

What might you get from your DC savings with USS?

Video transcript

In this section, we'll have a look at what you might get from your defined contribution or **DC** savings with USS when it comes to taking your benefits by using the Benefit Calculator.

Using the Benefit Calculator in My USS can help give you an idea of what benefits might be provided from your defined contribution or DC savings, whether you access them at the same time or separately to your Retirement Income Builder benefits. So, we'll just go into the projection tool here to have a look.

This example member has an Investment Builder pot of £37,914 and they've also got Money Purchase AVCs with Prudential of £20,000, so their total defined contribution savings are £57,914. If we scroll down and then click **Continue to step 2**, you'll be able to look at your options.

In here you can look at just taking your Retirement Income Builder benefits, all of your benefits and savings, or just your defined contribution (DC) savings. But we'll just click the **Take only my DC savings** here and then **Continue on to step 3** to have a look.

Here you can explore further options with your DC savings. For this member, the calculator estimates that if they access their entire £57,914 defined contribution (DC) fund, they could potentially take a cash payment (**UFPLS**) of that full £57,914.

Now, if they took that as a cash payment, up to £14,479 of it would be tax-free. The remaining amount would be subject to income tax. The calculator also estimates what you could get if you choose other options, such as taking drawdown or buying an annuity.

But whilst a member could access a cash lump sum directly from USS, taking drawdown or buying an annuity would require a member to transfer their DC savings to an alternative provider first, so transferring out. It's important to note that the Benefit Calculator is an estimation tool only to give a broad idea of the benefits that could be provided from different products.

You would need to get illustrations or quotes from the relevant providers if you wanted to transfer your defined contribution savings out to another provider and access other ways of using those savings.

But we will have a look at an illustration of what the tool will show. So here we'll have a look at an illustration of drawdown through the Benefit Calculator.

As a reminder, drawdown is a way of leaving your savings invested and building up investment returns but taking money out to provide an income for you to live on until your pot runs out. The default view on the Benefit Calculator here shows our example member could get an annual income from drawdown of £4,040 and this would be payable until they reached age 99.

If we click here to show the values if the member took the maximum tax-free cash instead, the annual figure of £4,040 will now be payable until the member reaches age 82 and 11 months. But in our example member would receive a tax-free lump sum of £14,479 as well.

The calculator allows you to choose between picking a certain amount of income and estimating what age that will be paid to, or choosing a date that you'd like to receive an income until and it will estimate the income that you could access each year. But any income as well might be subject to income tax in payment.

Another option shown is to estimate what level of guaranteed income you could receive in the form of an annuity, and the Benefit Calculator shows a simple estimate of what an annuity could look like. And finally, you could leave your savings invested until you're ready to use them.

Now, it's important to note that the Benefit Calculator is an estimation tool only to give a broad idea of the benefits that could be provided via the different products. There are lots of assumptions used to calculate the benefits, so decisions should be based on illustrations or quotations received from the relevant providers which will also take into consideration your personal circumstances.

More information about using the Benefit Calculator, including a summary of what it can do with an explanation of each step, can be found in the Benefit Calculator section in My USS. Finally, just to mention, on the USS website in the **For members** tab, there's a section all about the Investment Builder and in here there's information about all the things we've talked about today.

And, if you're aged 50 or over, you may also be eligible for a free Pension Wise call to discuss the options that you have from any defined contribution savings. Pension Wise is a government service through MoneyHelper that offers free impartial pensions guidance about your defined contribution options.