



USS



Voluntary Salary Cap (VSC)

At a glance information

- The VSC will be implemented from 1 October 2016.
- The VSC allows members to cap the future accrual of benefits by setting a salary for pension purposes at a level lower than their actual salary, subject to it being no less than the salary threshold for the year.
- **You should read further if you are at or close to annual or lifetime allowance thresholds and may have to consider managing your accrual of benefits.**

Voluntary Salary Cap

The main features of the VSC are set out below

Who can use the VSC?

Any active member with a USS salary above the salary threshold – set to be £55,000 from 1 October 2016.

What does the VSC achieve?

The VSC allows members with lifetime and annual allowance issues to manage their tax affairs. In particular it allows members to consider their personal circumstances and strike a balance between the amount of taxation on benefit accrual and amount of taxation on salary.

How does the VSC interact with the annual and tapered annual allowance?

The VSC will reduce pension accrual and reduce the addition to “adjusted income” and therefore the amount assessable for AA purposes.

When will the option be available in 2016?

Initially from 1 October 2016.*

What contribution rate will I pay?

Any member using the VSC will pay 8% on their salary up to the VSC. Contributions above the salary threshold up to the VSC will be invested in your DC account.

Can I still elect for the 1% matching contribution rate?

Yes. You and your employer will pay 1% of salary to the level of the VSC.

Will death in service and incapacity benefits be limited to the VSC?

This is subject to review by the trustee company. Additional contributions may be required to retain death and incapacity benefits as if the VSC did not apply. The level of additional contribution required will be determined on actuarial advice.

* Further information regarding elections will follow in the early part of 2016.

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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.