of the date you're flexibly retiring from and this of course needs to be agreed with your employer due to the change in working hours and salary. If this is something that you're interested in, do make sure you allow enough time to agree the terms of the flexible retirement.

Having to stop working completely because of an illness or an injury is not a nice thought, but unfortunately it could happen and you might be eligible to retire early on an ill health basis with USS. If you're seriously ill or unable to work, you might qualify for ill health early retirement if you meet that criteria, but you must have been building up a pension with USS for at least two years.

If you're still paying in to USS, there are three 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 other similar job, whether or not that job is available, for the long term due to ill health, but you could do another job. With partial ill health retirement, you'll get the benefits you've built up to date, but they will not be reduced for early payment.

Total ill health retirement is if you cannot do your job or any job other than one that would pay a small fraction of your salary for the long term due to that ill health. With total ill health retirement, you'll get enhanced benefits which means they're projected as if you'd continued paying in until age 65.

Then there's serious ill health, which is if you're suffering from a serious health condition and only have a limited time to live. In this case, USS might be able to convert, or commute, your pension and pay all of 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, 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 benefits. Also, prior to the introduction of the Investment Builder in October 2016, you might have built up defined contribution 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. 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.

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 a 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. And 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 part 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 as 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 their 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.

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 is going to take the full £90,000 as a one-off tax-free cash. So 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. And just to note, in most circumstances, it's not possible to buy extra pension in the Retirement Income Builder with your Investment Builder pot.

It is available to use your defined contribution 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 additional pension and if 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 Sums, 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 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.

And 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 (DB) benefits out of USS if you're still contributing, or you've passed your Normal Pension Age (NPA). Only your Investment Builder (DC) pot can be transferred in that case, if you're still contributing or you've passed your Normal Pension Age.

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 a 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 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, so you might want to take this value into account as part of your planning as it could form part of your income in retirement.

The State Pension age is currently aged 66 and is regularly reviewed, so is subject to change. But your State Pension age will depend on when you were born. You're able to keep working once you reach State Pension age, and you can defer your State Pension if you wish and 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 £230.25 a week, which is £11,973 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, www.gov.uk/check-state-pension.

You will not get your State Pension automatically; you will need to claim it as you near your State Pension age. But you should receive an invitation letter from the Government Pension Service, which includes an invitation code so you can apply online.

Here we'll have a look at the retirement process, so from getting a quote from USS to getting your first pension payment. 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, 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. And this can also help you plan further. Your retirement quote will outline your benefits and any savings, as well as those options.

And you can use the information you get in your retirement quote to go into the Benefit Calculator in My USS to explore your options, like how much pension and cash to take. What we'll do is we'll go into the **Use your retirement quote tool** here to have a look. Enter the figures from your retirement quote into the boxes and then click **Continue to My options**.

So we'll go in here. This is where you can explore further options with your benefits. The default projection shows the maximum tax-free cash lump sum you can take, but then 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 savings.

Then around three to six months before your retirement date, to kick off the process, contact your employer as you'll need to agree your retirement date with them, and they'll submit a retirement form to USS on your behalf. Then, once USS receive the form from your employer, they'll send your retirement quote back to your employer, who should share this information with you.

And if you've had a quote before agreeing your retirement date with your employer, this might be a second quote from USS. Then you'll be able to use the figures in the Benefit Calculator again in My USS to explore your pension and cash options.

Then at around two months before your retirement date, once you've considered your options and you know how you want to take your benefits, return your completed form.

You can either return this form via your employer or directly to USS. The earlier you return it, the better because this will help your benefits to be 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.

Then, once your benefits have been processed, you'll receive a settlement letter from USS confirming your benefits, which is usually within two weeks leading up to your retirement date or within a few days of USS processing your benefits if your form wasn't returned on time. Then it's your retirement date.

The process I've gone through here is if you'll be retiring from USS as an active member, which means that you're still contributing to USS right up to when you retire. 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.

In that case, you'll send your forms back directly to USS. The first working day after your retirement date, you'll typically receive your one-off lump sum, if you've chosen to take this, straight into your bank account. This could be later if your form was not returned on time though.

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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. In that case, you'll send your forms back directly to USS. The first working day after your retirement date, you'll typically receive your one-off lump sum, if you've chosen to take this, straight into your bank account. This could be later if your form was not returned on time though.

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 that your pension start date is 11 August, your first payment will actually be on 21 September. Your first pension payment may also include arrears back to your retirement date where necessary, and in this example, it would be for the period 11 August to 31 August.

You might be taxed on the monthly pension income that you receive depending on the total level of your income. And if you want to know more about that, you might wish to watch the [Tax and your pension](#) webinar. You'll receive a letter from USS each year outlining your pension increase as well, and you can also view your payslips and P60s in My USS to keep track of your income.