

# Working overseas

## Your questions answered

### Should you join USS?

Perhaps you're based in the UK but you're thinking of moving overseas in the future. Maybe you're already working overseas or maybe you're an overseas employee working in the UK? This factsheet explains why joining USS could still be worth your while.

### Why should I join?

Even if you only join for short periods, you will be able to build up pension benefits in USS which we will pay to you when you retire. And it's not just a pension that you are building up, as a contributing member you are also covered for:

- Life assurance of three times your annual salary, whilst you are paying into the scheme;
- Income protection for your beneficiaries should you die whilst paying into the scheme;
- Incapacity protection should you suffer a serious illness or condition in the future.

Even if you know you are definitely only here for a limited time it could still be worth joining. If you are in the scheme for more than two years you will be entitled, when you retire, to an income for the rest of your life and a one-off lump sum, which is tax free at the point you retire.

If you are in the scheme for less than two years then you could opt to receive a refund of the money you paid in\*, less tax and a deduction to reinstate you in part of the state second pension scheme (S2P) for any membership before April 2016. If you take a refund you are not entitled to any benefit in the future. You can, however, still opt to receive a deferred pension even if you have less than two years in the scheme. This might be a good idea if you envisage coming back to the UK and rejoining USS in the future, remember, all these benefits would be added together.

*\* Please note, you need to meet certain criteria to be eligible for a refund; for example if you have been a member of a salary sacrifice arrangement for pension contributions, you will not be entitled to a refund of contributions as these were paid for you by your employer. Please refer to the [Options on leaving factsheet](#) for further information.*

### I'm an overseas employee, employed by a UK employer, but I will not be working in the UK. Can I still join USS?

If you are employed in the UK but work within the EU (including Norway, Liechtenstein and Iceland), and this is not on secondment, then you are not eligible to be a member of USS as this is in breach of the government's cross-border regulations.

If, however, you are seconded to a place of working in the EU or are resident outside of the EU then you may be eligible to become a member of USS providing the following:

- . your contract of employment is with a UK employer
- . the work you are undertaking is on behalf of a UK employer
- . contributions are maintained by your UK employer.
- . the secondment within the EU is for a limited period of time.

You are not required to be a tax payer in the UK to be eligible for USS membership.

### **I'm going to work abroad, how are my benefits affected?**

If you go to work abroad, in a position which is not eligible for membership of USS, then you will be deemed to have left the scheme and we will confirm to you the value of your benefits. Known as 'deferred benefits', these will be paid to you when you eventually retire. Alternatively, if you are intending to return to the UK, with the agreement of your employer you could be classed as being on a period of voluntary absence. If this is the case, your pension contributions will stop and you will not accrue benefits whilst you are away although you will still remain a member of the scheme. In order to be covered for life cover whilst on a period of voluntary absence you would have to pay a special contribution, your employer would need to arrange this for you. There is a separate factsheet available covering absence.

### **I'm being seconded to another employer overseas, how are my benefits affected?**

In order for you to continue contributing to USS during a period of secondment to an overseas employer, an agreement has to be made between you and your employer to maintain normal USS contributions; or, between you and the overseas employer, to reimburse your employer for the full cost of the employer's contributions. For pension purposes, secondments fall outside of the cross-border regulations, so you can be seconded to another EU state and still remain in the scheme. If an agreement cannot be made then the period of absence will be treated as suspended membership. (Any arrangement made regarding contributions would be independent of USS).

The secondment may be approved by your employer for a period of up to 10 years or such longer period as the trustee company may agree providing that:

1. Your employer retains a definite expectation that you will return, or would do so but for circumstances beyond the control of both yourself and your employer;
2. In all cases of secondment your current employer must be satisfied that your new employer is aware of the agreement that you will return to work with your seconding employer when the period of secondment ends.

### **I currently work overseas but have been offered a short term contract in the UK. Am I permitted to join USS?**

If you are employed overseas and are coming to the UK to work for a USS institution then, as long as you satisfy the eligibility criteria for the post, you will be able to join the scheme once you commence your post. If you are being employed on short term contracts, you may still be eligible to join the scheme as long as the post you are taking up is classed as being eligible for USS membership.

### **Can I transfer my overseas pension into USS?**

Transfers from overseas schemes may be possible. You should check with the administrator of the overseas scheme whether a transfer value could be paid to a UK scheme.

Since April 2006, any transfers received from a recognised overseas pension scheme are excluded from the calculation of the available lifetime allowance and of the annual allowance for tax purposes. A list of the recognised pension schemes is available from the government website – [www.gov.uk](http://www.gov.uk) – please search for *ROPS*.

If you are thinking of transferring overseas benefits to USS, an important consideration is whether or not you will at some point in the future transfer them out again to an overseas scheme. Please see the following section for more information.

If you would like to transfer benefits from an overseas scheme, please complete a 'Transfer request' form, available from [www.uss.co.uk](http://www.uss.co.uk)

### **If I leave USS, can I transfer my USS benefit overseas?**

If you are considering transferring your benefits overseas you should first check with the pension scheme in that country to see if they would be willing to receive the transfer payment. You will also need to check with the relevant tax authorities in that country that they are happy for this transfer to go ahead.

If they are, then the new pension scheme will have to register with the UK tax authorities to be a 'recognised overseas pension scheme' (ROPS) if it has not done so already. If they are registered, or if they are willing to do this, then you should be able to transfer your benefits out of the UK.

Whether you pay tax depends on where the ROPS scheme you transfer to is based, you usually don't pay tax if you transfer to a ROPS scheme provided by your employer but check with the scheme to find out. Further information on the Overseas Transfer Charge can be found on the gov.uk website [here](#).

### **I'm due to retire soon and I'll be moving overseas, how will my pension be paid?**

You must maintain a UK bank account in order for USS to pay your benefits. How and when you transfer the money overseas is then up to you. Citibank offers a service by which your pension can be delivered direct to an overseas bank account. Further information can be obtained by writing to USS:

Pensions Payroll Section  
Universities Superannuation Scheme Ltd  
Royal Liver Building  
Liverpool L3 1PY

### **Taxation of USS benefits for those retiring overseas**

In most cases, UK pension benefits paid overseas are free of UK income tax if you are resident for tax purposes overseas. You may however pay income tax on your pension in your country of residence. If you live in a country without a 'double taxation agreement' (DTA) with the UK, you pay tax in both countries. A list of all countries with a DTA is available from gov.uk, search for *double taxation agreements*.

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.