



Paying into the Investment Builder

Video transcript

The Investment Builder is the defined contribution part (DC) 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 performed. Unlike the Retirement Income Builder, the defined benefit part, not every member will have savings in the Investment Builder.

There's three ways to build an Investment Builder pot. If you earn above the salary threshold, then you'll automatically be building up savings in the Investment Builder, as well as in the Retirement Income Builder. You can choose to make additional contributions into the Investment Builder, whatever you're earning. And 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 you have, if you want to. And we're going to look at each of these ways of saving 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 your Investment Builder. This comes from the contributions you and your employer are already paying in to USS, so it's at no further cost to you. The contribution rate you pay is 6.1% of your total salary.

So, if you earn more than the salary threshold, which for the 2025/26 tax year is £71,484, you'll start saving into the Investment Builder automatically. Say for example we've got a member whose salary was £76,484 over the 2025/26 tax year. USS will only use the salary threshold in the formula for the Retirement Income Builder calculation for the year. There's also £5,000 of salary that the member's paid contributions on in excess of the salary threshold. So, a total of 20% of this element of the member's salary goes into their Investment Builder pot. So £1,000 has been paid into their Investment Builder savings pot over the year because that member exceeded the salary threshold.

Some members may not currently be earning over the salary threshold but have Investment Builder savings from these types of contributions. This is because the salary threshold was around £40,000 in 2022 and 2023, and it increased to just over £70,000 in 2024. So, if you were a contributing member of the scheme and earned above the salary threshold in 2022 and 2023, you will have been automatically saving into the Investment 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, your additional contributions will go into the Investment Builder. As long as you're building 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 monetary amounts or a percentage of your salary. As with your normal monthly pension contributions, any additional contributions will be taken from your pay packet before you're taxed, so you'll only pay income tax on the remainder of your wage. There's some limits to this, but for most people, tax relief is available on the contributions at their marginal tax rate, which can make contributions to a pension scheme a tax-efficient way of saving.

If you do want to start paying additional contributions, or to change the amount that you're already paying, you can do this in My USS, 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 into My USS.

What we're going to do here is just go into the **calculators and tools** menu first though, to see what paying additional contributions might cost you. In the **Contributions & Tax Calculator** here, you can estimate what difference it will make to your take home pay by making additional contributions, because you do not pay income tax on pension contributions.

And we're going to look at this by using an example of someone with an annual salary of £25,000 and wants to pay an additional 1% contribution a month. If we click here, we'll get the member's results. You can see for this example member earning £25,000 and paying additional contributions of 1% on top of their usual 6.1% contribution, their total monthly contribution therefore is 7.1%, and that amounts to £148. But the actual cost to them, their take home pay, goes down to £118.

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

First of all, you'll see any Investment Builder savings that you have, and to set up paying additional contributions, you scroll down to **manage your additional contributions** here. So scroll down the page further and there you'll see these three options when it comes to making additional contributions.

Firstly, you can make a monthly additional contribution by paying a percentage or amount of your salary every month. Or 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**. 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 under The Match.

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 you might still have, The Match, but your employer will no longer match that additional 1%. It's just your 1% contribution.

As an example, I'm going to show you a member here making a monthly additional contribution. To make a monthly additional contribution, click **Update your monthly contribution** here, and then you choose whether you'd like to pay a percentage of your salary or a specific or monetary amount every month. You'll then need to enter the percentage or amount you'd like to make.

You can also tick here if you want to make your additional contributions via salary sacrifice, if your employer offers this. There's more information about salary sacrifice on the USS website. If you're already paying additional contributions and want to change the amount, you can do so in here. If you do change the amount, this confirmation will replace your previous request and a new instruction will go to your employer and they'll start deducting the new amount from your monthly salary.

If you 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 if you change employer, even though you'd still be in the USS pension scheme.

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. 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've had from a previous job role, or you might switch funds you have with the arrangement USS had with Prudential for Money Purchase AVCs, or MPAVCs.

Before you decide to transfer any pensions though, you should consider your options, and in some cases you can only transfer if you've had financial advice. Transfers in to USS can only be from an HMRC-registered pension scheme, or a recognised overseas scheme (ROPS), 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 here's a few things to bear in mind. If you're thinking of transferring from a defined contribution arrangement, or a DC scheme, first of all you could compare what you'll get with your previous scheme and what you'd get with USS, including some of those flexibilities available when it comes to taking your savings.

You should also consider the costs in both schemes. USS do not charge to transfer into the Investment Builder, but there are investment management fees you need to be aware of for pension savings transferred in. Investment management fees in the Investment Builder are currently subsidised by employers for any contributions going in because you earn above the salary threshold, any additional contributions you've chosen 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 this fee subsidy. Cost information can be found on My USS.



Also, you should consider the investment options available to you in both schemes. If you're thinking of transferring from a defined benefit, or DB, scheme, as mentioned, any transfers in will go into the Investment Builder, so the defined contribution part of USS. That means they'll be separate from your Retirement Income Builder benefits and what you'll build up will be different to the scheme that you're transferring from.

Again you need to be considering the costs in both schemes, and as mentioned, USS do not charge to transfer into the Investment Builder, but there are investment management fees you should be aware of for pension savings transferred in. Also, you're legally required to get independent financial advice if you're transferring more than £30,000 worth of benefits from a defined benefit scheme.

If you are thinking about transferring in a pension from a previous employer, if you go into the **transfer in** option under **Investment Builder** in My USS, you can complete the form to start the transferring process. Just to note, this form is the information-gathering stage to make sure you've got everything from USS and from your other scheme before making a decision; it's not the form that says you are definitely going ahead with the transfer.

If you'd 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.