

Enhanced Opt Out (EEO)

EEO allows you to retain your death in service and incapacity cover in USS without building up any further retirement benefits. It is aimed primarily at members who are approaching or have exceeded their lifetime allowance.

The contribution rate is currently 2.5% of salary for members. The EEO option is available to all active members.

An EEO election can only be made once, so if cancelled, it cannot be reinstated. Additionally, EEO will prevent you from taking flexible retirement benefits from the USS Retirement Income Builder in the future.

You should read further if you have exceeded (or are close to exceeding) your lifetime allowance and wish to consider your options.

What is EEO and who may it be most useful for?

EEO allows you to cease building up further retirement benefits in USS, whilst retaining cover for death in service and incapacity benefits, calculated as if you were an active member – benefits which would be lost if you were to withdraw fully from the scheme. In order for your death in service and incapacity cover to be maintained, you will need to pay a contribution rate of 2.5% of salary (your employer will pay a contribution of 2.1% of salary).

EEO is available to all active members. If you choose EEO, it must remain in place for a minimum of 12 months, after which you can cancel the election, but it cannot be reinstated in the future.

An EEO election will be most useful if you have built up benefits approaching or above the lifetime allowance (LTA) and you wish to manage your tax liability in relation to the benefits to be earned above the LTA threshold. However, you should check if using EEO would breach the conditions of any LTA protection you have in place. For example, if you have fixed protection in place, then paying the EEO contribution rate of 2.5% will not breach the conditions required to maintain this form of protection, but certain events (such as incapacity retirement whilst an EEO member) may cause you to lose your fixed protection.

What are the death in service and incapacity benefits covered by the EEO election?

More information on these benefits can be found in the “Bereavement benefits” and “Incapacity retirement (active members)” factsheets on uss.co.uk.

Are there any other points to consider when using EEO?

The benefits of EEO depend upon your individual circumstances. Please find below some points you may wish to consider.

When should EEO be in place if I am considering Fixed Protection 2016?

Fixed Protection 2016 requires all pension saving to cease before 6 April 2016, so if EEO was not in place on 1 April 2016, then it is now too late.

When should EEO be in place if I am considering Individual Protection 2016?

You will still be able to apply for Individual Protection 2016 if the LTA value of your benefits was over £1,000,000 at 5 April 2016, and there is no requirement to opt-out (or enhanced opt-out) of pension savings in order to keep this type of protection. If you want to elect for EEO you should do this by following the process below.

What is the routine process for EOO elections?

EOO must start on the first of the month. USS requires a minimum notice period of 28 days. Download the “Election for enhanced opt-out with continued death and incapacity benefits” form [here](#).

If I elect for EOO after age 65, will I still receive any late retirement increases?

Yes, you keep the late retirement increases which have been applied up to the date of your election. No further allowance for late retirement will be added for the period following the date of your EOO election up to retirement.

Will I be able to apply for flexible retirement before making this election?

Yes, flexible retirement can be accessed before electing for EOO, subject to employer consent. Once the EOO election is made however, no further pensionable service will accrue (benefits payable upon full retirement will be based on benefits accrued up to the date you elected for EOO) and no further flexible retirement events can take place.

How long should EOO elections be in force for?

This option is designed to be in place for the long term, but must at the very least remain in place for a minimum of 12 months, but can't be reinstated if it is revoked.

Can I re-elect for EOO, if I have cancelled a previous election?

No. An EOO cannot be reinstated if it is revoked.

What happens if circumstances change after the election?

If, at any point after making this election, you leave your USS eligible employment or retire for any reason other than due to incapacity, then your benefits will be calculated based upon those built up prior to the date of your EOO election.

In the case of retirement before Normal Pension Age, any reductions applicable to your pension will be the same that would have applied had you not made the EOO election and instead remained an active member of USS.

Can I contribute to the USS Investment Builder having made an EOO election?

Yes, voluntary member contributions to the USS Investment Builder can be paid from 1 October 2016. However, you should check if paying these contributions would breach the conditions of any LTA protection you have in place. To be clear, with EOO there can be no employer payments to your USS Investment Builder account (including the match).

Should I make an election for EOO, or having made such an election should I now revoke it?

Neither USS nor your employer can provide you with financial advice. Whether or not EOO is appropriate for you will depend on your own personal circumstances. You should consider your options carefully before making a decision to elect for EOO or revoking it. If you are not sure what's best for you, we strongly recommend that you speak to an Independent Financial Adviser (IFA) before making a decision. You can find an IFA at www.unbiased.co.uk. Please be aware that you may be charged a fee for any advice.

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