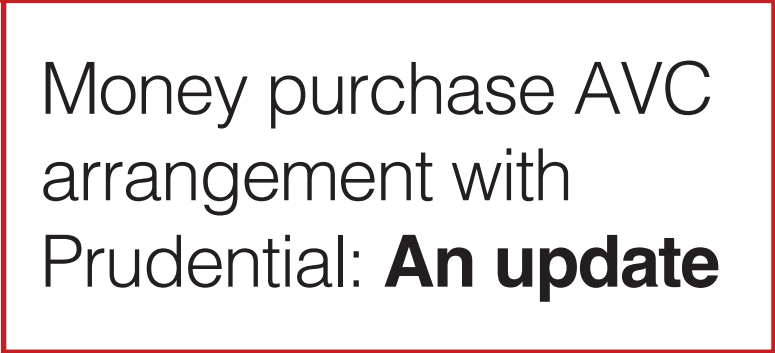




# USS



## Money purchase AVC arrangement with Prudential: **An update**

This factsheet provides you with details of what will happen to USS's money purchase AVC (MPAVC) arrangement with Prudential after 30 September 2016. It includes:

- What will happen from 1 October 2016 - including what to do if you wish to continue to make additional contributions;
- How different groups of members are affected and their options;
- Frequently asked questions - including what will happen to the funds you have already built-up;
- MPAVC benefit options; and
- Links to more information.

If you have not yet taken any action, please use the scenarios below to review what you need to do before 1 October 2016 and the launch of the USS Investment Builder, the new defined contribution (DC) section of the scheme.

Your MPAVC contributions to the Prudential will automatically cease on 30 September unless you fall into one of the groups highlighted below. **This means you will no longer be making any additional voluntary contributions towards your retirement savings in the form of MPAVCs. From October you will instead have the option to make additional contributions to the USS Investment Builder.** You should consider your options carefully and, if appropriate, make arrangements

for the continuation of additional contributions into the USS Investment Builder. You can do this by registering with My USS via [www.uss.co.uk](http://www.uss.co.uk) and choosing the “additional contributions” option. You should have received a communication with details of how to do this earlier in the summer. If you cannot locate this communication, please use the contact us form via [www.uss.co.uk](http://www.uss.co.uk).

**Some members will be able to continue paying contributions to the Prudential after 30 September.**

If you are one of the eligible members who has chosen to continue to make contributions to the With-Profits Fund, or you currently pay life assurance premiums (or both), you will continue contributing.

## What will happen from 1 October?

The flow chart at the back of this factsheet provides a guide to what will happen to your contributions from 1 October 2016. Further detail is given below:

***All members (with the exception of those members who have chosen to continue to pay into the With-Profits Fund and/or continue to pay life assurance premiums).***

All contributions to the MPAVC arrangement will cease after the final deduction of contributions from your September salary. However, you can continue to pay additional contributions towards your retirement through the USS Investment Builder. **But this will not happen automatically so you need to elect to do this via My USS.**

If you choose to make additional contributions to the USS Investment Builder, you will benefit from:

- **The match** – if you pay an additional 1% of your salary

(or more), your employer will match this with a 1% contribution. You can choose to pay more, but your employer will only match the first 1%.

- **Employer subsidy** – The funds that you build up from the match and/or additional member contributions will incur no charge (except in the USS Emerging Markets Equity Fund) thanks to the employer subsidy towards administration and running costs and investment management costs. Your employer has made a commitment to subsidise the investment management charges in the USS Investment Builder for the foreseeable future.

***Groups of members who may continue contributing to the MPAVC arrangement with Prudential from 1 October 2016:***

- With-Profits Fund members who elected to continue to pay into the fund (by returning their election form to their employer)

<sup>1</sup>You will have received a letter from us in June 2016 if you were eligible to continue paying contributions.

- Members who pay life assurance premiums
- Members who pay life assurance premiums and who have opted to continue to pay into the With-Profits Fund

For more details of your contributions after 1 October 2016, please see the section on the member section of [uss.co.uk](http://uss.co.uk), which includes FAQs and factsheets. Your options are also outlined in the flowchart.

## Frequently asked questions

### Automatic Switch

Your unit-linked funds will be automatically moved to the USS Investment Builder. This process will start in the first half of 2017 (for the majority of members) and will take place over a period of time, designed to avoid any exit fees. No action is needed on your part. We will send out further details in due course.

Any unit-linked funds built up will be switched to an equivalent fund in the USS Investment Builder (a process called 'fund mapping'). However, you will have the option to select a different fund or funds, if you wish.

If you have holdings in the With-Profits Fund or Deposit Fund, USS currently has no plans to switch these into the USS Investment Builder, unless you make a positive election to do so. You will receive more details on how to do this in due course.

### Voluntary Switch

The trustee will allow active members to switch MPAVCs to the USS Investment Builder on a voluntary basis very shortly for all MPAVC Funds. You will receive more details on how to do this in due course.

It is important to note that when funds are switched from the Prudential MPAVC arrangement into the USS

Investment Builder, there will be a period between the disinvestment and reinvestment of funds. We will do all we can to minimise this period and ensure your funds are reinvested as soon as possible (in line with regulatory expectations). During this period, your funds will be 'out of market' meaning they are not invested in an investment fund. This period could last up to 11 working days. The market could move up or down therefore members opting for a voluntary switch may experience a reduction in value if the market moves against them during this out of market period.

The automatic switching starting in 2017 will not have the same level of out of market risk as a voluntary transfer for members as the trustee will be taking active steps to mitigate the out of market risk.

We expect the majority of members to wait for the automatic switch and the trustee believes this is the simplest option for members. No action will be required unless you would like to select a fund other than the one you have been mapped into. We will provide further information when we write out with the details of the fund switch options.

## MPAVC benefit options

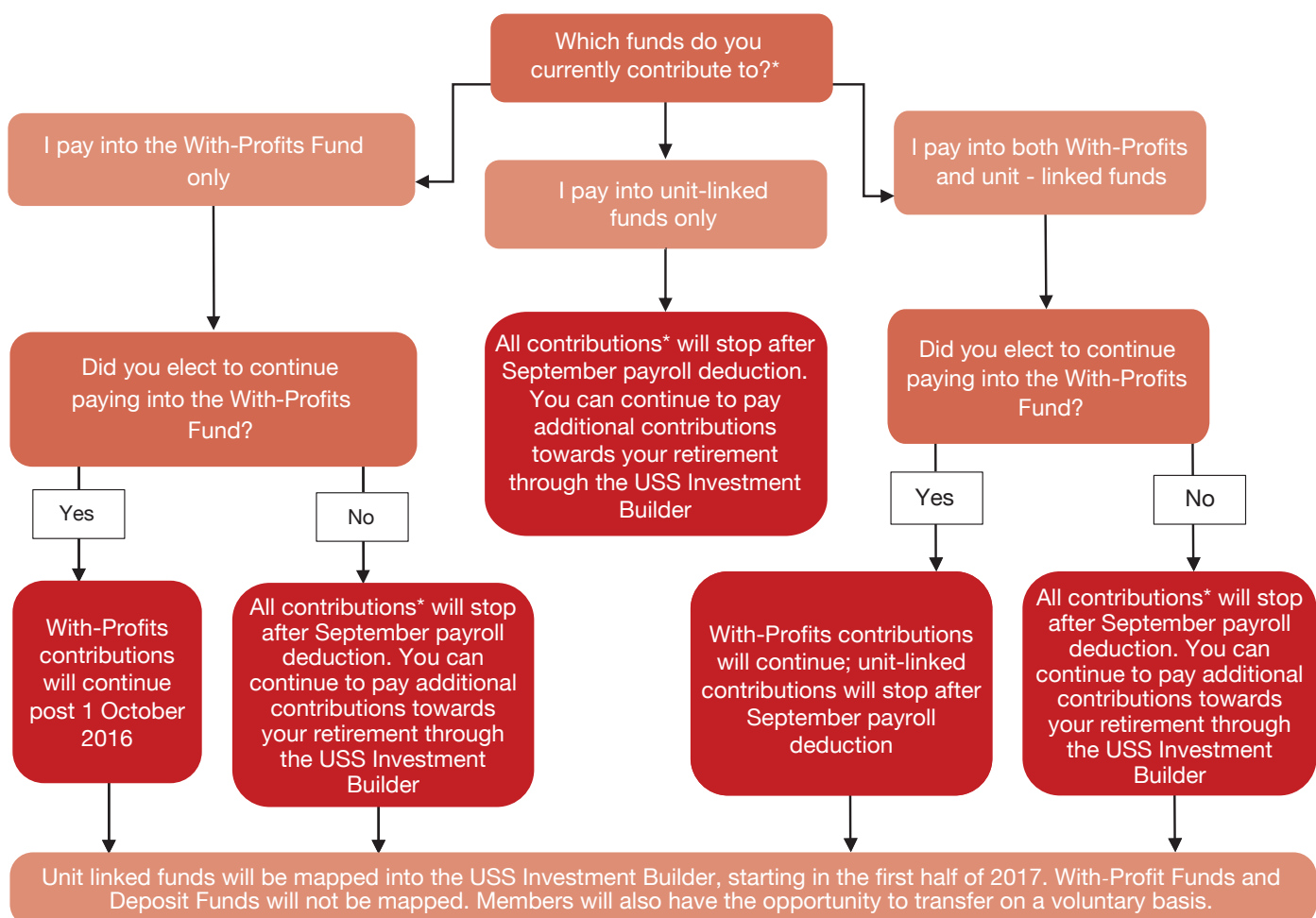
The trustee has agreed that the terms upon which you can draw your MPAVC benefits at retirement will remain unchanged for MPAVCs paid to Prudential through to the end of September 2016, or to the end of September 2019 if you pay for longer into the With-Profits Fund.

The option to draw your benefits as tax-free cash (subject to overall limits set by HMRC) remains in place and the agreement of the trustee means that you can also draw your money purchase AVC funds in the form of a regular pension income in the scheme.

### Independent Financial Advice

The trustee cannot give you financial advice. If you are not sure what's best for you, we strongly recommend that you speak to an independent financial adviser (IFA) before making a decision. You can find an IFA through the following website: [www.unbiased.co.uk](http://www.unbiased.co.uk). Please be aware that you may be charged a fee for any advice.

## USS MPAVC arrangement held with Prudential Member outcome flow chart



*This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the latter prevail.*

**\*If you pay Life Assurance contributions, your contributions will continue as normal after 1 October 2016.**