

How USS works if you have deferred benefits

Video transcript

In this section, we'll look at how USS works if you're no longer contributing to USS, but you have deferred benefits. If you've been a member of USS, then left and then either taken a refund of contributions or already transferred all your benefits out of USS to another pension arrangement, you would not have any benefits remaining with USS.

Firstly, in this section, we'll cover your leaver statement and then we'll have a look at what happens to your deferred benefits between leaving and retirement. We'll cover managing your membership online in My USS, and we'll also look at the Benefit Calculator tool in My USS that will allow you to model what your benefits might look like in the future to help with your retirement plans. And then finally, as a member of USS with deferred benefits, you'll retain the option to transfer your benefits to another pension provider.

When you left USS, you would have received a leaver statement setting out what benefits you built up in USS at the date you left, both your pension and lump sum entitlement from your defined benefits (DB) and any defined contributions (DC) from your Investment Builder or Money Purchase AVCs (MPAVCs) with Prudential. It will include your Normal Pension Age (NPA), which is the age you must take your Retirement Income Builder, defined benefits, by, and it will also set out your leaver options.

For example, if you'd been paying in to USS for less than two years, you may be eligible for a refund. And it will also set out that you can take a transfer to another registered pension arrangement. Just so you know, refunds are just refunds of your own contributions. You will not be able to get a refund of your employer's contributions.

If you're entitled to a refund on leaving but do not take it and you have not transferred your benefits to another arrangement or started drawing your benefits, you would still be able to ask USS to take your refund. If you've lost your statement and want another copy, do get in touch with USS.

Even though you're no longer paying in to USS, unless you've taken your benefits out of the scheme or retired, your benefits will remain with USS. For your defined benefits, annual increases are applied to your

deferred benefits between your leaving date and your eventual date of retirement. These increases are currently linked to the Consumer Prices Index, or CPI, measure of inflation, up to certain limits.

Any defined contribution savings you hold in the Investment Builder or Money Purchase AVCs (MPAVCs) with Prudential will remain invested, and USS may write to you periodically with scheme updates. But you can also receive useful information for leavers if you provide an email address to USS.

If your benefits are still with USS, as you approach your Normal Pension Age, USS will write to you to outline your retirement options. You can also keep an eye on your deferred benefits in My USS by going into the website and clicking the My USS button [here](#).

Then once you're in My USS, as a deferred member, you can view your deferred pension from your defined benefits and you can also review or manage any investments that you have in the Investment Builder. You can also keep your address up to date and update the nomination forms for your loved ones for any benefits or lump sums that might be payable when you die. To do this, just go into the My details section of My USS. And it really is important to keep your contact details up to date so USS can contact you when it's time to take your benefits or any savings that you have.

In My USS, there's also the Benefit Calculator. The Benefit Calculator can be used to get an instant estimate of what you could get in the future. And it can be helpful at various stages throughout your journey with USS. It will be already populated with your information. We'll just go into the projection tool here to have a look. In here it'll show you what your Normal Pension Age is, which is the age that you must take your defined benefits by.

You've also got the option of transferring out your USS pension benefits to another arrangement, but you can only transfer to another registered pension scheme such as a personal arrangement or, if you've got a new employer, the workplace scheme that they provide. Or it could be a Recognised Overseas Pension Scheme (ROPS). And if it is, USS will check that it is a Recognised Overseas Pension Scheme for you if you want to go ahead with the transfer.

A transfer value will be available on request, and you can, if you want to, transfer out just your Retirement Income Builder benefits, your defined benefits, as long as you do so before your Normal Pension Age. Or you can just transfer your Investment Builder rather than transferring your entire benefits. Before you transfer out though, it's worth considering what you'll be transferring out and whether it is right for you. And here's a few things that you could bear in mind.

If you're thinking of transferring your Retirement Income Builder benefits, which is the defined benefit part, you should consider what benefits you will be giving up, and what benefits you'll receive in your other scheme. Remember that defined benefits (DB) in USS provide you with a guaranteed income for life, plus a one-off cash lump sum at retirement, and the scheme you're transferring to may be defined contribution (DC) in nature instead.

Also consider the costs of the scheme that you're transferring to. You do not pay any fees for running costs with USS, but other schemes may have charges. They may have administration costs or investment fees to

be aware of. If you are thinking of transferring your Investment Builder savings or Money Purchase AVCs (MPAVCs) with Prudential, which are the defined contribution parts, some other things to think about.

So compare what you get with USS and what you'll get in the scheme you transfer to, including the flexibilities that might be available when it comes to taking your savings. And again, consider those costs of the scheme that you're transferring to. As mentioned, you do not pay fees for running costs with USS, but other schemes may have charges, administration costs or investment fees to be aware of.

Also consider those investment options that will be available to you in both of the schemes. Before you decide to transfer any pensions, you should consider your options on thinking about that transfer, and in some cases, you could only transfer if you've had financial advice.

By law, if you're transferring £30,000 or more of defined benefits (DB), like the Retirement Income Builder, if you're transferring them to a defined contribution (DC) scheme (and check with the receiving scheme if you're unsure), you'll need to get independent financial advice first. USS are unable to give you financial advice.

There's no similar requirement to get independent financial advice if you're only transferring your defined contribution savings like the Investment Builder. But you might want to get that advice if you're not sure what's in your best interests.

You can also visit the MoneyHelper website, and there you can find impartial guidance that's backed by the government and is free to use. The USS website has information on how to find an independent financial adviser if you need one, as well as a range of other resources, including the link to the MoneyHelper website, to help you make the right decision for you.