

Your options should you leave USS

What happens to your pension?

If you leave your current employer this factsheet sets out the choices that are available to you with regard to your pension.

Transferring to another USS institution

Over 340 employers from the university and higher education sector participate in the Universities Superannuation Scheme (USS). It is therefore very likely that, should you move employers within the UK university or higher education sector, your new employer will also participate in USS. Please contact your new employer to find out whether you will be eligible for USS membership in your new role.

Leaving USS within two years of joining

If you leave USS either because you have left employment or you choose not to continue in USS and you have less than two years of USS service, your options are as follows:

You can either transfer your benefits to another approved pension arrangement, receive a refund (if you are eligible, please read below), or receive a deferred pension and lump sum which is usually payable from Normal Pension Age. However, there are circumstances under which they may be paid earlier, please refer to [‘A guide to your options once you have left USS’](#) booklet for further information.

A deferred pension and lump sum would be based on the value of your own contributions to the scheme less supplementary contributions (if you have entered into a salary sacrifice arrangement, these contributions will include contributions that have been paid on your behalf by your employer). This would be calculated by multiplying your contributions by an actuarial factor.

If you are eligible for (please read below), and choose to receive a refund, it would be of your own (not your employer's) contributions, less deductions. If you receive a refund, USS must pay a premium to HM Revenue & Customs to reinstate your state pension benefits. There is also a tax deduction of 20% (50% tax on the excess of refunds over £20,000) in respect of the tax relief you received on your contributions whilst a member of USS.

In respect of the USS Investment Builder, if you have less than three months' contributions, your refund will be based on the amount you have paid in. If you have paid more than three months' contributions you will receive the fund value applicable on the date of the refund.

If you choose to opt out of USS whilst remaining in pensionable employment at a USS institution, you must give your employer sufficient notice - please contact your employer if you are considering this option.

Will I be eligible to receive a refund?

There are certain circumstances which mean although you have been a member of the scheme for less than two years, you will still not be eligible to receive a refund of your contributions. These circumstances are:

If you transferred benefits from a personal pension into USS, even if your service including the transfer is less than two years. If you transferred benefits from an occupational scheme, a transfer may not be permitted if the combined service is over two years.

If you have participated in a 'salary sacrifice' arrangement offered by your employer in respect of your ordinary USS contributions, for the period of any sacrifice, you will not be eligible for a refund of contributions as these will have been paid for you by your employer as part of the salary sacrifice arrangement.

If you are a re-employed pensioner or are over the Normal Pension Age (currently 65).

Leaving USS with two or more years of USS service

If you are not eligible for a refund (see above), then you are eligible for a deferred pension and lump sum payable from Normal Pension Age. This will be the total pension you have built up in the scheme at the point you left and the lump sum will be three times your pension, as standard. Within broad limits, the balance between pension and lump sum may be altered at your request just before the benefits come into payment.

There are circumstances under which your deferred benefits may be paid earlier, please refer to ['A guide to your options once you have left USS'](#) booklet for further information.

This pension and lump sum will be increased between your date of leaving and retirement or subsequent transfer by the rise in official pensions over that period. This increase is limited to a maximum increase of 5% a year. Official pensions are pension schemes for public sector employers like Teaching, NHS, Civil Service and the Police. If official pensions increase by more than 5% in any year then for each one percent increase over 5%, 50% of this increase will be applied in USS, up to a maximum increase of 10%. So, if official pensions increased by 10%, the USS increase would be 7.5%.

Any USS Investment Builder funds (and any money purchase AVC funds) you have built up will continue to be invested for you and you will still be able to manage these investments via [My USS](#), but you will not be able to contribute further.

If you choose to opt out of USS whilst remaining in pensionable employment at a USS institution, you are required to give sufficient notice. Please contact your employer if you are considering this option.

How long will I have to wait before I hear from USS?

The first step is for your employer to submit your leaver notification to us, we can't do anything until we receive the confirmation that you have left the scheme. This usually happens in line with the payroll runs and we'd expect to hear from your employer at the end of the month after you've left the scheme. Once we've received the leaver form and the final month contribution data is received, we have 20 working days to calculate your benefits and issue a statement to your home address. At this stage your benefits will remain deferred unless you've already opted for a refund or a transfer out to another registered pension scheme.

If you're eligible for a refund and you've sent us the completed refund forms, which were included with your statement, we have 15 working days to process the refund payment and send you a confirmation letter. You will need to wait an additional 3 working days for the funds to clear once the payment has been authorised by us.

If you wish to opt out within 3 months of joining the scheme, you will need to give your employer a minimum of 28 days' notice by completing the 'Notice to opt-out of pension saving' form. Once we've received this form we will refund your contributions back to your employer who will subsequently refund them back to you via the payroll. You will need to check with your employer how long this might take as it will depend on how their payroll operates.

When can my deferred benefits be paid?

Your deferred benefits are normally payable at Normal Pension Age (NPA), which is currently age 65. They may not be deferred beyond Normal Pension Age; your benefits must be brought into payment effective from age 65 at the latest, unless you remain in USS pensionable employment beyond this age. Normal Pension Age will increase in future in line with increases to the state pension age. However, there are circumstances under which they may be paid earlier, please refer to ['A guide to your options once you have left USS'](#) booklet for further information.

What happens if I die as a deferred pensioner?

If you die before your deferred pension becomes payable, a lump sum equal to the value of your deferred lump sum, increased to the date of your death is payable, plus a return of your funds invested in the USS Investment Builder. Universities Superannuation Scheme Ltd (the trustee) has discretion to decide to whom the lump sum is payable. You are strongly advised to nominate your beneficiary/ies.

Please see the [‘Expression of Wish’](#) form on the USS website at www.uss.co.uk

In addition to this lump sum, a pension may be payable to your spouse, civil partner or dependant (dependant’s pension at the discretion of the trustee) that is equal to 50% of the value of your deferred pension at the date of your death. Additional pensions may be payable to any eligible children at the date of your death, up to a maximum of 75% of the value of your deferred pension at the date of death for two or more children (half this amount for one child).

Please see the [‘Bereavement benefits for death in retirement or deferment’](#) factsheet at www.uss.co.uk

Please see the [‘Registration of a potential dependant’](#) form at www.uss.co.uk

Transfer value

Prior to your Normal Pension Age, you can apply for a transfer to another pension arrangement willing and permitted by law to accept the transfer. The table below summarises what you can choose to transfer at the different stages of membership.

	USS Retirement Income Builder only	USS Investment Builder only	Both
Active members (currently contributing)	No	Yes	No
Deferred members (not contributing but not receiving benefits)	Yes	Yes	Yes
Retired members (receiving benefits)	No	Yes*	No

*only funds that are currently invested.

The transfer payment of your USS Retirement Income Builder is worked out by converting the value of your USS pension to a current cash equivalent transfer value using age and gender-related factors. The calculation accounts for fluctuations in the stock market but includes no allowance for discretionary benefits. Any funds in the USS Investment Builder would be transferred at their value on the date and time of transfer.

You can transfer just your USS Investment Builder, leaving your USS Retirement Income Builder pension benefits deferred with USS. There’s no age restriction on transferring benefits out of the USS Investment Builder and there’s no need to leave the scheme should you complete such a transfer.

USS will provide one free transfer quotation in any 12 month period which will be sent direct to you rather than a 3rd party (such as your financial adviser). Should a further quotation be requested, within 12 months of the original, a payment (currently £235) would be required.

Prudential Money Purchase AVC funds can also be transferred separately, although this would need to be arranged directly with Prudential.

Please consider the choices outlined in the ‘Rejoining USS’ section below before deciding to transfer your deferred benefits out of USS.

Please see the [‘Leaving the scheme’ booklet](#) at www.uss.co.uk

Rejoining USS

If you rejoin a USS institution in the future, opt back in to USS whilst at your current employer or are auto-enrolled and become a member of USS again at a later date, your new period of membership will simply add to the benefits you had built up from your earlier period of membership, providing you have not transferred it to another pension arrangement or received a refund of contributions.

You cannot rejoin the scheme whilst in a period of absence due to illness. If you retire on the grounds of incapacity within five years of rejoining for a condition that is known at the time of your rejoining, then your benefits may not be enhanced. If you chose to withdraw from USS, or chose not to join the scheme when you first had the opportunity, then subsequently wish to join or rejoin, you would be able to do so. However, restrictions would apply to any possible retirement on the grounds of incapacity following rejoining the scheme.

Additional Voluntary Contributions (AVCs)

You may have paid AVCs to the Added Years (former final salary), Revalued Benefits (former CRB), USS Investment Builder and/or the Prudential Money Purchase AVC arrangement. When you leave, your AVC payments must stop.

If you choose to receive a refund of contributions, you will also receive a refund of your AVC contributions, less tax at 20% (or more in exceptional cases). In any other case, your position is as follows:

Revalued Benefits AVCs

You will receive credit for a pro-rata amount of additional pension. For example, if you have made half of the total required added pension contributions, you will be credited with half the total potential added pension that you would have bought at the end of your arrangement.

Added Years AVCs

Like the Revalued Benefits AVC you will receive a pro-rata amount of pension up to the date you leave the scheme.

USS Investment Builder and Prudential Money Purchase AVCs

Your fund will continue to be invested, until you transfer your benefits out of USS or they are brought into payment.

USS Investment Builder funds

Any funds you have built up in the USS Investment Builder will continue to be invested, and administered by the trustee as deferred benefits, until you transfer your benefits out of USS or you are eligible to receive them when you retire. You can choose to transfer your USS Investment Builder funds to another scheme at any time. 'USS Investment Builder only' transfers out have no age restriction and can be made without leaving the scheme. USS will provide one free transfer quotation in any 12 month period. For your options on accessing your savings anytime from age 55 or when you retire, please see the [Flexibility with the USS Investment Builder guide](#).

Payment of your USS deferred pension benefits

More information on your retirement options can be found on the USS website, www.uss.co.uk. Please refer to the 'Retiring' section where you'll find information about the different types of retirement available to you and how your benefits will be paid; including Normal Retirement, Early Retirement, Retirement due to Incapacity, and Retirement due to Redundancy.

Opting-out within three months of joining (retrospective withdrawal)

Within the first three months of starting USS contributions, you can choose not to continue in the scheme, whether or not you are remaining in the employment of a USS institution. You should notify your employer as soon as possible if you wish to opt out of USS. In this case, your employer will refund your USS contributions (not your employer's) through your pay.

Pension scams

Millions of people fall victim to scams every year. You could lose your pension and be subject to tax charges. Visit The Pensions Regulator's website for more information about how to spot the signs and give yourself the best possible protection against pensions predators: www.thepensionsregulator.gov.uk/pension-scams

The Pensions Advisory Service can also offer free and impartial guidance on pension matters. Visit: www.pensionsadvisoryservice.org.uk for more information.

Scamproof your savings



Pension scams. Don't get stung.



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. Members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits. For a glossary of our terms please see more information on our [important terms](#) page.