

## Spotlight on the new USS Retirement Income Builder

The USS Retirement Income Builder is the new way you can save for your retirement, providing you with greater confidence and security for your future.

The USS Retirement Income Builder was introduced on 1 April 2016 and provides you with a pension based upon how much you earn in each year you are a member of the scheme.



Every year you'll receive a statement confirming how much your USS Retirement Income Builder is worth so you can watch your retirement savings grow.

### Here's how it works:

For each year you are a member, you earn a proportion of your salary as a pension. You will also be entitled to an additional cash amount worth three times your annual pension at retirement, which you will be able to take as a tax free lump sum when you retire.

For example, if you earn £40,000 per year, for every year of USS membership you will build up a USS pension like this:

$£40,000 \times 1/75 =$  an annual pension of £533.33

Plus a cash amount of three times your annual pension ( $£533.33 \times 3$ ) = a tax free lump sum at retirement of £1,600

Each year your pension is increased in line with increases in official pensions as set by the Government, subject to certain caps. Official pension increases are currently linked to inflation (the general rising cost of living) as measured by the Consumer Price Index.

The example below shows in more detail how your pension would build up in the USS Retirement Income Builder. It is based on a member with three years' service, when they joined they were earning £37,500 and over the three years their salary increased to £40,781.

This is how we've worked out their benefits in the USS Retirement Income Builder

	Salary Calculation	Calculation	Pension for year	Total pension
Year 1	£37,500.00	£37,500x 1/75	£500	£500.00
Year 2	£39,375.00	£39,375x 1/75	£525.00	£1,025.00
Year 3	£40,781.00	£40,781x 1/75	£543.75	£1,568.75

We now need to add on the increases that would be applied to the benefits earned, in line with USS pension increases. The following table is an example of how this would work, using assumed rates of increase:

Pension for year	Inflation calculation	Pension plus revaluation
£500.00	£500 x 1*	£500.00
£525.00	(£500.00 x 1.02) + £525.00	£1,035.00
£543.75	(£1,035.00 x 1.03) + £543.75	£1,609.80

\*pension increases are only applied after 12 months

## Benefits of the USS Retirement Income Builder

### An 18% contribution from your employer

If you're a member of the scheme your employer contributes 18% of your salary towards your retirement.

### Peace of mind if you can no longer work

If you are unable to work full time due to long-term illness or injury you may be able to claim your pension and tax

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free lump sum straight away.

### Tax relief

Under current Government rules, pension contributions are deducted from your salary before tax (up to certain limits), which reduces the amount of tax you pay.

### Peace of mind for your loved ones

If you die whilst you are still working your family is entitled to a lump sum equal to three times your annual salary plus a pension for life for your spouse/partner and a pension for any eligible children.

### Annual pension increases

Each year the pension you have built up is increased in line with increases in official pensions, subject to certain caps. Official pension increases are currently linked to inflation (the general rising cost of living) as measured by the Consumer Price Index. To find out more please refer to our [revaluation factsheet](#).

## From 1 October 2016 - the USS Investment Builder

You will build up USS Retirement Income Builder benefits on your full salary until 30 September 2016.

From 1 October 2016, the new USS Investment Builder will be introduced. You will earn a pension and lump sum (as described above) on salary up to an initial threshold of £55,000. Contributions in respect of salary above £55,000 will be paid into the USS Investment Builder. You can pay more into the USS Investment Builder if you would like to. If you pay at least 1% more than the standard 8% member contribution you will be able to receive a further 1% from your employer. You can read more about the USS Investment Builder on the [USS For the future website](#).

## Transferring benefits in to the USS Retirement Income Builder

Until 30 September 2016 you can transfer benefits from another personal or private pension scheme into the USS Retirement Income Builder securing additional pension and cash lump sum amounts for your retirement.

There is a process for transferring benefits in to USS from another scheme, you need to fill out a [transfer-in request form](#) in order to get a transfer value from your previous scheme. If you are happy with the value offered you will need to sign the transfer form accepting the offer and then send it to USS to process.

In order to ensure that your transfer-in request is processed before the deadline there are some specific dates you need to be aware of:

**20 May 2016** - any transfer-in requests must be submitted by this date;

**15 July 2016** – USS must be in receipt of a statement from your former scheme by this date;

**9 September 2016** - your acceptance of the transfer value offered must be submitted by this date;

**30 September 2016** - your transfer must be completed by this date, any transfers not completed will not be processed.

From 1 October 2016 any transfers in to the scheme will go directly into the USS Investment Builder and will form part of the money you build up in that section from contributions made by you and your employer and any investment returns earned on that money. You can read more about the USS Investment Builder on the [USS For the future website](#).

## Public Sector Transfer Club

The Public Sector Transfer Club is a special arrangement between a number of pension schemes which provides members with preferential treatment when transferring benefits from one scheme within the 'club' to another scheme in the club. USS ceased to participate in the Public Sector Transfer Club on 31 March 2016. However, a combination of the club rules and USS policy means that members who joined USS on or before 31 March 2016 have a two year window to transfer benefits in to USS from another scheme on a 'club' basis, even where that window extends past 31 March 2016 up to a maximum of two years. You should note that a 'club' transfer can only be accepted if there is less than five years between leaving the previous scheme and joining USS. The transferring scheme may have its own policy on club transfers, and may not offer them if you apply more than one year after leaving that scheme. You can read more about 'club' transfers [here](#).

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