



# USS

## A new employee's guide to USS from 1 April 2016

### About this booklet

This information is for you if you are due to join USS.

It provides an overview of the main benefits of the scheme and links to further information. It is based on the new USS arrangements from 1 April 2016 but also includes some information on the second phase of the new arrangements, which begin on 1 October 2016.

Visit [uss.co.uk](http://uss.co.uk) for more information and a copy of the most up to date member booklet <sup>3</sup>

Visit [forthefuture.uss.co.uk](http://forthefuture.uss.co.uk) for details on the new arrangements from 1 April 2016.



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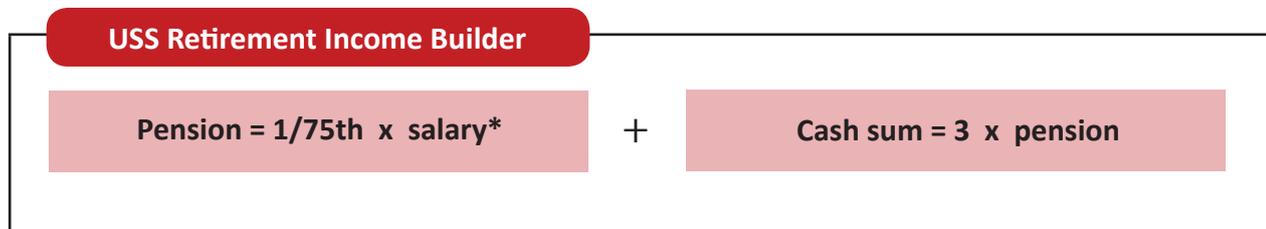
Your guide to the  
Universities Superannuation Scheme

February 2016

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## Membership from 1 April 2016 to 1 October 2016

You will join the **USS Retirement Income Builder** section of the scheme. The USS Retirement Income Builder provides benefits based on a formula using your salary for each year that you are a member. At the end of each scheme year (31 March), benefits are calculated as follows:



These benefits are then reviewed annually and increases applied using the standard USS pension increases.

\* For the period 1 April 2016 to 30 September 2016 the salary used in this calculation will be your full pensionable salary. From 1 October 2016 a salary threshold will apply.

## Membership from 1 October 2016

From 1 October 2016 a new section of USS opens called the **USS Investment Builder**. This section operates on a basis known as defined contribution. This means that your contributions, and any paid by your employer, are invested to provide benefits for your retirement, in addition to your **USS Retirement Income Builder** benefits. USS will provide a range of funds to invest in. More details on the **USS Investment Builder** will be provided during 2016.

### Salary threshold

From 1 October 2016, the calculation of benefits will be different if your salary is more than the salary threshold, which from 1 October 2016 is £55,000 a year. The salary threshold will be increased each year in line with USS pension increases.

If you do earn more than the salary threshold your benefits will be calculated under the **USS Retirement Income Builder** section for salary up to the salary threshold. Contributions on salary in excess of the salary threshold paid by you and your employer are paid automatically in to the **USS Investment Builder**.

Additionally, any member can choose to pay into the **USS Investment Builder**, whatever their salary. If you choose to pay at least 1% of your salary into the **USS Investment Builder** your employer will automatically match the first 1% of your salary as a contribution. You could choose to pay in more, but your employer will automatically match the first 1% of salary only.

## How it works

Here is an example to illustrate how this works based on a member with pensionable salary of £60,000 for the year.

Please note, for the year 1 April 2016 to 31 March 2017 the calculation in the **USS Retirement Income Builder** is based on full salary for the first six months with the **USS Investment Builder** and the salary threshold applying from 1 October 2016. This example is based on the assumption that the salary threshold and the **USS Investment Builder** applies for a full 12 months.

### Benefits in the USS Retirement Income Builder

Pension =  $1/75^{\text{th}} \times £55,000 = \mathbf{£733.33}$  (*salary restricted by salary threshold*)

Cash sum =  $£3 \times £733.33 = \mathbf{£2,200.00}$

### Contributions to the USS Investment Builder

Your contribution =  $8\% \times £5,000 = \mathbf{£400.00}$  (*based on salary above the threshold*)

Your employer's contribution =  $12\% \times £5,000 = \mathbf{£600.00}$  (*based on salary above the threshold*)

If you also elected to pay 2% more into the scheme, the following amounts would be paid in to the **USS Investment Builder**:

### The Match

Your additional 2% =  $2\% \times £60,000 = \mathbf{£1,200.00}$  (*based on full pensionable salary*)

Matching contribution from your employer =  $£1\% \times £60,000 = \mathbf{£600.00}$  (*based on full pensionable salary*)

So, with these additional contributions, and the match from your employer, the total paid in to the **USS Investment Builder** would be **£2,800**.

# Additional benefits

## Summary

In addition to the **USS Retirement Income Builder** benefits and contributions to the **USS Investment Builder** you also benefit from a range of other benefits, summarised as follows.

<b>Pension</b>	<p>Pension of 1/75th of each year of salary up to the salary threshold. Each year of pension is added together and revalued (increased) each year in line with USS pension increases</p> <ul style="list-style-type: none"> <li>• Salary capped from 1 October 2016, (initially at £55,000 pa)</li> </ul>
<b>Tax-free cash sum</b>	3 x Pension
<b>Your contribution</b>	<p>8% of salary <sup>2</sup></p> <ul style="list-style-type: none"> <li>• If you earn more than the salary threshold, from 1 October 2016, 8% of salary in excess of the salary threshold is paid in to the <b>USS Investment Builder</b>.</li> </ul>
<b>Employer contribution</b>	<p>18% of salary</p> <ul style="list-style-type: none"> <li>• 12% is paid in to the <b>USS Investment Builder</b> from 1 October 2016 for salary in excess of the salary threshold.</li> </ul>
<b>The Match (from 1 October 2016)</b>	<p>From 1 October 2016, if you elect to pay at least 1% of full pensionable salary in to the <b>USS Investment Builder</b> then your employer will automatically match that contribution. Note the automatic match is limited to 1% of your full salary.</p> <p>Any additional payments from you and the employer match are invested in the <b>USS Investment Builder</b>.</p>
<b>Bereavement cover</b>	<p>Should you pass away whilst paying in to the scheme:</p> <ul style="list-style-type: none"> <li>• 3 x Salary lump sum (salary not subject to threshold)</li> <li>• Spouse's/dependant's pension of 50% of your estimated pension at 65.</li> <li>• Children's pensions of up to a maximum of 75% (for two or more children) of your estimated pension at 65.</li> </ul>

## Additional benefits (cont/.)

<b>Incapacity cover</b>	Total or partial incapacity cover in the event that you suffer from a serious illness or incapacity. Total incapacity provides income equivalent to your estimated pension at 65, partial is based on benefits earned to date.
<b>Pension increases</b>	Benefits under the <b>USS Retirement Income Builder</b> and past benefits increase in line with <i>official pensions</i> <sup>1</sup> up to 5% each year. If official pensions increase by more than 5%, USS will only pay half the difference up to a maximum 10% increase in any year. For benefits earned before 1 October 2011, increases match those paid by official pensions.
<b>Salary sacrifice</b>	If your employer participates in salary sacrifice for pension contributions, further information is available from your employer. Full salary before any sacrifice is used in the USS benefit calculations.

<sup>1</sup> *Official pensions* are schemes operated by employers in the public sector such as NHS, Teaching and Civil Service schemes.

<sup>2</sup> If you are a re-employed pensioner or have taken flexible retirement and are taking up an additional post, you will pay a contribution rate which is different to the ordinary rate. Further information and example rates can be found on the auto-enrolment page at [www.uss.co.uk](http://www.uss.co.uk)

<sup>3</sup> If you need a printed copy of the member booklet you can print this off the USS website. Alternatively, your employer will be able to provide a printed copy for you.

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