



USS

A guide to  
your options once you have left USS

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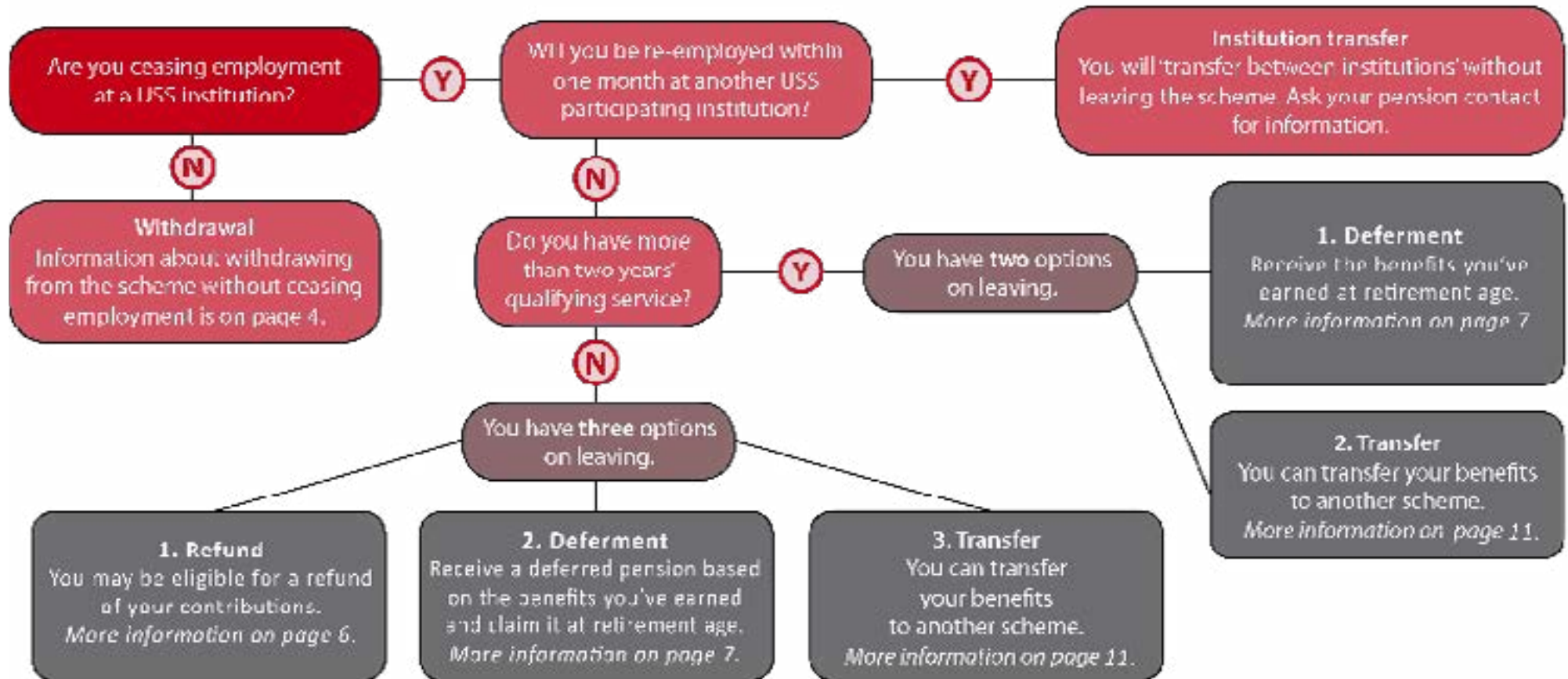
**A guide to your options once you have left USS**

This booklet represents the interpretation of the current scheme rules and actuarial advice by USS. These may change from time to time.

If you have any queries about the information in this booklet then its authoritative source is the trust deed and rules for the scheme. These documents will take priority over any statement in this booklet should any difference of interpretation arise. They can be viewed on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

## 03 Leaving the scheme

A quick guide to your options.



## 04 Withdrawing from the scheme

You can choose to withdraw from USS at any time by notifying your employer. If you withdraw, your options would be the same as if you had left the scheme.



### How do I withdraw?

To withdraw from membership, you must give your employer sufficient notice.

Restrictions may apply to any possible incapacity retirement after rejoining the scheme. You may not be eligible for incapacity retirement within five years of rejoining if you have a known medical condition when you rejoin.

Please note that your employer may have a legal obligation to re-enrol you into the scheme at a future date. Also, if you start a new job that qualifies you for USS your employer may also have a legal obligation to enrol you in the scheme.

For further information on what is called auto-enrolment, please speak to your employer or see the USS website [www.uss.co.uk](http://www.uss.co.uk)

### Withdrawing within three months of joining (retrospective withdrawal)

You must join USS if you are eligible-this is a requirement. If you decide not to continue in the scheme within three months of joining, you should notify your employer as soon as possible of your wish to opt-out of USS by completing an opt out form. Your employer cannot provide you with this form, it is available from the USS website [www.uss.co.uk](http://www.uss.co.uk)

Your employer will refund your USS contributions (not your employer's) through your pay. Adjustments will be made for tax as you will have paid less tax whilst a member of USS. Also, a deduction will be made for national insurance if you had any membership before 6 April 2016.

Please note, if you were part of your employer's salary sacrifice arrangement for standard USS pension contributions you may not be eligible for a refund. Please check with your employer.

### Before you withdraw

The scheme provides an excellent range of benefits and you should consider what you would be missing out on before you withdraw.

The scheme also includes valuable protection for your loved ones should you pass way whilst paying in to the scheme and protection if you have to retire early owing to ill-health.

If you opt out of USS you will no longer be eligible for this cover.

## What are your options once you've left?

When you leave USS, you have a number of different options depending on how long you have been a member and how you paid your contributions.



Your options will depend on whether or not you have two or more years' qualifying service.

Qualifying service is used to determine what type of benefit you are eligible to receive. It includes all of your calendar length service in USS. It will also include your calendar length service in another pension scheme if you have transferred benefits in. Any periods of suspended membership during periods of leave of absence are not included.

If you are unsure about the length of your qualifying service, speak to the pensions contact at your institution.



If you have less than two years' qualifying service, you may be able to take a refund of contributions from USS.



### **If I choose a refund of my contributions, how will it be calculated?**

You will receive a refund of your own contributions to USS minus the following deductions:

#### **20% tax (50% tax where the taxable amount is in excess of £20,000) payable to HMRC.**

This sum is not income tax and cannot be reclaimed regardless of whether you currently pay tax or not. It is applied because you received tax relief on our contributions when you paid them into the scheme. Overseas residents are not exempt from this deduction.

**Please note** – these deductions are statutory and have to be made in every case.

Interest on your contributions will also be added if the payment is delayed and crosses a tax year. Please be aware we do not apply tax to the interest and it is therefore your responsibility to inform your local tax office.

The contributions paid to the scheme by your employer are not refundable.

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 entitled to a refund of contributions as these will have been paid for you by your employer as part of the salary sacrifice arrangement.

Please also be aware, if you transferred benefits from a personal pension into USS, you are a re-employed pensioner or are over the Normal Pension Age (currently 65) you are not eligible for a refund of contributions.

The amounts of these deductions will be shown in the statement you receive from USS once your employer notifies us that you have left.

## 07 Deferred benefits – your options

The options for deferring your benefits depend upon the length of your qualifying service with USS.



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years

### Less than two years' qualifying service?

Your benefits will be based on your own contributions (including amounts paid on your behalf by your employer under a salary sacrifice arrangement) to the scheme.

These contributions will provide a deferred pension, together with a deferred lump sum of three times the annual rate of that pension.

We add up the amount you paid in to USS and apply a rate (factor) to convert this to a pension and lump sum benefit for your retirement.

### Two or more years' qualifying service

If you have two or more years' qualifying service and you choose deferred benefits to be paid at normal pension age (or earlier in certain circumstances) you will be entitled to:

- An annual deferred pension equal to the value of your past benefits up to 31 March 2016, plus the value of any USS Income Builder benefits from 1 April 2016; and
- Deferred cash lump sum equal to your annual pension x 3 .

These benefits are increased at the same rate as your pension increases between leaving and when you retire. See the pension increases section later.

Within broad limits the balance between pension and lump sum may be altered at your request just before the benefits come into payment so you could take more tax-free cash and a smaller pension or vice-versa.

The information in this section will apply regardless of the amount of pensionable service you have in USS at the date you cease employment at a USS institution.



### How are my deferred benefits increased?

Both the pension and the lump sum will be increased between the date you leave USS and the date your deferred benefits are put into payment. For service you accrued before 1 October 2011, USS will match the increase in what are called 'official pensions'. These are pensions paid to public sector employees like teachers, civil servants or NHS employees. For service you accrued from 1 October 2011, USS will pay increases which match official pensions for the first 5%; if official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%. So, if for example official pensions increased by 15%, the USS increase would be 10% in that year.

Your lump sum on retirement is three times the annual pension, after the increases have been applied.

Currently, official pensions are increased in line with the Consumer Prices Index (CPI). USS pensions including deferred benefits will continue to increase in line with official pensions, subject to the maximum increases outlined.

### When can my deferred benefits be paid?

Your deferred benefits are normally payable at normal pension age, which is currently age 65. They may not be deferred beyond normal pension age, when you will become a pensioner member of USS, under the scheme rules. Normal pension age will increase in future in line with increases to the state pension age.

#### Deferred pensions for members with less than two years' service

If on leaving with less than two years' service you opted for deferred benefits based on your own contributions, the earliest you can receive these benefits is age 65.

#### Retirement before normal pension age for members with more than two years' service

If you have a deferred pension as your service is more than 2 years and want to retire early, before normal pension age, you may do so if you are over the minimum pension age of 55 and the Trustee agrees. If you do retire early your benefits will be reduced for early payment as follows:

**Benefits in respect of service before 17 May 1990** will be reduced if they come into payment before age 65\* (men) and 60 (women).

**Benefits in respect of service between 17 May 1990 and 31 March 1995** will be reduced only if they are paid before age 60.

**Benefits in respect of service between 1 April 1995 and 30 September 2011** will be reduced if they are paid before age 63½\*.

**Benefits in respect of service after 30 September 2011** will be reduced if they are paid before normal pension age.

#### Incapacity

You may receive early payment of your benefits immediately, without reduction, if you are suffering from incapacity that would have led to your retirement on those grounds had you remained in USS.

Please see the 'Incapacity Retirement (deferred members)' factsheet at [www.uss.co.uk](http://www.uss.co.uk)

*\*Or your contractual pension age at 30 September 2011 if this is lower.*



### Benefits transferred to USS

#### Transfers-in agreed before 1 April 2009

Benefits that have been transferred into the scheme will be subject to actuarial reduction for early retirement, if they are brought into payment before the normal pension age of the service period in which they were first brought into the scheme (as described in the previous section). For example, benefits transferred on 1 April 1998 will be reduced if brought into payment before age 63 ½\*.

In certain special circumstances, these benefits can be payable without reduction. The circumstances are:

- You left employment due to redundancy, and had immediate access to your benefits but chose not draw them; and either
- You are now retiring over the age of 60; or
- You are now retiring under the age of 60, but your transferred-in benefits satisfy the “seven year rule”

In order for your benefits to satisfy the “seven year rule” you must:

- Retire with more than seven years’ active membership since the transfer payment was received by the scheme; or
- Retire with more than seven years’ active membership since joining the scheme, if the transfer payment was made during your first year of membership.

Additionally, if you were made redundant before 30 September 2014, but do not satisfy the “seven year rule”, your transferred-in benefits will be reduced relative to age 60.

#### Transfers-in agreed on or after 1 April 2009

If you agreed a transfer-in to USS on or after 1 April 2009, the benefits granted will be payable in full from age 65. If you draw these benefits early, except in the case of incapacity retirement, the benefits in respect of the transfer-in will be reduced for the years and days earlier than age 65.

### What happens if I die before my deferred benefits have come into payment?

If you die before your deferred pension becomes payable, a tax-free lump sum equal to the value of your deferred lump sum plus increases up to the date of your death is payable. The Trustee has discretion to decide who the lump sum is payable to.

You are strongly advised to nominate your beneficiary/ies using the 'Expression of Wish' form. A copy can be found on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

In addition to this lump sum, a pension may be payable to your spouse, civil partner or dependant equal to 50% of the amount 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 amount of your deferred pension at the date of death for two or more children (half this amount for one child).

If you are not married, you are strongly advised to nominate your beneficiary/ies using the 'Expression of Wish' form. A copy can be found on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

### What happens if I die after my deferred benefits have come into payment?

If you die after your deferred benefits have come into payment, pensions may be payable:

- To your surviving spouse or civil partner at the rate of 50% of your standard pension at retirement, plus pension increases to the date you died; or
- To a dependant if you are not married at the time of your death; and
- To any eligible children.

A lump sum benefit is not payable.

### Once my deferred benefits are put into payment, will I be able to rejoin USS if I am offered further employment?

You would not be deemed to have retired if you intend to commence another job with your current employer, or with any other employer that participates in USS, that is pensionable in USS. If however, you are subsequently offered new employment after you have retired, your employer may have a duty to enrol you into a pension scheme. You will need to seek advice from your employer as to your eligibility and whether you are able to rejoin USS. Further information on auto-enrolment can be found on the USS website at [www.uss.co.uk](http://www.uss.co.uk)

You may be able to transfer the value of your benefits in USS to another pension scheme after you have left the scheme.



### **What is transferred?**

You can request a quote for a transfer from either the USS Investment Builder, the USS Retirement Income Builder, or both sections at the same time. The amount of your transfer value will be the actuarial value at the date of calculation of your benefits, no matter how much qualifying service you have accrued. If you would like a quotation, please complete the form included with your deferred benefit statement. Alternatively, you should ask the person responsible for pensions at your institution to obtain a quotation for you from USS. You will be advised by USS of the amount of the transfer value which can be made available.

### **When can I transfer?**

A transfer value, for your USS Retirement Income Builder benefits, can be paid at any time up to 12 months before NPA even if you choose deferred benefits initially and later change your mind, providing your new scheme will accept the transfer.

There's no age restriction for transfers out of the USS Investment Builder which can be made without having to leave the scheme. USS will provide one free transfer quotation in any 12 month period. Should a further quotation be requested, within 12 months of the original, a payment of £235 would be required.

### **Where can I transfer my benefits to?**

You can transfer your pension benefits to any other pension arrangement approved by HM Revenue & Customs. This might include:

- Your new employer's approved pension scheme; or
- A personal pension; or
- Any pension scheme approved by HMRC to accept transfer values.

### **Can I have the transfer value of my accrued benefits in USS paid to my new employer if I go to work abroad?**

This will depend on whether the scheme in the overseas country is willing and able to accept a transfer from the UK, and also if the tax authorities in that country are willing for a transfer to be made. Therefore, your first step should be to ensure this is possible and to check whether the tax authorities in that country make any tax charge to the incoming transfer.

In addition, HMRC states that a recognised transfer value can only be paid to a recognised overseas pension scheme (ROPS). If the scheme does not meet the conditions to be a ROPS when the transfer is made, the transfer will not be a recognised transfer and will be an unauthorised payment. Please be aware that an unauthorised transfer could potentially give rise to tax charges levied by HMRC of between 40% and 55% of the total transfer value paid. USS will not be able to transfer your benefits to an overseas scheme if it is not a ROPS and will seek evidence to verify ROPS status. HMRC publish a list of recognised overseas pension schemes (ROPS) on the pension scheme section of the HMRC website but by itself, appearance on the list is not confirmation by HMRC that a scheme is or will remain a ROPS. HMRC guidance states that a member should perform their own checks on the receiving scheme and should ask for confirmation of the scheme's ROPS status from the overseas manager.

New legislation introduced in March 2017 means that you may be subject to an Overseas Transfer Charge (OTC) if you transfer your benefits overseas and certain conditions are not satisfied. An OTC is a 25% tax charge deducted from your transfer payment (or may be payable at a later date if your circumstances change within five years). Further details about the OTC are available in the transfer pack from USS.

## 012 Transferring your benefits

If you wish to consider a transfer from USS, you should contact the new pension scheme initially and they should then contact USS directly to obtain a transfer quotation.

Please refer to the [working overseas](#) factsheet for more information about transferring your benefits overseas.

### Financial advice

You should consider very carefully whether or not a transfer from USS is in your best financial interests. You should take financial advice if you are not sure.

If you are transferring your USS Retirement Income Builder benefits out of the scheme and your USS benefits are valued at £30,000 or more, you are required to obtain independent financial advice if you are transferring to a scheme providing flexible benefits (please check with the receiving scheme if you are unsure). This is a condition introduced by government to try to avoid members making transfers that are not in their best interests and could potentially be fraudulent.

See the financial advice web page on [www.uss.co.uk](http://www.uss.co.uk) for more information on how to obtain financial advice and guidance.

### 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](http://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](http://www.pensionsadvisoryservice.org.uk) for more information.

# Scamproof your savings



**Pension scams.**  
Don't get stung.



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## 013 After you have left employment

This section explains your options if you were to leave the scheme and are no longer employed by a USS institution.



### **Can I continue in membership of USS after I have ceased employment in a USS institution?**

You may contribute to USS only if you are employed at a USS institution in a pensionable post eligible for membership of USS.

You may be able to remain in membership of the scheme for a period during which you are seconded to another employer. You can obtain information about this from the pensions contact at your institution.

If you opt-out please note that your employer may have a legal obligation to re-enrol you into the scheme at a future date. Also, if you start a new job that qualifies you for USS your employer may also have a legal obligation to enrol you in the scheme.

### **What if, after leaving, I again become employed by an institution which provides USS membership?**

You will rejoin USS. The earlier benefits you had earned in the scheme will be linked to your new period of benefits. When you retire we will calculate your benefits from both periods of membership and aggregate them so you receive one benefit from USS.

If you have any queries about your benefits before leaving employment at a USS institution, then you should send them to the person responsible for pensions at your institution.

After you have left employment, write to the address below for further information about your USS benefits:

Universities Superannuation Scheme Limited  
Royal Liver Building  
Liverpool  
L3 1PY

**Tel:** 0151 227 4711

**Tel:** (local rate) 0845 068 1110

**Fax:** 0151 236 3173

**Web:** [www.uss.co.uk](http://www.uss.co.uk)

**A large print version of this booklet is available.**

**To obtain a copy please contact USS.**

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.



The logo features the letters 'USS' in a red, serif font, centered within a white circle. The circle is positioned in the upper-left quadrant of a solid red background.

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