



USS



Lifetime allowance

At a glance information

- The lifetime allowance is reducing from £1.25m to £1m from 6 April 2016.
- A lifetime allowance of £1m is equivalent to a USS pension of circa £43,500 per annum with a standard lump sum of £130,500.
- If you are drawing benefits before 6 April 2016 the lifetime allowance is £1.25m.
- **You should read further if your total pension wealth could potentially breach these thresholds.**

Lifetime allowance

Lifetime allowance threshold

The lifetime allowance (LTA) is a threshold for the amount of pension benefits that can be built up with favourable tax treatment – this applies across all pension schemes, not just USS. You can build up benefits in excess of this allowance but benefits over the allowance will be subject to a tax charge.

Effective date	Amount
2016/17	£1m
2015/16	£1.25m
2014/15	£1.25m
2013/14	£1.5m

How do I know if I have exceeded the LTA?

In order to check whether or not you have exceeded the LTA, the value of your benefits across all pension schemes needs to be calculated. For a defined benefit scheme, this value is equal to your total annual pension from USS multiplied by 20, plus any cash lump sum taken at retirement. If you pay money purchase AVCs to Prudential the value of this fund should also be taken into account. Under the revised USS benefit structure, the LTA amount will include your defined benefit saving plus any defined contribution saving.

The chart at the end of this factsheet is a quick 'ready-reckoner' showing the LTA value of different combinations of USS service and salary. It is more accurate for members of the final salary section but can also provide a useful guide for members of the career revalued benefits section. If you have pension saving outside of USS you will need to get the value of those pension benefits from your other provider and add that to your USS pension provision.

Should you need a more precise LTA value please contact USS directly using the following e-mail address:

correspondence-team@uss.co.uk

Will HMRC be making any protections available?

Two protections will be available, fixed protection 2016 and individual protection 2016. They are similar to protections made available in previous years.

Under fixed protection unless you stop building up benefits in USS fixed protection will be lost. With individual protection you can continue to build up benefits with USS, but which would then be subject to a tax charge when you do eventually retire.

HMRC will provide an online application process for both forms of protection, albeit this is unlikely to be available until July 2016. Further guidance will be published to explain the interim process that will apply before July.

If you have already used a previous HMRC protection, you need not apply again. Although you may wish to seek financial advice.

Lifetime allowance ready reckoner

Pensionable salary (£)	Years of Service					
	15	20	25	30	35	40
150,000	646,875	862,500	1,078,125	1,293,750	1,509,375	1,725,000
140,000	603,750	805,000	1,006,250	1,207,500	1,408,750	1,610,000
130,000	560,625	747,500	934,375	1,121,250	1,308,125	1,495,000
120,000	517,500	690,000	862,500	1,035,000	1,207,500	1,380,000
110,000	474,375	632,500	790,625	948,750	1,106,875	1,265,000
100,000	431,250	575,000	718,750	862,500	1,006,250	1,150,000
90,000	388,125	517,500	646,875	776,250	905,625	1,035,000
80,000	345,000	460,000	575,000	690,000	805,000	920,000
70,000	301,875	402,500	503,125	603,750	704,375	805,000
60,000	258,750	345,000	431,250	517,500	603,750	690,000
50,000	215,625	287,500	359,375	431,250	503,125	575,000
40,000	172,500	230,000	287,500	345,000	402,500	460,000

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Every effort has been made to present accurate information at the date of publication and members are advised to check with their employer contact for latest information regarding the scheme, and any changes that may have occurred to its rules and benefits.