USS

UNIVERSITIES SUPERANNUATION SCHEME

Members' Annual Report 2013

What's inside?

A large print version of this Members' Annual Report is available on request from USS. Telephone 0151 227 4711.

Welcome

Welcome to the 2013 Members' Annual Report which includes an update of USS's financial position as at 31 March 2013, with some key extracts from the annual Report and Accounts, as well as an overview of the latest scheme developments and general pensions news.

From pages 6 to 11 you'll find USS's Summary Funding Statement. Produced as part of the trustee board's actuarial report on scheme funding, it details the latest funding ratio and recovery plan.

On pages 12 and 13 the Chief Investment Officer, Roger Gray, provides an investment summary explaining how the trustee board continues to focus on improving the investment strategy to best manage the gap between the scheme's assets and liabilities. There is also a detailed update of USS's investment performance.

Finally, in the scheme news section from page 18 onwards, there is information on a number of administrative aspects of the scheme as well as some detail about other important developments in the wider pensions world.

I hope you find this year's annual report a valuable read.

Sir Martin Harris
Chairman of the USS board

Summary of the scheme accounts

The scheme's income is derived from member and employer contributions, along with returns from the scheme's investments and incoming transfer payments. Throughout the year the scheme makes payments to scheme pensioners and their beneficiaries, as well as contribution refunds to members who leave the scheme along with outgoing transfer payments. A summary of the scheme's income and expenditure is shown below.

Contributions and benefits	£m
Contributions from members and institutions	1,539.6
Premature retirement scheme receipts	8.2
Transfers-in from other schemes	96.0
Total income	**1,643.8m**

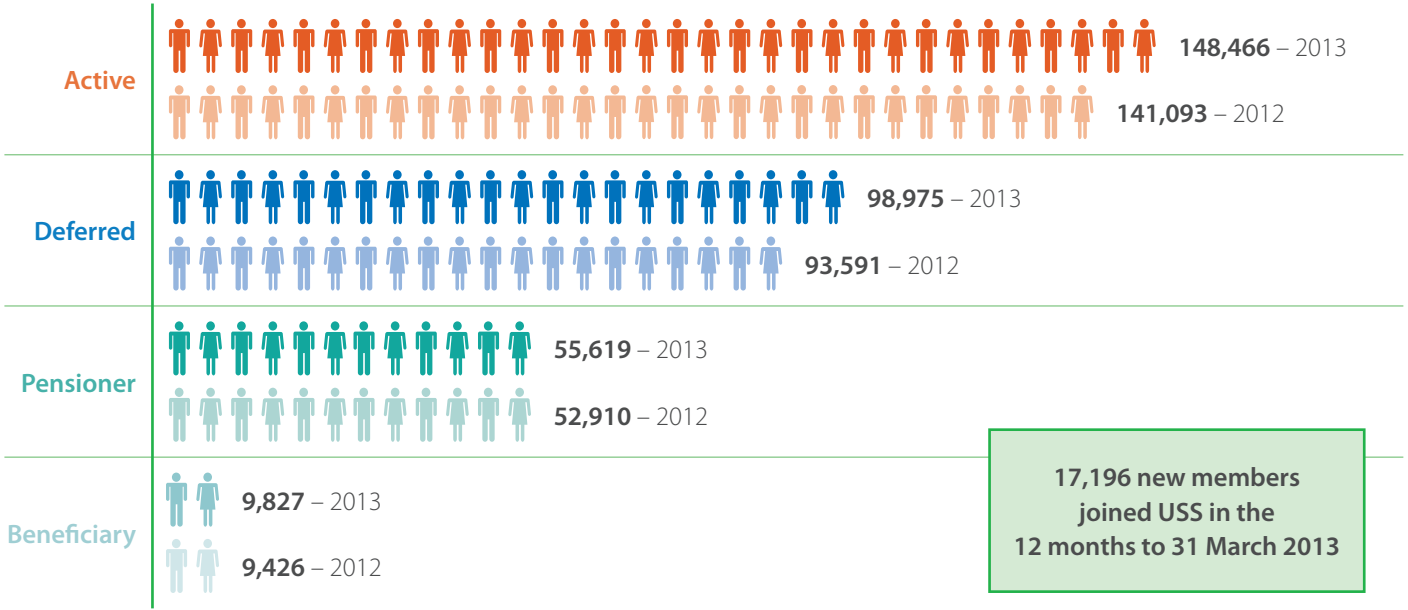
Expenditure for the year	£m
Benefits paid	1,408.8
Refunds	31.7
Administration costs	21.5
Total expenditure	**1,462.0m**

Returns on investments	£m
Investment income	1,045.8
Change in market value of investments	3,588.6
Investment management expenses	-51.2
Total income	**4,583.2m**

Fund at 31 March 2012 £34,234.9m + **Net increase in the fund during the year £4,765.0m** = **Fund at 31 March 2013 £38,999.9m**

Membership as at 31 March 2013

USS provides benefits to many thousands of pensioners of the scheme as well as their beneficiaries. Membership of the scheme is always changing as new employees join and become contributing (active) members and members leave the scheme and retire, or retain their benefits in the scheme (deferred members). This section shows a summary of the scheme's membership.



17,196 new members joined USS in the 12 months to 31 March 2013

Summary funding statement as at 31 March 2013

This summary funding statement explains the scheme's latest financial position. It includes:

- **A comparison of the scheme's assets and liabilities (the amount needed to pay future pensions and other benefits) as at 31 March 2013**
- **An explanation of how the scheme's funding ratio (assets compared with liabilities) has changed since the last full financial assessment in March 2011**
- **An overview of the trustee's funding plans.**

INTRODUCTION

The summary funding statement is issued each year to scheme members to explain the scheme's latest financial position. In this statement you will find an update on how the scheme's assets compare with the value of the scheme's liabilities – the amount needed to pay future pensions and other benefits given prevailing market conditions – as at 31 March 2013. It also includes an explanation of how the scheme funding ratio has changed since the last full financial assessment (March 2011), and an overview of the trustee's funding plans for the scheme.

USS pensions are backed by the employers of the higher education sector and by the funds invested in the pension scheme. The scheme's investments have performed well since 2011. However, there is continuing uncertainty in the world's economic markets, which influences the financial markets' view on long-term investment prospects. These uncertainties have meant that the value currently placed on the liabilities has increased substantially since the last valuation largely due to the fall in gilt yields, driven down by a combination of quantitative easing and the UK's safe haven status in these difficult economic times. Market based valuations – of both assets and liabilities – have experienced significant volatility over the last five years, and this continues; the £2.9 billion deficit reported at the last full financial assessment in 2011 had increased to £11.5 billion as at March 2013, but had reduced to £7.9 billion at the end of June 2013.

The USS scheme has been able to tolerate this level of volatility because of the substance of the employers who underwrite the scheme's liabilities, and their commitment to the scheme. In preparation for the next full financial assessment of the scheme (which takes place every three years and will take place in March of next year) the trustee board is working with the sponsoring employers to confirm that the reliance the trustee board places on this support as part of its funding strategy remains prudent. This is an important part of the trustee board's ongoing governance of the scheme and the effective management of the risk associated with these long-term pension commitments.

Members can be reassured that USS is a long-term scheme supported by substantial employers that can support their commitment to providing the promised benefits.

The law specifies a number of requirements for the content of this statement and how some of the details should be expressed, and this statement covers those requirements whilst presenting the relevant information in a form designed to be helpful and understandable.

IN DETAIL

How does USS work?

USS delivers a defined set of benefits as set out in the scheme rules. The financing of these benefits is provided by the contributions from the sponsoring institutions and from the scheme members, which are paid into the USS fund. Together with the investment returns achieved on the fund's assets, these cover the payment of benefits to scheme members and/or their dependants now and into the future, as well as the operating costs for the scheme.

How is the financial position of the scheme measured?

One way to measure the scheme's financial position is to compare the current value of the assets of the fund with an estimate of the current value of the scheme's liabilities. The scheme's liabilities are the total value of all the benefits that members have accrued to date and which are paid now and in the future.

The current value of the scheme's assets is relatively easy to determine at a particular point in time. There are however uncertainties inherent in estimating the current value of accrued liabilities, for example, for how long a pension might be paid, the possibility that a survivor's benefit might be paid and at what level, as well as the rate of return on future investments. This last factor is used to determine the size of the funds that would be required today to enable

the scheme to meet the benefits already accrued by scheme members.

A recognised starting point which the trustee company, in common with most UK trustee bodies, uses for determining the assumed rate of return on investments is the yield on UK government bonds, or gilts. This is often referred to as a risk-free rate, and anticipated returns on other assets are often benchmarked to the returns on gilts. The gilts rate is therefore an important component of calculating the current value of the scheme's liabilities. The uncertain economic climate and, amongst other things, the quantitative easing policy undertaken by the Bank of England has resulted in historically low levels of gilt yields in the last few years which in turn has resulted in a higher current value of those liabilities. In simple terms, £100 invested in gilts in March 2013 is expected to produce smaller future returns compared with £100 invested in March 2011 (or indeed March 2012).

The trustee board carries out an in-depth review of the scheme's finances every three years; this is known as the actuarial valuation and was last undertaken in March 2011. This compares the value of the scheme's assets to its liabilities using two approaches, the technical provisions basis and the buy-out basis, as required by statutory regulations. The technical provisions basis reflects the trustee board's ongoing approach to funding the scheme and is used to determine the current funding level and, where appropriate, the extent of any deficit or surplus. The buy-out basis assumes that the scheme is being wound-up and all of the liabilities of the scheme are to be secured through an insurance company. USS is required to publish this buy-out funding information even though neither the trustee board nor the scheme's stakeholders have any plans to wind-up the scheme.

What was the position at the last full actuarial valuation?
The latest full valuation, as at 31 March 2011, calculated that the funding level was 92% on a technical provisions basis and 57% on a buy-out basis.

How has the position of the scheme changed since then?
At March 2012 the actuarial report showed the funding level of the scheme on a technical provisions basis had fallen to 77% due to a large increase in the value of the liabilities, primarily due to the fall in gilt yields. The funding position on a buy-out basis fell to 50%.

During the last year (to 31 March 2013) the assets of the fund increased by £4.7 billion, which equated to a 13.9% increase.

At the same time further reductions in gilt yields have meant the value placed on the scheme's liabilities also increased substantially in the year (by £6.4 billion, an increase of 14.6%).

Therefore, this year the funding ratio remained unchanged at 77%, albeit the deficit was larger in absolute terms at £11.5 billion. The funding position on a buy-out basis was 51%, which is a slight improvement on the 2012 figure.

The funding ratio over the period since the last actuarial valuation is summarised in the table below:

	Actuarial valuation as at March 2011	March 2012 actuarial report	March 2013 actuarial report	June 2013 update
Assets	£32.4bn	£33.9bn	£38.6bn	£37.9bn
Value placed on scheme liabilities	£35.3bn	£43.7bn	£50.1bn	£45.8bn
Deficit	£2.9bn	£9.8bn	£11.5bn	£7.9bn
Funding ratio	**92%**	**77%**	**77%**	**83%**

The figures shown above for the value of the scheme's liabilities (the value at a point in time of the pensions and other benefits payable to current and future beneficiaries) are calculated on an ongoing basis, which assumes that the scheme will continue into the future and that the employers and members will continue to make contributions.

As can be seen from the table, there has been considerable movement in the funding ratio since the last valuation caused by economic uncertainties which have troubled many UK defined benefit pension schemes. There has been a high level of volatility in the scheme's funding ratio in the months since March 2013; as at the end of June the funding ratio had improved to 83% which reflected a funding deficit of £7.9 billion with considerable fluctuation in the intervening three month period. Such movements put an emphasis on the depth and financial standing of the support provided to USS by its sponsoring employers.

What is the trustee board's funding plan?

In March 2011 the trustee board implemented a deficit recovery plan over a period of ten years in consultation with employers and the University and College Union (UCU). There are two components to this recovery plan; the payment of contributions in excess of the value of accruing benefits and the assumption that the scheme's investments will deliver a return 0.51% per annum greater than the assumption made in the triennial valuation. The first component involves the employers making payments in the first six years of the recovery plan period at 16% of salaries, which is 3.4% above the cost of accrual determined in the valuation. For the remaining four years the employers will make payments at 2% of salaries in excess of the (then) estimated future cost of accruals.

Summary funding statement continued...

The trustee board is required to review and consult with employers regarding the contributions payable to the scheme at each actuarial valuation. It continues to monitor the funding position very closely and make preparations for the next formal valuation in 2014.

USS has always taken a long-term view in its funding approach to the scheme, supported by the unique and enduring nature of many of the scheme's sponsoring employers. That said, these are undoubtedly challenging times, and the trustee board is working with the employers to review their ongoing flexibility to meet USS commitments in light of wider financial, economic and sectoral changes which might impact them. This review will inform the trustee board's discussions with employer representatives, UCU and other stakeholders, during which the long-term funding plan for the scheme will be updated and an appropriate response to the funding position as at March 2014 formulated.

ADDITIONAL INFORMATION

Pension Protection Fund

The government established the Pension Protection Fund (PPF) to provide benefits in the event that a scheme's sponsoring employer (or employers) became insolvent without there being sufficient funds available in the scheme. USS is recognised by the PPF as a last-man standing scheme, which means that it would only become eligible for the PPF in the extremely unlikely event that the vast majority (if not all) of the scheme's employers were to become insolvent.

If such circumstances were ever to occur, benefits would be payable to members from the PPF, but they might be less than the full benefit earned in USS. The precise amount would depend on the member's age, when the pension benefits were earned and the amount of the benefits overall.

Further information and guidance about the PPF is available on its website at **www.pensionprotectionfund.org.uk** or you can write to Pension Protection Fund, Knollys House, 17 Addiscombe Road, Croydon, CR0 6SR.

Statutory statement

There has been no payment out of the fund's assets over the period from April 2012 to March 2013 to the scheme's sponsoring employers, nor has this happened previously. There has been no intervention from the Pensions Regulator to use its powers to modify the scheme nor to impose a direction or schedule of contributions.

Where can you get more information?

If you would like to find out more about USS, please contact the person at your employer who deals with USS matters, or alternatively visit the USS website at **www.uss.co.uk** or contact USS's Liverpool office at USS Limited, Royal Liver Building, Liverpool, L3 1PY.

ADDITIONAL DOCUMENTS AVAILABLE ON THE USS WEBSITE OR ON REQUEST

Statement of Investment Principles

This explains how we invest the money paid into, and manage the investments held by, the scheme.

Statement of Funding Principles

This sets out the policies of the trustee board for ensuring funding objectives are met.

Schedule of Contributions

This shows how much money is being paid into the scheme by the institutions and the contributing members, and includes a certificate from the actuary showing that it is sufficient.

Report and Accounts for year ended 31 March 2013

This shows the scheme's income and expenditure in 2012/13, and more details regarding the scheme and the trustee company.

Actuarial Valuation report as at 31 March 2011

This contains the details of the trustee board's review of the scheme's financial position as at 31 March 2011.

Investment summary

In this section, Roger Gray, USS Investment Management Limited's (USSIM's) Chief Investment Officer and CEO, gives an overview of the last financial year and explains the relationship between the trustee and USSIM Limited.

The effect of market performance on USS

Equity markets performed strongly over the 12 months to the end of March 2013, with the MSCI World Index, a key stock market index, rising 15%. This occurred despite downward revisions to global growth expectations during the year. Together with good returns from other assets, notably corporate bonds and inflation-linked gilts, the value of the scheme's assets rose by 13.9% to £38.6 billion, a £4.7 billion increase over the year. The return on assets was 0.2% ahead of the strategic asset allocation benchmark, representing about £69 million of added value above a passive investment strategy.

Yields on inflation-linked UK gilts fell to an all-time low at the end of March 2013. These yields drive the estimated value of the scheme's liabilities, which increased by 14.6% or £6.4 billion over the year to the end of March. Inflation-linked gilt yields bottomed a few days after the scheme's financial year end and increased somewhat over the following months, as confidence grew in the outlook for UK and global growth.

A dedicated investment team

In September 2012, the trustee company transferred all the activities of its London Investment Office into a wholly owned subsidiary, USSIM. This move clarifies governance and provides distinct regulatory delineation. A dedicated specialist board has oversight of the full range of USSIM's activities and USSIM is regulated by the Financial Conduct Authority, whilst the trustee is supervised by the Pensions Regulator.

USSIM is dedicated exclusively to USS, providing advice, asset and risk management – it has no third party clients. The investment philosophy remains unchanged and, along with broad strategy and policies, continues to be set by the trustee board following input from the Investment Committee,

scheme actuary and investment consultant, as well as USSIM, and after consultation with the scheme's supporting institutions.

Looking to the future

As an open scheme and with the backing of the sector, the trustee anticipates positive net cash flow for years ahead, enabling it to take a long-term approach to investments. USSIM has continued to diversify the scheme's investments, seeking to mitigate the risk between the assets and scheme liabilities while sustaining investment returns as much as possible.

Roger Gray
Chief Investment Officer
and CEO of USSIM Limited

"...with the backing of the sector, the trustee anticipates positive net cash flow for years ahead, enabling it to take a long-term approach to investments"

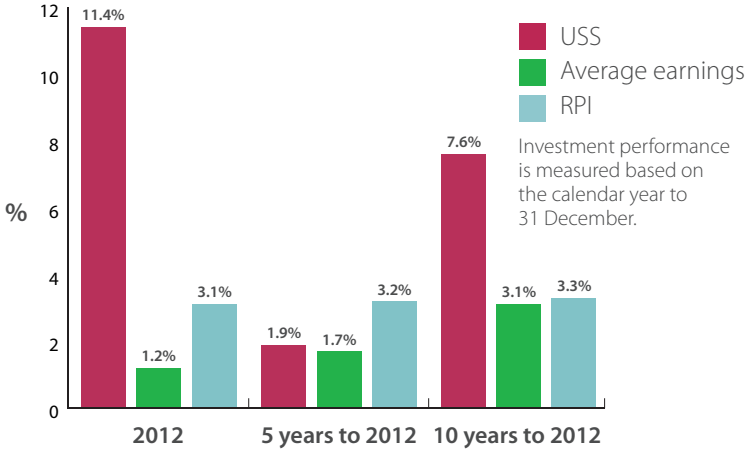
Investments in detail

Below you can find a summary of the investment performance and a breakdown of where the scheme's assets are invested.

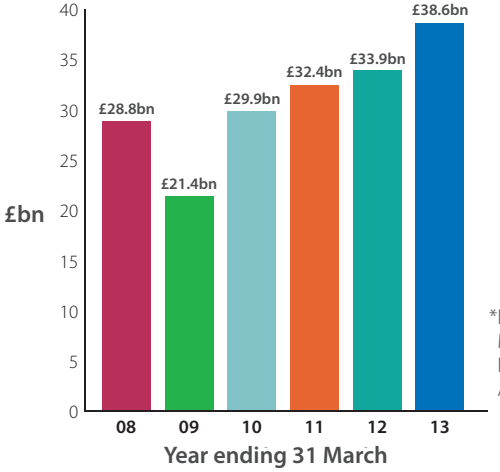
Performance

The performance of the scheme's assets, compared with RPI and average earnings increases, is shown below along with a comparison of the growth of the value of the assets since 2008.

Investment returns over 5 and 10 years



Total scheme assets*



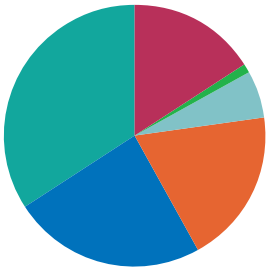
*Excluding Money Purchase AVCs.

Distribution of assets

The trustee company continues to focus on improving the investment strategy to best manage the scheme's assets relative to its liabilities. The fund's strategic asset allocation is determined in line with the trustee board's long term investment beliefs and is continually reviewed to ensure it remains appropriate.

The chart below shows how the asset allocation has changed over the past three years.

	%		
	2013	2012	2011
UK equities	16	18	22
Cash and other assets	1	4	8
Property	6	7	7
Alternative investments	19	17	16
Fixed interest	24	16	13
Overseas equities	34	38	34



Distribution of assets at 31 March 2013

Largest listed equities and fixed-interest holdings at 31 March 2013

Largest listed equities holdings	Value £m	%
HSBC Holdings	466.2	1.20
Royal Dutch Shell	458.7	1.18
Vodafone Group	305.5	0.79
GlaxoSmithKline	259.4	0.67
BP PLC	235.9	0.61

Largest fixed-interest holdings	Value £m	%
UK Treasury Gilt 3.75% 22/07/2052	568.4	1.46
UK Treasury Gilt 3.25% 22/01/2044	547.3	1.41
UK Treasury 4.25% 07/12/2040	504.2	1.30
UK Treasury Index Linked 22/03/2034	420.9	1.08
UK Treasury 4.25% 07/09/2039	339.4	0.87
UK Treasury Index Linked 22/03/2044	325.9	0.84
UK Treasury 6% 07/12/2028	312.0	0.80

Responsible investment update

The trustee board takes its position as a long-term and responsible investor very seriously. USS Investment Management Limited (USSIM) works to integrate responsible investment (RI) issues into investment processes across the portfolio. This section details how USSIM engages with companies, policy makers and other investment companies to improve the management of environmental, social and governance issues and generate sustainable long-term returns.

Long-term investing

Since the financial crisis there has been a focus on long-term investing as international governments seek to address the challenge of sustainable financing. USSIM officers met with Professor John Kay following his review of UK equity markets and long-term decision making. The CEO of USSIM also participated in a House of Commons Select Committee hearing on the Kay Review, offering a pension fund's perspective and answering questions from MPs.

Climate change

USS continues to participate in collaborative initiatives on climate change, including the Institutional Investors Group on Climate Change (IIGCC), which USS established in 2001.

Whilst USS holds investments in renewables, clean tech and timberland, it also retains holdings in traditional energy and mining companies. Forecasters indicate fossil fuels will continue to be relied upon for the foreseeable future. Unfortunately, alternative energy sources are at present undeveloped and global government policy on climate change is insufficient to stimulate the required investment. The trustee company therefore puts significant resource into engaging with public policy makers – such as the UK Department of Energy & Climate Change, the EU's Climate Change Commissioner and EC's Energy Directorate – to encourage the development of policies which reduce the regulatory risk to investors, like USS, and mobilise the investment required to fund the transition to a low carbon economy.

"USS has sought to strengthen the audit process to better ensure auditor independence and accountability to shareholders"

Improving audit

As investors, companies have to be able to rely on the integrity and independence of the audited accounts. We were concerned that the average tenure for FTSE 100 company auditors was 48 years, with at least one appointed in the 19th century. Further, whilst many banks received government bail-outs in recent years, not one set of published accounts was qualified by its auditors.

Alongside other investors representing €2 trillion (£1.7 trillion) of assets, USS has sought to strengthen the audit process to better ensure auditor independence and accountability to shareholders. We consider companies should refresh their audit firm after a maximum of 15 years and non-audit work should be discouraged to reduce conflicts of interest. The trustee company wrote to companies ahead of the 2013 proxy voting season outlining the trustee board's updated voting policy on audit and has engaged with UK and European regulators and audit review bodies during the year, adding a significant voice to the on-going debate on audit.

More information on the trustee company's responsible investment strategy is available on the USS website **www.uss.co.uk**

Scheme news

Throughout the year the trustee board considers a wide range of legislative and policy developments which might impact the scheme in the future. In this section we've highlighted a small number of recent issues which are for information purposes only – you do not need to take any action.

Audit Commission's National Fraud Initiative 2013/14

In accordance with the Data Protection Act 1998, the trustee company is required to inform you that, along with other organisations, it is taking part in the Audit Commission's National Fraud Initiative 2013/14.

This initiative checks the data we hold against registered deaths to identify cases where pensions are still being paid despite a pensioner's death. This data matching exercise meets the requirements of the data protection law. The Audit Commission will be processing the data for this purpose only, and will comply with the data protection principles.

The main purpose of our participation is to continue to, for example, ensure that USS benefits are paid to the correct beneficiaries. It will also assist in the identification of potential beneficiaries following the death of a deferred member. This will not affect members who are currently contributing to the scheme.

Possible Scottish independence

The trustee company has been considering the implications for USS of a majority vote for independence in the referendum in Scotland next year, and will continue to monitor developments as further details emerge regarding the proposed transition to independence that would follow such a vote.

However, it is as yet unclear how such a vote might be implemented in constitutional terms, how current UK and European pensions law would apply to such arrangements, what legislative changes might be brought in to enable any secession, or what transitional arrangements might apply. As a result, there are substantial questions around the assumption that the current cross-border rules for pensions schemes would apply in the event of Scottish independence.

Under current law, should Scotland become a separate member state within the European Economic Area – and without other interventions – many UK defined benefit pension schemes would become cross-border schemes. European law requires such schemes to comply with stringent funding and regulatory requirements. Current scheme rules prevent USS from becoming a cross-border scheme, and it is therefore unable to provide future membership for those employed within Europe but outside the UK. The trustee board has identified courses of action open to it that may - under the present law - avoid such consequences, some of which might involve substantial structural changes to the scheme.

The board is committed to safeguarding members' accrued rights and, should the occasion arise, will co-operate with scheme stakeholders to maintain the best possible prospect for current active USS members (whether located in Scotland or not) to continue to enjoy good workplace pension provision in any new constitutional circumstances.

Auto-enrolment

Auto-enrolment is a new pensions obligation that means that employers in the UK must automatically enrol eligible workers into a workplace pension scheme. If you're already saving for retirement with USS, or a pensioner member, you're unlikely to be affected – but further details are set out in this article.

The largest USS institutions reached their staging date (the date on which they need to auto-enrol specific groups of staff) on 1 March 2013 or shortly thereafter.

The scheme now has many new members who have been encouraged to save for retirement by this initiative. For example, for the first time, re-employed pensioners will generally be able to re-join the scheme.

In the coming year many medium and smaller sized USS institutions will reach their staging date and the number of members in the scheme is likely to increase.

For further details on auto-enrolment please visit the auto-enrolment guidance section of **www.uss.co.uk**

Pension increases

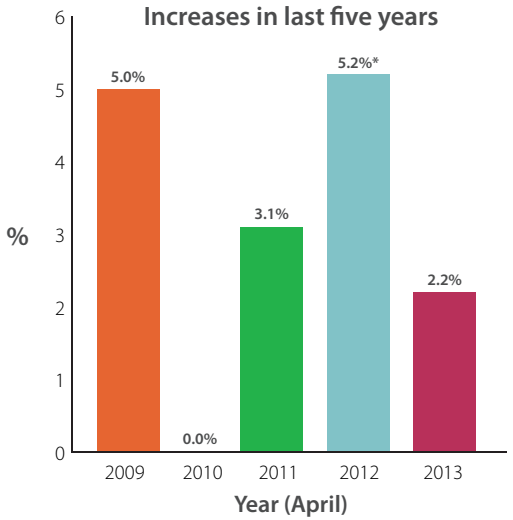
Benefits earned in the Career Revalued Benefit section, pensions in payment and deferred benefits are reviewed annually and increases are applied in line with the rise in 'official pensions', such as those paid to members of public service schemes, including the Civil Service, Teachers and NHS pension schemes. Find out more about recent pension increases below.

How are pension increases calculated?

Service built up before October 2011
Increases will reflect the full rise in official pensions.

Service built up from 1 October 2011
Increases will match the rise in official pensions for the first 5%. If, however, official pensions increase by more than 5%, then the increase will be half the difference, up to a maximum total increase of 10%.

In deflationary periods, pensions are not reduced but no increase is applied (as was the case in 2010).



*Pension benefits built up since 1 October 2011 were subject to a cap of 5.1% in this year.

AVCs – a tax efficient way to save more for your retirement

Additional Voluntary Contributions (AVCs) are a tax efficient way to save more for retirement. AVCs can buy you either additional benefits in USS or an additional retirement fund through Money Purchase AVCs (MPAVCs) managed for USS by Prudential. Find out more in this article.

Tax efficient

AVC payments attract tax relief, an incentive to encourage you to save more towards your retirement. 20% rate tax payers get 20% tax relief on their AVC contributions and 40% rate tax payers get 40% tax relief.

USS members have two AVC options:

Defined Benefit AVC: Pay extra contributions to USS to increase your annual pension and tax-free cash sum at retirement.

Money purchase AVC (MPAVC): Pay extra contributions to Prudential to be invested in one or more of the available investment options and at retirement take a tax-free cash sum (within limits) or use the fund to buy additional pension (either from USS or through a separate annuity).

Please note: For MPAVC accounts opened after 18 August 2012, early exit charges apply if you retire and withdraw the funds within five years of opening the account. To avoid any potential early exit charge make sure you open an MPAVC more than five years before you plan to retire.

Find out more: Read the 'Additional Voluntary Contributions' factsheet on **www.uss.co.uk** or contact Prudential on 0800 515 914.

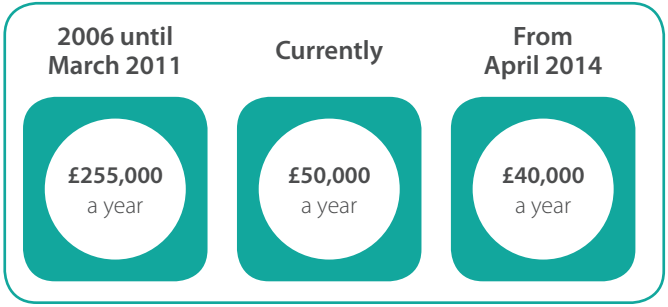
Changes to tax allowances

In the UK, scheme members receive tax relief on pension contributions, which provides a tax-favoured environment in which to build up a pension. The government is making some changes to the overall tax-favoured limits – find out more in this article.

There have always been limits to how much you can build up in a pension scheme in the UK and still enjoy tax advantaged savings. These limits changed in 2006 with the introduction of two limits, called the Annual Allowance and the Lifetime Allowance.

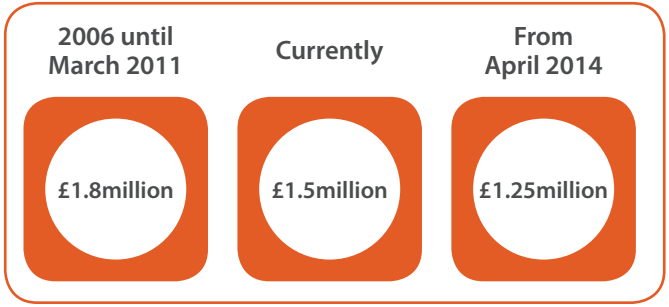
Annual Allowance (AA)

An allowance that applies to the amount of benefits earned each year tax efficiently:



Lifetime Allowance (LTA)

A limit to the amount of retirement benefits you can build up over your lifetime in a tax efficient way:



What you need to do

The allowances generally only affect members with higher than average salaries and long periods of scheme memberships. Paying significant AVCs will also increase the amount of the allowances you utilise.

It is important you are aware of these changes; if you exceed the allowances you could be subject to a tax charge.

Annual Allowance (AA)

Members are encouraged to check how much of the AA they are utilising. Final Salary section members (who were members before 1 April 2013) can log in to the Benefit Modeller to obtain an estimate.

For Career Revalued Benefits section members, the AA is likely to be exceeded where an individual earns a high salary, generally at or above £170,000 a year. Please be aware that any AVCs you pay will also need to be included.

If it looks like you will exceed the limit, there may be scope to utilise unused allowances from the previous three years – this is called 'carry-forward'.

Members who have exceeded the AA during 2011/12 and/or 2012/13, as a result of their membership of USS, will have been informed by USS by 6 October 2013.

Lifetime Allowance (LTA)

Many USS members will not be affected by the LTA, as affected members will need a substantial length of membership in the scheme and larger than average salaries.

However, if you have accrued a benefit with an LTA value in excess of £1.25 million, you can protect this against any tax charge by registering with HMRC for Fixed Protection 2014. If you already have pre-existing protection against LTA charges you do not need to do anything further, that protection remains valid.

You must register for Fixed Protection 2014 before 6 April 2014. You will need to download a form from:
www.hmrc.gov.uk/pensionschemes/apss228.pdf

Changes to tax allowances continued...

Individual protection

As well as Fixed Protection 2014, the Government has announced that Individual Protection 2014 will be available when the LTA is reduced to £1.25 million in 2014/15. The details of Individual Protection 2014 will be confirmed by HMRC, but it is expected that:

- It will give you a personal LTA equal to the value of your pension rights on 5 April 2014 – up to an overall maximum of £1.5 million.
- Anyone with pension savings worth more than £1.25 million at 5 April 2014 (who does not hold enhanced or primary protection) can apply.
- You will not lose Individual Protection 2014 by making further savings into your pension scheme.
- Any pension savings in excess of your LTA will be subject to a tax charge.

You'll be able to apply for individual protection from 6 April 2014, it is expected you will have up to three years from this date to apply. We will provide further information when HMRC confirms the details.

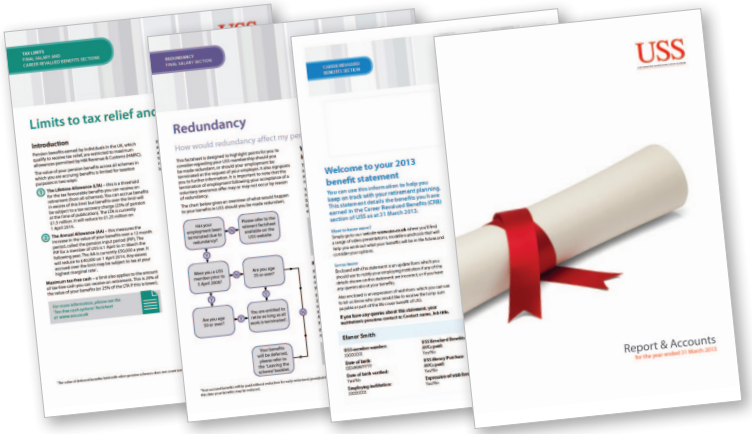
For more information on the allowances visit **www.hmrc.gov.uk/pensionschemes/reliefs-charges.htm** or the 'Limits to tax relief and tax-free benefits' factsheet on the USS website, **www.uss.co.uk**

Further information

There are a number of tools you can use to find out further information about the scheme. Visit www.uss.co.uk for the most up to date information about USS.

On the website you will find:

- **USS Publications** • **Pensions TV** • **Regular updates** • **Detailed scheme information**



Trustee update

The trustee board is responsible for the proper running of the scheme; from the collection of contributions, to the investment of assets and payment of benefits. In this section you can see who the trustee board members are and the advisers that they get help from throughout the year.

Universities Superannuation Scheme Limited (the trustee company)
Universities Superannuation Scheme Limited is the trustee company established in 1974 solely to administer the scheme. Supervised by the Pensions Regulator, it runs the pensions management and group functions principally from its office in Liverpool.

USS Investment Management Limited (USSIM)
In 2012 the scheme's London investment office was incorporated into a wholly owned subsidiary of the trustee company called USSIM Limited. Regulated by the Financial Conduct Authority, it delivers investment and related activities for USS.

For more information see 'How USS is run' on **www.uss.co.uk**

Four directors are appointed to the trustee board by Universities UK (UUK)

Three directors are appointed by The University and College Union (UCU)

A **minimum of three/maximum of five** are independent directors appointed by the board

Directors of the trustee company as at 1 August 2013

Appointed by UUK
Sir Martin Harris (Chairman)
Professor Dame Glynis Breakwell
Professor David Eastwood
David McDonnell

Appointed by UCU
Joseph Devlin
Dr Angela Roger
Bill Trythall

Independent
Professor John Bull (Deputy Chairman)
Michael Butcher
Dr Kevin Carter
Virginia Holmes
Rene Poisson

Principal Officers and advisers as at 1 August 2013

Group Chief Executive: Bill Galvin

Chief Investment Officer and CEO of USSIM: Roger Gray

Chief Financial Officer: David Webster

Head of Policy: Brendan Mulkern

Head of Pensions Operations: Bernadine Steventon

Company Secretary: Ian Sherlock

Head of IT: Colin McAdam (interim)

Chief Operating Officer – USSIM: Howard Brindle

Actuary: Ali Tayyebi of Mercer, Birmingham

Solicitors: DLA Piper LLP, Liverpool

Auditors: Grant Thornton LLP, Liverpool

Bankers: Barclays Bank Plc, Manchester

USS
UNIVERSITIES SUPERANNUATION SCHEME

Contact details

Members currently paying into USS
Contact their employing institution with any enquiries relating to their benefits.

Deferred members and those receiving benefits from the scheme
Contact USS directly at:

Universities Superannuation Scheme Limited
A: Royal Liver Building, Liverpool, L3 1PY
T: 0151 227 4711 (Local rate 0845 068 1110)
F: 0151 236 3173
W: **www.uss.co.uk**

Other useful contacts

The Pensions Advisory Service (TPAS)
A: 11 Belgrave Road, London, SW1V 1RB
T: 0845 601 2923
W: **www.pensionsadvisoryservice.org.uk**

Pensions Ombudsman
A: 11 Belgrave Road, London, SW1V 1RB
T: 020 7630 2200
E: **enquiries@pensions-ombudsman.org.uk**
W: **www.pensions-ombudsman.org.uk**

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