



Paying into the Investment Builder

Video transcript

The Investment Builder is the defined contribution (DC) part of USS and the retirement benefits you're able to get from your Investment Builder savings will depend on how much has been paid in and how your investments have been performed. Unlike the Retirement Income Builder, which is the defined benefit (DB) part, not every member will have savings in the Investment Builder.

There's three ways to build an Investment Builder pot. Firstly, if you earn above the salary threshold, then you will automatically build up savings in the Investment Builder as well as in the Retirement Income Builder. You can choose to make additional contributions if you want to, and they will go into the Investment Builder whatever you're earning.

If you want to consolidate your pensions, you can also transfer a pension from another scheme into the Investment Builder. And that includes switching any Prudential Money Purchase AVCs that you have if you want to. And we're going to look at each of these ways to save into the Investment Builder now.

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. It's at no further cost to you. And the contribution rate that you're paying is 6.1% of your total salary.

So if you earn more than the salary threshold, which for the 2026/2027 tax year is £74,208, you'll start saving into the Investment Builder. Say for an example, we've got a member whose salary was £79,208 over the 2026/2027 year. USS would only use the salary threshold in the formula for the Retirement Income Builder calculation for that year.

But there's also £5,000 of salary that the members paid contributions on in excess of the salary threshold. So a total of 20% of this element of the member's salary goes into the Investment Builder. So £1,000 has been paid into their Investment Builder pot over the year because the member exceeded the salary threshold.

Some members may not currently be earning over the salary threshold but have investment savings from these types of contributions, these automatic contributions from the past. This is because the salary threshold was around £40,000 in 2022/2023, and then it increased to just over £70,000 in 2024. So if you



were a contributing member of the scheme and earned above the threshold during 2022/2023, you'll have been saving automatically into the Investment Builder as well as the Retirement Income Builder.

But you do not need to earn over the salary threshold to pay into the Investment Builder. If you decide you want to save a bit more into your pension, you can choose to make additional contributions, and if you do so, your additional contributions will go into the Investment Builder.

Now, as long as you're building up a pension with USS, you can choose to build up an Investment Builder pot to save that bit extra. Additional contributions can be made as lump sums or regular payments from your salary, which can be a monetary amount or a percentage of your salary.

As with your normal monthly pension contributions, any additional contributions will be taken from your pay before you're taxed, so you'll only pay income tax on the remainder of your wage. There are some limits to this, but for most people, tax relief is available on contributions at their marginal tax rate, which can make contributions to a pension a tax efficient way of saving.

If you want to start paying additional contributions, or change the amount that you're already paying, you can do this in My USS. My USS is your USS online portal for managing your USS retirement benefits. You'll find My USS on the USS website at uss.co.uk.

And this is what it looks like when you log in to My USS. We're just going to go into the **calculators and tools** menu first though, to see what paying additional contributions might cost you. So if we go in here now, in this **Contributions & Tax Calculator**, you can estimate what difference it will make to your take home pay by making those additional contributions — because you do not pay income tax on pension contributions.

We'll just use an example of someone with an annual salary of £25,000 and they want to pay a 1% additional contribution a month. So if we click here, you'll get your results. So go in there.

So here you can see for this example member earning £25,000 a year and paying additional contributions of 1% on top of their usual 6.1% contribution, their total monthly contribution of 7.1% is £148, but the actual cost to them is just £118.

Then if you do decide that you want to save more in USS by paying additional contributions, you'll need to set these up in My USS as well. To set up additional contributions, you go into the Investment Builder menu here, because additional contributions go into the Investment Builder.

So if we go in here, then you can go to **View or manage savings** here. You'll see any Investment Builder savings that you already have. And to set up paying additional contributions, you scroll down to this **Manage your additional contributions** button here.

Once we go in there, you've got three options when it comes to making additional contributions. So you can make a monthly additional contribution by paying a percentage or an amount of your salary every month. You can make a one-off lump sum payment, or you can choose to pay an additional 1% of your salary every month by taking the match.



Now the match is just one way to make additional contributions to save more. You can choose to pay an additional 1% of your salary every month to the Investment Builder.

Now if you paid the match between October 2016 and March 2019, you would have received an extra 1% contribution from your employer as well.

But from 1 April 2019, the employer element of the match was removed. You can still choose, or may still have, the match, but your employer will no longer match that 1% contribution.

As an example, we'll show a member making a monthly additional contribution. To make a monthly additional contribution, select **Update your monthly contribution** here and then choose whether you'd like to pay a percentage of your salary or an amount, a specific amount every month.

So you'll then need to enter the percentage or amount that you'd like to make into the box. You can tick here if you want to make your additional contributions via salary sacrifice if your employer offers this. More information about salary sacrifice can be found on the USS website.

If you're already paying additional contributions and want to change the amount, you can do so in here as well, and this confirmation will replace your previous request and a new instruction will go to your employer to start deducting the new amount from your monthly salary.

If you'll leave your current employer and start a new role with a new employer that's eligible for a USS pension, you will need to resubmit these forms if you want to continue paying additional contributions into the Investment Builder because they will not automatically continue when you change employer.

Another way to save into the Investment Builder is by transferring pension benefits you've built up in another scheme in to USS. You might choose to do this to consolidate your pension benefits and savings all in one place. And if you do decide to transfer any pension benefits you have from another scheme, they will go into the Investment Builder.

A transfer might be from a pension you have from a previous job role, or you might switch funds you have with the arrangement USS used to have with Prudential for Money Purchase AVCs or MPAVCs as they're commonly called. But before you decide to transfer any pensions, you should consider your options, and in some cases you're only able to transfer if you've had financial advice.

Transfers in to USS can only be made from an HMRC registered pension scheme or a Recognised Overseas Pension Scheme, and only if you're still a contributing member of USS. Before you do transfer in to USS though, it's worth considering what you'll be transferring out and whether it's right for you.

And this is just a few things that you might want to bear in mind. So if you're thinking of transferring from a defined contribution (DC) scheme, compare what you'll get with your previous scheme and what you'll get with USS, including the flexibilities available when it comes to taking your savings. Consider the costs in both schemes.

USS do not charge to transfer into the Investment Builder, but there are investment management fees you should be aware of for pension savings that are transferred in to USS. Investment management fees in the Investment Builder are currently subsidised by employers for any contributions going in because you earn



above the salary threshold or any additional contributions that you choose to make, and any Money Purchase AVCs with Prudential that are switched into the Investment Builder.

However, any pension savings transferred in from other schemes do not benefit from that fee subsidy. Cost information about investment management charges can be found on My USS. You'll also need to consider the investment options available to you in both schemes.

Now, if you are thinking of transferring from a defined benefit (DB) scheme, as mentioned, any transfers again will go into the Investment Builder, the defined contribution (DC) part of USS. So that means that they'll be separate from your Retirement Income Builder benefits.

And what you build up will be different to the scheme that you're transferring from, because they'll be coming from a defined benefit (DB) scheme into a defined contribution (DC) arrangement in the Investment Builder. Again, you'll need to consider the costs in both schemes.

And as mentioned, USS do not charge to transfer to the Investment Builder, but there are investment management fees you should be aware of for pension savings that you've had transferred in, as just mentioned. Also, you're legally required to get independent financial advice if you're transferring more than £30,000 worth of defined benefits.

If you are thinking about transferring in a pension from a previous employer, if you go to the transferring option under Investment Builder in My USS, you can complete the form to start the transferring process. And just to note, this form is the information gathering stage to make sure that you've got everything from USS and your other scheme before making a decision.

It's not the form that actually means that you're definitely going ahead with the transfer. If you would like to switch your Money Purchase AVCS with Prudential into the Investment Builder, there's a separate form on the main USS website for this.