



USS



Important information about your pension

USS is changing for the future

From 1 April 2016 the benefits provided by your pension scheme will change.

These changes will affect all members currently paying into, and building up benefits in, the scheme. The contributions payable by you and your employer will also change.

Importantly, USS will continue to be a valuable way to save for your retirement

The revised scheme will have two sections:

Revised Career Revalued Benefit (CRB)

The revised **CRB** section will provide a type of pension known as **defined benefit** (DB). This means it will pay retirement benefits based on the number of years (and days) you have been a member of the scheme and the salary upon which you have paid contributions in each of those years. It will work in largely the same way as the current **CRB** section of the scheme. The revised **CRB** section will pay you an annual pension and a lump sum. As you will see below, from later in 2016, the maximum salary used to calculate your pension within this section will be limited to a threshold.

Defined contribution

The **defined contribution** (DC) section will provide an amount of money which is based on how much has been paid in by you and your employer during your membership, how those contributions are invested, and how well those investments have performed (after any relevant charges have been applied). You will then be able to decide how to use that money to provide for your retirement. If you earn more than the salary threshold, you will automatically contribute to the **DC** section. This section will also be available if you are actively paying in to the scheme and wish to increase your pension saving in a flexible way, in addition to the pension you are building up in the revised **CRB** section.

The changes will be phased in

Phase one

From 1 April 2016:

- You will start to build up your pension saving in the revised **CRB** section (even if you are currently in the **final salary** section of the scheme);
- You will build up a pension and lump sum worked out as a proportion of your pensionable salary in each year of service. The proportion (sometimes called an accrual rate) will be $1/75$ of your **pensionable salary** in each year as annual pension and $3/75$ of your **pensionable salary** as a lump sum;
- Your contributions will increase to 8%;
- Your employer will also pay more with an increased contribution rate of 18%.

Phase two

From 1 October 2016:

- You will continue to earn benefits within the revised **CRB** section on salary up to an initial threshold of £55,000 a year;
- The **DC** section will be launched for all members;
- If you earn above the salary threshold, your contributions of 8% of your **pensionable salary** above the threshold will be paid into the **DC** section;
- Your employer will also make a contribution to the **DC** section which will amount to 12% of your **pensionable salary** above the threshold;
- Any actively contributing member will be able to make additional contributions into the **DC** section. If you pay at least 1% of salary as an additional contribution you will be able to receive a further 1% contribution from your employer. You can pay more if you choose, although your employer will not automatically match any extra contributions above 1%.

For further information about how your employer's contribution is allocated to the different sections of the scheme please refer to the *DC Implementation and Salary Threshold factsheet* which is available at forthefuture.uss.co.uk.

The benefits you have built up already are protected

Whilst the scheme is changing for the future, it is important to know that the benefits you have earned, and will earn up to 31 March 2016, are protected in law and in the scheme rules.

If you are a final salary section member

The **final salary** section of USS will come to an end on 31 March 2016.

Your benefits will be calculated using your years of pensionable service right up to the end of March 2016 and your **pensionable salary** on that date. Until 31 March 2016 this will be 1/80 of your **pensionable salary** as annual pension and 3/80 of your salary as a lump sum.

Later this year, you will receive a statement confirming the value of the benefits you have earned up to 31 March 2016. These benefits will be increased each year in line with **official pensions** (within specific limits). Further information on these increases is available in the Revaluation factsheet which is available at forthefuture.uss.co.uk.

If you are a member of the current CRB section

You will continue to earn pension benefits each year based on a proportion of your salary. Until 31 March 2016 this will be 1/80 of your **pensionable salary** as annual pension and 3/80 of your salary as a lump sum. These benefits will continue to be increased each year in line with official pensions (within specific limits), just as they are currently.

In the first part of 2016, you will receive a statement confirming your pension benefits earned up to 31 March 2015, and in late 2016 a further statement confirming your benefits up to 31 March 2016.

What else do you need to know?

- You can no longer transfer-in benefits from another scheme to USS on a **final salary** basis. This facility has been closed as a necessary step in the transition to the revised scheme structure. You may however be able to transfer-in benefits from a public sector scheme if you are within two years of joining USS although these benefits will not be linked to your final salary – instead they will be linked to your pensionable salary at 31 March 2016.
- You can no longer begin a new added years **Additional Voluntary Contribution (AVC)** arrangement. This facility has been closed as a necessary step in the transition to the revised scheme structure. If you already have an added years AVC arrangement you will have received a statement from USS which explains your options.
- From 1 April 2016, you will not be able to begin a new revalued benefit **AVC** arrangement.
- An update on money purchase AVC arrangements will be available in the first part of 2016. There will be changes to the arrangements provided; further details will be available in due course.

Information and updates are available at forthefuture.uss.co.uk

Information to look out for as the changes are implemented

What to look out for?

Here's just some of the information that will be made available to you as the changes to the scheme are implemented.

February 2016

Annual benefits statements for 2015 will be issued to current **CRB** members.

The new look USS website launched.

A timeline will be published on USS For the future showing key dates you need to be aware of.

Updated guides for members will be published. These guides will cover all of the information the trustee is legally required to make available to you, as well as lots of useful information about how the revised scheme structure will work. This will be available at uss.co.uk, if you require a paper copy you can contact USS or ask the USS pensions contact at your employer.

A copy of the full scheme rules, which include the changes to the scheme, will be available on the uss.co.uk website. USS will provide an update on the design of the **DC** section, supported by a summary of the research with USS members that has informed the design.

By July 2016

A comprehensive investment guide to help you with your **DC** choices will be published on uss.co.uk.

You will be able to register for and log in to your online member account, where you will be able to view your benefits, and make your saving and investment choices.

Later in 2016

Whether you are a member of the **final salary** or **CRB** section of the scheme, you will receive a statement confirming the value of the benefits you have built up to 31 March 2016.

All the terms in bold are defined in the glossary on the USS For the future website at forthefuture.uss.co.uk

Provision of information

Pensions legislation requires trustees of occupational pension schemes to disclose certain information to scheme members, including information on pension scheme changes.

The trustee proposes to give to you the information required under disclosure regulations by means of electronic communication (as defined in section 15(1) of the Electronic Communication Act 2000); and

You may request in writing to your usual USS pensions contact, or if necessary USS, that disclosure information is not given by means of an electronic communication.