



USS

Retiring from USS

A guide for members with benefits in the USS Retirement Income Builder only

What's this guide about?

This guide is to help members understand important information relating to their retirement.

If you're thinking about retiring in the next 10 years, this guide is relevant to you.

This guide is for members with benefits in the USS Retirement Income Builder only. If you have benefits in the USS Investment Builder as well, you should read the other version of this guide available in the member resources area on www.uss.co.uk.

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03 Introduction

Everyone has different plans for what they might want to do when they retire. You might not have made any plans or even thought about it yet, but it's important that you plan ahead. This guide is provided to help you understand some important issues that you'll need to think about in relation to your retirement.

This guide is for members who have benefits in the USS Retirement Builder only. If you have benefits in the USS Investment Builder as well, there is an alternative version of this guide that you should read, which is available on the **Factsheets and member guides** page in the member resources area on www.uss.co.uk.

Throughout this guide we'll tell you where further information can be found to help you learn more about your retirement should you require additional detail not covered in this guide. We recommend that you go through the **USS Pre-Retirement checklist** which is available in the 'Factsheets and member guides' section of the member resources area on www.uss.co.uk. The checklist will guide you through some steps to help you plan for your retirement.

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 shall prevail. Members are advised to check with their employer contact for the latest information regarding the scheme, and any changes that may have occurred to its rules and benefits.



When you retire, you'll be eligible to receive benefits from the USS Retirement Income Builder.



The USS Retirement Income Builder

When you retire, you'll receive a regular pension income from the USS Retirement Income Builder for the rest of your life. This income is based on the amount of time you've been a member of USS, and your annual salary up to a threshold. See the **USS Retirement Income Builder** section of www.uss.co.uk for more details.

You'll also be entitled to receive a one off tax-free cash payment of three times the value of your gross annual pension (i.e. the total amount of USS pension income you'll receive in your first year before any tax is deducted).

You can choose to increase or decrease the amount of tax-free cash you take when you retire should you wish to. Please note:

- If you change how much tax-free cash you take, the amount of pension income you receive will also change;
- For example, you could choose to receive a lower tax-free cash payment (or none at all) and have a higher regular pension, or you could choose to increase the tax-free cash payment (subject to a limit) and receive a lower regular pension; and
- You can only take up to 25% of the value of your benefits in the USS Retirement Income Builder as tax-free cash.

Use the **'USS benefit illustrator'** in the 'Modelling and illustration tools' section in the member resources area on www.uss.co.uk to see the benefits you could receive when you retire.

The USS Investment Builder

You're not currently contributing to the USS Investment Builder. If your annual salary increases beyond the salary threshold (currently £55,550 for the 2017/18 tax year) between now and when you retire, you and your employer will automatically start contributing to the USS Investment Builder. Alternatively, you can choose to make additional contributions to the USS Investment Builder, including taking the match.

If you join the USS Investment Builder before you retire, the benefits you'll receive will be in addition to your benefits from the USS Retirement Income Builder.

The USS Investment Builder provides you with a range of investment options that you can learn about in the **Guide to investing in the USS Investment Builder**. It also provides you with options for how you can access your benefits, which you can learn about in the **USS Flexibilities Guide** available in the member resources area on www.uss.co.uk.

See the **USS Investment Builder** section of www.uss.co.uk for more details about this section of USS.

Legacy Additional Voluntary Contributions

USS used to have a money purchase additional voluntary contribution arrangement, which was administered by Prudential (MPAVCs). Effective from October 2016, most members' additional contributions are paid into the USS Investment Builder. The treatment of any MPAVCs or other AVCs paid from before October 2016 that you have will depend on your personal circumstances and you should contact your employer's local pensions contact if you have any questions.

Guaranteed minimum pension

USS was contracted-out of the Additional State Pension up until 5 April 2016, when contracting-out for all pension schemes ceased. When USS was contracted-out, you and your employer paid a lower rate of National Insurance contributions for any membership in USS between 6 April 1978 and 5 April 2016. For USS membership before 6 April 1997, USS guarantees to pay you a pension of at least the amount you would have received if you had participated in the Additional State Pension. This amount is known as the Guaranteed Minimum Pension (GMP). No GMP applies for USS service after 5 April 1997.

Your USS pension is likely to be greater than the GMP (in which case the GMP will be a notional component of your USS pension) but it is nonetheless important that you understand that there can be this GMP element within your USS pension. This is because pension increases are applied to the GMP element in a different way from those applied to the rest of your USS pension (see page 13).

Can I allocate part of my pension to a beneficiary nominated by me?

Allocations to beneficiaries must be made prior to retirement. Please see the **Allocation** factsheet in the member resources area on www.uss.co.uk for more information.

The amount of benefits you are entitled to receive is subject to maximum allowances and tax rules set by the government. More information on tax is included on page 8.



It's important to know how and when you'll receive your benefits to help you to plan your finances in retirement.



How will my pension income be paid?

Your pension income will be credited directly into a UK bank or building society account that is solely or jointly held by you. You'll be asked to provide your bank details once USS has been notified of your intention to retire.

If you're considering moving abroad, please see the section 'Moving abroad' on page 15 for payment options.

When will my pension income be paid?

Annual pensions are rounded to a figure divisible by 12 and paid monthly.

Your monthly pension income payment will be paid on the 21st day of the month. The first instalment is normally paid on the 21st of the month following your retirement.

If the 21st day of the month falls on a weekend or bank holiday, your pension will then be paid on the preceding working day.

How often will I receive a payslip?

Payslips are not produced every month. They are only issued when your net pension income payment differs by £1 or more from the amount received in the previous month. However, you'll receive a payslip:

- When you receive your first payment; and
- Annually each April.

How will my cash lump sum be paid?

USS will normally pay any cash lump sum that you choose to take directly to a UK bank or building society account that is solely or jointly held by you. Alternatively, you can request payment by cheque. You'll be asked to confirm your preference once USS has been notified of your intention to retire.

- **Payment directly to a nominated bank or building society account**

The payment will be made electronically. This method of payment should ensure that funds are generally available on the first working day after your retirement or, if later, two working days after the date of your retirement letter. You may need to check that your bank or building society will make these funds available to you on the day the account is credited.

- **Payment by cheque**

The cheque will be dated for the first day of your retirement but may be received by you in advance to avoid any inconvenience. You should not pay the cheque into your bank earlier than the date that appears on it.

What if I want to continue working after I retire?

Unless you're receiving only part of your pension benefits from the USS Retirement Income Builder under the USS 'flexible retirement' terms, in order to qualify for a pension you must terminate your current pensionable employment.

You won't be deemed to have retired if you intend to commence another job that is pensionable in USS with your current employer, or with any other employer that participates in USS. However, if after you've retired you are subsequently offered new employment, your employer may have a duty to enrol you into a pension scheme. You'll need to seek advice from your employer as to your eligibility and whether you're able to re-join USS.

If you start working again after retiring, you should note that your total income, including your pension, will be assessed for income tax purposes.

If you have retired on the grounds of incapacity and re-commence working, the rules state that USS may either:

- Withdraw or suspend that pension for periods up to normal pension age if USS determines that you are no longer suffering from incapacity; or
- Withdraw an enhanced incapacity pension and grant a non-enhanced incapacity pension if USS determines that you are suffering from partial incapacity and not total incapacity.

If at any time you consider the above applies to you, please inform USS in writing (see page 23 for contact details).

Further information on working after retirement is included in the **Retirement** factsheet in the member resources area of www.uss.co.uk.

Reaching age 65, or achieving 40 years' service, doesn't automatically make you eligible for a pension if you haven't stopped working.



Audit checks

From time to time USS may write to members receiving a pension asking them to confirm that they are receiving their monthly pension and that their pension details are correct. The purpose of this letter is to provide a continuing check on the accuracy of our records and is no cause for concern. If you receive such a letter please respond to it as quickly as you can.

Income tax deductions may be applied to the benefits you receive from USS and there are important tax limits that you need to be aware of. This section will explain what you need to know and where you can find out more information.



How will income tax deductions be applied to my benefits?

Initially this will depend on whether or not we've received your P45 form, which you'll receive once your employment has been terminated. It's important that you send us any relevant sections of your P45 (see next section). You should also notify HM Revenue and Customs (HMRC) of any other taxable income you'll receive in retirement. This will ensure that you're taxed at the relevant rate for your personal circumstances.

What is a P45 and what happens to it?

A P45 is a document that details the tax code, pay and tax details from your previous employment. A P45 has a number of parts:

- Part 1A should be retained by you; and
- Parts 2 and 3 will normally be sent direct to USS by your former employer. However, if your former employer has provided you with parts 2 and 3 of your P45, please forward these to USS immediately, marking them as 'For the attention of pensions payroll'. See page 23 for contact details.

The tax code that must be applied to your pension income payment is taken from your P45, but is applied on a 'month one' basis (this means that only one month's tax-free pay allowance is applied). We then notify HMRC that you've started to receive your pension income from USS.

If USS doesn't receive your P45, an emergency tax code will be applied to your pension income payments.

Once HMRC has assessed your tax position, they'll confirm your new tax code to both you and USS.

Please note that in accordance with HMRC regulations, we're unable to amend your tax code or refund any overpayment of tax until we've receive a revised tax code notification from HMRC.

What happens if I receive another source of income?

If you're in receipt of income from more than one source, you may need to pay a higher rate of tax. In these circumstances, you may be required to pay any underpayment of tax in a lump sum in the January following the relevant tax year. If you would like this position to be taken into account through PAYE, and to prevent any underpayment of income tax, you should notify HMRC of any taxable income you receive in addition to your USS pension income.

You should also ensure that any new source of income that is likely to have a tax liability (e.g. capital gains), is notified to the tax office by 5 October following the relevant tax year. This will prevent you incurring any penalties for failing to notify them.

What is a P60?

A P60 is a certificate that shows the total amount of taxable pension paid by USS and the income tax deducted from your USS pension income in any given tax year. It's issued annually, after the end of a tax year.

While HMRC requires us to issue your P60 so that you receive it by 31 May each year, every effort is made to issue your P60 to you by 30 April. This is an important document so please do not destroy it. Keep it in a safe place as you may require it to complete a tax return or to prove your income at a later date.

What is the annual allowance?

The annual allowance (AA) is the maximum amount of tax efficient pension benefits you can build up each year in a tax-preferential way.

The AA is measured over what's called a Pension Input Period (PIP). For the 2015/16 tax year onward the PIP matches the tax year (i.e. 6 April – 5 April the following year), previously for USS it was 1 April to 31 March.

The AA is currently £40,000 for most members (but the government may change this in the future). However, the AA may be less for members with an annual income in excess of £110,000. More information on the AA is included in the **Annual Allowance factsheet** in the member resources area on www.uss.co.uk.

What is the lifetime allowance?

The lifetime allowance (LTA) is the maximum amount of pension savings you can build up in a tax-preferential way across all pension schemes you are a member of.

You can build up a value higher than the LTA, however, the excess over the LTA will be taxed. The current LTA is £1,055,000 (for 2019/20), but the government may change this in the future.

The value of your USS benefits that you'll need to compare against the LTA is set out in your retirement letter, which also shows the percentage of the LTA which your USS benefits will use up. Any pension benefits outside of USS that you are eligible to receive will also need to be taken into consideration when assessing if you're within the LTA, unless you are already receiving them and they started being paid to you before 5 April 2006.

If you're already receiving benefits from another pension scheme, you should've been informed by that pension scheme of the percentage of the LTA they account for when your pension came into payment. You're required by law to disclose this information to any subsequent pension scheme when the information is requested.

More information on the LTA is included in **the Lifetime Allowance factsheet** in the member resources area on www.uss.co.uk.

What happens if I exceed the AA or LTA?

If you think you have or might exceed either (or both) the LTA or AA, please contact your employer's pension team who will be able to inform you of your options.

How do I contact HMRC?

If you have any queries regarding your tax position or the tax code allocated to you, please contact HMRC at the address shown [below]. Always quote your National Insurance number and quote tax reference: 428/U168.

HM Revenue & Customs Pay As You Earn

PO Box 1970

Liverpool L75 1HW

Telephone number (UK): 0300 200 3300

Telephone number (overseas): 00 44 135 535 9022

The pension income you receive from the USS Retirement Income Builder will be increased annually to account for increases to the general cost of goods and services in the UK, otherwise known as “inflation”. These annual increases will also be applied to any payments to your beneficiaries in the event of your death.



What are pension increases?

For benefits you earned before 1 October 2011, USS will match the increase in official pensions paid to public sector employees like teachers, civil servants or NHS employees. These increases are usually published by the government in March each year and can be viewed on www.gov.uk.

For benefits built up from 1 October 2011, USS will pay increases which match official pensions increases up to 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%, USS increases would be 10% in that year. The annual increase is effective each April. If you retired less than 12 months before the effective date of an increase, you’ll receive a proportion of the full pension increase for that year.

Pension increases are linked to inflation. However, there may be periods when the general cost of goods and services decreases, rather than increases. This is known as deflation. During periods of deflation a pension increase may not be paid but your pension will not be reduced.

Will I receive prior notification of increases to my pension?

Yes. Each year, USS will write to you to tell you of any increase that will be applied to your USS pension. This letter will normally be sent to you at the end of March.

Are these increases taxable?

Yes. If you are liable to pay income tax, it will be deducted at the appropriate rate from your pension income. In addition, following each increase to your State Pension (if you are receiving it), your income tax PAYE code will be altered by HMRC who will notify you and USS of your new code.

Can I receive pension increases on my USS pension after I’ve retired, irrespective of my age?

Pension increases are not normally applied to USS pensions until the recipient has reached age 55, but they may be paid earlier in certain circumstances, for example if:

- You retired on the grounds of incapacity;
- You’re a USS pensioner and you have a dependent child who is under 17 or undergoing full-time education or training for a period of not less than 2 years (but see note); or
- Between the date of your retirement and your 55th birthday you become disabled by physical or mental illness.

11 Increases to your pension in retirement (continued)

Note:

- If you're a woman who retired on or after 1 January 1993, only that part of your pension derived from service up to the end of 1992 will be increased prior to age 55.
- If you're a man, only that part of your pension derived from service after 16 May 1990 will be increased prior to age 55.
- If you're a man who retired on or after 1 January 1993, only that part derived from service after 16 May 1990 and before 1 January 1993 will be increased.

In all cases service excludes any period transferred into USS prior to 1 January 1993.

What should I do if I believe I'm eligible to receive pension increases before age 55?

You should write to USS with full details of your circumstances (see page 23 for contact details). We'll inform you when you're entitled to receive pension increases.

When will I receive my first pension increase?

You'll receive your first pension increase with the April instalment of your pension if you are age 55 or over. If you retired less than 12 months before the effective date of an increase, you'll receive a proportion of the full pension increase for that year.

If you're under age 55 and you fall into one of the relevant categories, your pension increase will be paid immediately. If you're under age 55, and aren't eligible to receive pension increases immediately, your gross pension will be increased with effect from the first instalment paid following your 55th birthday.

What effect does receiving a pension from another scheme have on the pension increases paid by USS?

The amount of your USS pension may be reduced to take into account any pension you receive from another scheme. You'll be advised in the retirement letter you receive from USS if this applies to you. You'll be sent a retirement letter once USS has been notified of your intention to retire.

Pension increases and your Guaranteed Minimum Pension

If you reached State Pension age after 5 April 2016, USS pays pension increases on your entire USS pension so the rest of this section does not apply to you.

If you reached State Pension age before 6 April 2016 and you have a Guaranteed Minimum Pension (GMP) then this section is relevant to you. This is because the way the GMP element of your pension income will increase is different to how the rest of your USS benefits will increase.

Working out if you have a GMP

Step 1 – You will have a GMP if:

- You are a USS member at or over State Pension age with pensionable service in USS between 6 April 1978 and 5 April 1997; or
- You are a widow or widower of a member who had pensionable service in USS between 6 April 1978 and 5 April 1997; and
- You paid full (contracted-out) rate National Insurance between 6 April 1978 and 5 April 1997.

Step 2 – If you have a GMP:

- USS does not pay the increase on your GMP if your pension is based wholly on service before 6 April 1988. This will be paid by the Department for Work and Pensions (DWP);
- If your pension is based wholly or partly on service from 6 April 1988 and you've reached State Pension age, pension increases will be calculated and paid partly by USS and partly by the DWP. The total increase paid will be equal to the amount that would have been paid if you had received the increase on the whole of your USS pension from USS.

If you don't have a GMP, you'll receive increases from USS on the whole of your USS pension.

How will I know the amount of the GMP element of my pension?

This amount is calculated by the DWP which should notify you and USS by your State Pension age.

What should I do if the DWP has not notified me of my GMP?

If you've not received notification of your GMP by the time you reach your State Pension age, you should contact your local DWP office. You can find contact details on the DWP website here: <https://www.gov.uk/contact-pension-service>.

What happens if the DWP does not notify USS of my GMP?

If, by the beginning of March following the date on which you reach State Pension age, the DWP hasn't notified USS of the amount of GMP to which you are entitled, your increase in April will be provisionally calculated using an estimate of your GMP. Any subsequent adjustment to your pension that is required will be made when notification is received from the DWP.

13 Pension increases and your Guaranteed Minimum Pension (continued)

How does my GMP affect my pension increase?

USS is responsible for providing increases of up to a maximum of 3% a year on the part of your GMP which relates to your service from 6 April 1988.

The DWP is responsible for paying increases on the part of the GMP which relates to your service before 6 April 1988. For service from 6 April 1988 the DWP is responsible for paying the difference (if any) between the increases paid by USS and the prescribed increase announced by the DWP each year.

The DWP is responsible for paying increases on your state benefits and will pay the increases on your GMP, for which they are responsible, with your State Pension.

If you do not have a GMP or are not in receipt of your State Pension or invalidity benefit

Provided you are entitled to receive pension increases, the pension paid to you by USS will be increased each April in the following manner:

Gross amount of your annual USS pension being paid in March	+	Pension increase	=	Revised gross monthly pension from April
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If you have a GMP and are in receipt of state benefits

Provided you are entitled to receive pension increases, the annual pension paid to you by USS will be increased each April in the following manner (assuming that your total gross USS pension includes pre and post-April 1988 GMP components):

USS pension in excess of the GMP	+	Pension increase	=	Increased pension
Pre- April 1988 GMP	+	Zero increase (paid by DWP- see below)	=	Unchanged pre-1988 GMP
Post-April 1988 GMP	+	Increase announced by DWP up to maximum of 3%	=	Increased post-1988 GMP (see below)
Increased total gross USS pension				

In addition, the DWP will pay the increases on your GMP as follows:

Pension increase on your pre April 1988 GMP	+	Pension increase in excess of 3% (if applicable) on your post-April 1988 GMP
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This increase and the increases on your state benefits are paid by the DWP annually in April.

Are there any circumstances in which the DWP will not pay increases on the GMP element of my USS pension?

Increases on your GMP will not be paid by the DWP if you:

- Are resident in an overseas country, which is not listed (see 'If you live abroad' on page 15);
- Have deferred commencement of the payment of your State Pension beyond State Pension age and are not in receipt of invalidity benefit; or
- Are, for some reason, temporarily disqualified from receiving your State Pension.

If you have any questions about not being in receipt of increases paid by the DWP on the GMP element of your USS pension, you can write to:

HM Revenue & Customs
NI Contributions Office
NI Services to the Pension Industry
Longbenton, Newcastle-upon-Tyne,
NE98 1ZZ

Please quote your National Insurance number on your correspondence.

If you think that any of these situations apply to you, you should write to USS quoting your USS member number (shown on your pension payment advice slip) or your National Insurance number, giving details of your circumstances. If it's established that the DWP is not providing increases on your GMP, USS will be able to increase your pension income once confirmation of the situation has been received.

Changes to the State Pension age

With effect from April 2010, the State Pension age for women is being increased from age 60 so as to be equalised with that for men at age 65 by November 2018. This will be a phased increase so the State Pension age will depend on the year and month of birth for women born between April 1950 and April 1955.

This means that state retirement benefits, such as increases on your GMP, will not become payable until you reach your State Pension age. The GMP for women will be effective from age 60, however, USS will continue to apply the full pension increase due until State Pension age is reached and GMP increases are paid by the DWP as part of the State Pension.

I have deferred drawing my State Pension, how does this affect the USS pension increase?

You're entitled to defer drawing your State Pension until a date later than your State Pension age, and to receive an increased level of benefits at the point at which you eventually draw it.

If you do decide to defer drawing your State Pension, the GMP element of your USS benefits will not apply until the date at which you eventually draw your State Pension. Please inform USS if you decide to defer drawing your State Pension. When you eventually begin to draw your State Pension, future USS pension increases will be calculated in the usual manner as explained in the 'How does my GMP affect my pension increase?' section (see page 13).

You must notify USS when you eventually begin to draw your State Pension.

You can contact the DWP using the different contact details listed on the government website: <https://www.gov.uk/government/organisations/department-for-work-pensions>.

If you live abroad

If you live abroad in one of the countries listed below, you may be entitled to have increases on your UK state benefits, and therefore on your GMP, provided by the DWP.

Your State Pension will only increase each year if you live in:

- The European Economic Area (EEA);
- Switzerland; or
- Countries that have a social security agreement with the UK (but you can't get increases in Canada or New Zealand).

You won't get yearly increases if you live outside these countries.

Your pension will go up to the current rate if you return to live in the UK.

To find out more information, including a list of the countries that have a social security agreement with the UK please visit the Department of Work and Pensions website: <https://www.gov.uk/government/organisations/department-for-work-pensions>.

You'll automatically receive increases from USS on any pension over and above the GMP.

As a USS member, you also benefit from support that USS provides to your beneficiaries in the event of your death after you've retired.

These benefits are provided from the USS Retirement Income Builder, which all USS members benefit from.



Your pension income

In the event of your death, your pension income will cease. If your death occurs before the 15th day of the month, any dependant's pension that is payable to your nominated dependant(s) will commence from the month of your death. If your death occurs on or after the 15th day of the month, any dependant's pension payments will commence from the following month. Your pension payments will not be apportioned up to the date of your death.

The benefits which may be payable in the event of your death are as follows:

1. A pension for your spouse or civil partner

When you die, for the first three months after your death, your spouse or civil partner will receive an enhanced pension equal to the amount of pension payable to you at the time of your death. However, if you elected to receive less tax-free cash in exchange for more pension income, the pension your dependant receives will be equal to the standard pension income calculated at your retirement plus any pension increases applied before you died (i.e. it will not be based on the increased pension income you received as a result of taking less tax-free cash when you retired).

From the fourth month onwards, your spouse or civil partner will receive an unenhanced monthly pension income.

The benefits payable to your spouse or civil partner will generally be half your standard pension income calculated at your retirement, plus any increases applied before your death.

An enhanced spouse or civil partner's pension for the first three months isn't payable if you retired with less than five years' qualifying service as a USS member.

2. A pension for a dependant

If you're not married or do not have a registered civil partner at the time of your death, a pension may be payable to a dependant at the discretion of USS. If you think this may apply to you, you should complete a **Registration of potential dependant form**, which can be found in the 'Forms' section of the member resources section on the USS website at www.uss.co.uk.

3. Annuities for eligible children

The rules of the USS pension scheme provide for the payment of an annuity to eligible children in the event of your death. An eligible child is one who's under the age of 18, or is up to age 23 and receiving full-time education or full-time training approved by USS, or is physically or mentally incapable of supporting himself or herself.

4. A lump sum payment

A lump sum may be payable to your beneficiary/ beneficiaries should you die in the first five years of your retirement.

The value of this lump sum will depend on your individual circumstances as illustrated [below].

17 Benefits for your beneficiaries (continued)

Calculating the lump sum paid to your beneficiary

The lump sum paid to your beneficiary/beneficiaries will be based on your benefits with the USS Retirement Income Builder.

Your beneficiary/beneficiaries will receive the lower in value of options A or B shown below:

Option A

Three times your salary, up to the salary threshold for the USS Retirement Income Builder at the time you retired or your 65th birthday if earlier.

Or, if greater

The lump sum you would've received from the USS Retirement Income Builder if you'd retired due to incapacity on the day before your death.

Less

The total of the tax-free cash you received from the USS Retirement Income Builder when you retired.

Less

The pension instalments you've received from the USS Retirement Income Builder since you retired.

Or, if less

Option B

The balance of the pension you would have been paid in the first five years of your retirement.

Please note that a lump sum will not be payable if you were a deferred member (i.e. not an employee at an institution contributing to USS) when you retired or if you're age 75 or older when you die.

18 Benefits for your beneficiaries (continued)

If you die after retiring due to incapacity

If you retire due to incapacity and die before you are age 65, a lump sum may be payable to your beneficiary/beneficiaries. The amount of the lump sum will depend on the length of time between your retirement and death and will be calculated as shown below.

What will happen to benefits I have left in the USS Investment Builder?

Any remaining savings you have in the USS Investment Builder will be paid to your nominated beneficiaries on your death.

Will benefits paid in the event of my death be taxed?

Regular income any beneficiaries receive from your benefits will be taxed as income. Lump sum payments will usually be paid free of inheritance tax but may be subject to a tax charge if they exceed the lifetime allowance (see page 9) when added to the total pension benefits you have built up throughout your lifetime.

Three times your annual salary (pro-rata if you were employed on a part-time basis) increased annually in line with inflation.

Plus

The difference between one quarter of your annual salary, which would have applied if you'd remained in the same role you were in at retirement until your death, and the amount of gross pension payable to your spouse, civil partner or dependant for the first three months following your death.

Less

The amount, if any, by which the tax-free cash lump sum you took at retirement and the gross pension income you've received since you retired, exceeds the notional gross salary you would have received in this period had you not retired.

Any pension benefits payable on your death will be based on your benefits as initially calculated by USS at your retirement. They will not be based on any increased or decreased pension income that you actually received in retirement as a result of choosing to decrease or increase the amount of tax-free cash you took when you retired.

19 Benefits for your beneficiaries (continued)

You should speak to a qualified financial adviser if you are unsure of your situation.

For more information on benefits for your beneficiaries in the event of your death, read the **Bereavement benefits** factsheet in the member resources area on www.uss.co.uk.



Deductions other than tax may be applied to your pension. You can also give to charity through your pension payments and receive tax relief.



What is the Additional State Pension deduction?

This will be detailed in your retirement letter if it applies to you.

If you contributed to the Additional State Pension during a period of service which you've been credited for in USS (e.g. whilst a member of the Federated Superannuation System for Universities, or "FSSU", during any time from 6 April 1978 to 5 April 1980), a deduction will be made from your USS pension commencing from the date of your retirement, or the date you reach State Pension age if later.

The amount of the deduction will be equivalent to the amount of additional pension which you earned in the Additional State Pension during the period of service for which you were given credit in USS. The exact amount of this deduction cannot be calculated until the beginning of the tax year in which you reach State Pension age because the amount is revalued each year. However, USS can calculate the current value on request.

If the deduction we're making is greater than the amount shown on your pension statement from the Department for Work and Pensions (DWP), please forward a copy to us for further investigation (see page 23 for contact details).

What is the lump sum deduction?

This will be detailed in your retirement letter if it applies to you.

If you've been credited with pensionable service in USS in respect of service either before joining USS (other than as a result of a transfer payment), or in respect of an earlier period of membership in USS for which you received a refund of contributions, any amounts still due to USS at the date of your retirement will be deducted with interest from any cash lump sum you take or, where appropriate, from your pension income. This excludes benefits from overseas schemes and surrendered FSSU policies for members who left after 3 September 1993.

Give As You Earn (GAYE)

USS operates a GAYE scheme, whereby you can make contributions to charities through your pension income payments and receive tax relief on contributions made. We use the HMRC approved, non-profit making Charities Trust agency to distribute funds to charities.

What is an unauthorised payment?

This will be detailed in your retirement letter if it applies to you.

In certain circumstances USS may pay benefits in accordance with USS rules that are not authorised under the tax legislation which governs pension schemes.

Should the benefit payable to you from USS be deemed as unauthorised, it would be subject to a flat rate of tax, currently 40%, which you'll be required to pay out of the payment (rather than waiting until the end of the tax year to settle the tax payment owed)

Will there be any other deductions to my benefits from USS?

There could also be a deduction from your pension income and cash lump sum due to a pension debit arising as a result of pension sharing on divorce.

The normal pension age (NPA) in USS is currently 65. Unless you are retiring due to incapacity, the earliest age you're currently able to access your benefits from USS is 55.



We'll write to you six months before the NPA to explain your retirement options.

Your TRA is the age you've set in My USS for when you plan to retire. We use your TRA to change the way your savings in the USS Investment Builder are invested as you approach retirement.

If you wish to retire from USS you'll need to initiate the retirement process. You'll need to do this differently depending on whether you are an active member of USS (i.e. still employed at an institution contributing to USS) or a deferred member (i.e. no longer employed at an institution contributing to USS).

Active members: contact your employer's pension team and inform them of the date you wish to retire. They'll notify USS on your behalf to start the retirement process. You'll also need to notify your employer of your intended retirement date.

Deferred members: contact USS directly to start the retirement process (see page 23 for contact details).

Once USS has been notified of the date you wish to retire we'll send you a retirement quote detailing the benefits that you are entitled to receive from USS. We'll also send you information explaining what you need to do in the lead up to your retirement as well as details of what will happen and when. There will be some forms that you'll need to fill in and send back to us to ensure we can pay you your benefits so it's important that you read all the documents we send to you.

Can I retire before the normal pension age?

The NPA is currently 65, however it will increase in line with planned increases to the State Pension age for men and women. When the NPA increases in future, the higher NPA will only apply to benefits you have built up after the NPA changed. You do not need the consent of your employer or of Universities Superannuation Scheme Ltd (the trustee) to retire and receive your benefits at your NPA; however, you'll need to have ceased your USS pensionable employment to draw your benefits (unless you opt to take flexible retirement – see the **Flexible retirement** factsheet for more details).

If you retire at the NPA, you'll receive the full amount of benefits you have built up in the scheme without any reductions applying.

You may be able to retire before or after the NPA if you wish.

Early retirement

If you're age 55 or over and have at least two years of service as a USS member, you may retire before the NPA. If you are made redundant and have been a member of USS continuously since 5 April 2006 you may retire from age 50.

If you retire early, your benefits may be reduced to account for the early payment. More information is included in the **Retirement factsheet** in the member resources area on www.uss.co.uk.

Flexible retirement

Flexible retirement allows you to draw up to 80% of your benefits whilst remaining in employment. If you do this you'd be required to reduce your hours and salary by at least 20%. More information is included in the **Flexible retirement factsheet** in the member resources area on www.uss.co.uk.

Late retirement

Active members may choose to remain in service after you reach the NPA. If you do this, the way you'll build up benefits will be different after the NPA. More information on late retirement is included in the **Retirement factsheet** in the member resources area on www.uss.co.uk.

If you're considering retiring, you may find it helpful to work through the following steps.



1. Read this guide and ensure you understand the sections that apply to you.
2. Make sure you understand how much money you're likely to need in retirement and how much you'll receive from USS and other sources.
3. Decide how you want to take your benefits from the USS Retirement Income Builder and the USS Investment Builder.
4. Work through the checklist in the **USS Pre-retirement guide** in the member resources area on www.uss.co.uk.
5. Visit the **member resources area** and **retiring page** on www.uss.co.uk to read about your options at retirement.
6. Speak to your employer's pension team if you've any questions and are still employed at an institution contributing to USS. Alternatively, you can contact USS directly (see page 23 for contact details).

If you're still in employment at an institution contributing to USS, please get in touch with your employer's pension team in the first instance to discuss any questions you have. If you're not sure how to contact your pension team, let us know using the contact details on this page and we can put you in touch.



Always quote your USS member number and sign and date any correspondence you send to USS.

Forms

There are a number of **Forms** available in the member resources area on www.uss.co.uk that will help you provide the relevant information for most situations where you need or wish to contact USS.

Changing your details

If you're instructing USS to make changes to any of your details, instructions received on or after the fifth working day of the month will normally be processed in the following month. Please note that you should also notify HMRC of any change to your address. If you change your marital status, please let us know in writing as soon as possible and provide a certified copy of the relevant certificate.

If you're moving abroad, please let us know as soon as possible and we'll send you a letter outlining your options.

Before contacting us, please visit the member area on www.uss.co.uk, which has a range of factsheets, information and tools to help you.

You can contact us via our online form:

www.uss.co.uk/public/contact-us.

You can also write to us at:

Universities Superannuation Scheme Limited
Royal Liver Building
Liverpool
L3 1PY

Or you can call us:

For queries about the USS Investment Builder and My USS, call +44 (0)333 300 1043

For all other enquiries, call +44 (0)151 227 4711 / 0845 068 1110 (local rate call charge number)

(All lines are open 9:00am – 5:00pm
Monday – Friday)

Universities Superannuation Scheme Ltd. (USS)

Is the trustee, the body responsible for administering the scheme and for settling any questions relating to the amount of benefits due to members.

Dependant

Is in relation to any member (including a former member), a person (whether or not a relative) who in the opinion of the trustee is, whether wholly or in part, at the time of the member’s death either financially dependent on the member or dependent on the member because of any physical or mental disability.

Eligible child

Is a child (born or unborn) who is your lawful or adopted child or dependent natural child, stepchild or lawful, natural or legally adopted child of a surviving civil partner or accepted as a member of the family (but also dependent) and is:

- Under the age of 18; or
- Over the age of 18; but
 - Unable, owing to ill-health, to be in full-time education or self-supporting; or
 - Over age 18 but under age 23 and in full-time education or training approved by the trustee.

Guaranteed Minimum Pension (GMP)

Is the amount the Pension Schemes Act 1993 requires to be paid to a retired member of USS whose employment was contracted-out of the Additional State Pension scheme.

State Pension age

Historically state pension age has been 60 for women and 65 for men, however, they are changing:

- Between 2010 and 2018 women’s retirement ages are increasing to 65; and
- From December 2018 retirement ages for men and women are proposed to increase to age 66 by October 2020, and further increases are likely.

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 shall prevail. Members are advised to check with their employer contact for the latest information regarding the scheme, and any changes that may have occurred to its rules and benefits.



USS

A large print version of this retirement guide is available on request from USS.
Telephone 0151 227 4711.

Universities Superannuation Scheme Limited

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T: 0151 227 4711 (Local rate 0845 068 1110)

F: 0151 236 3173

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