Thank you to everyone who has responded to the consultation on changes to Pensions arrangements.

If you have any questions or concerns about your pension, you are welcome to make an appointment for a one-to-one Pensions surgery with Alan Gazzard. Alan is our Pensions Supervisor and will be able to take you through what the changes might mean for your circumstances. He will also be happy to answer your questions by email.

Through the consultation responses and Alan’s Pensions drop-ins, we’ve come across a few areas which aren’t always clear and have been commonly misunderstood among members about the recommended changes to pensions.

The recommendations are quite complex so we hope the explanations and Q&As below will help. If you have any questions about them, or about any aspect of the recommended changes, please get in touch.

We have also added a short glossary covering the various parts of a USS pension, to give a bit of background to what is being proposed.

**CLARIFICATIONS**

**Contributions do not cease once the salary threshold is met.** Both employee and employer contributions continue to be paid at the same rates for any salary in excess of the threshold. These contributions are paid into the Investment Builder part of the scheme rather than the Retirement Income Builder (RIB) section.

**The employer’s total contribution will be 21.4%.** Of this, 12% will be paid into your individual Investment Builder pot. The total employee rate of 9.8% and employer rate of 21.4 % would remain the same, even on salary above the threshold. The remainder of the employer’s contribution is used to cover other costs (reducing the scheme deficit) and benefits (death in service and ill health cover).

**Benefits you’ve already built will not be impacted by the changes in accrual rates, salary threshold or contribution rates.** These benefits are protected by law and cannot be changed.

**Q&As**

**“Why can’t I join an alternative scheme?”**

The USS scheme rules contain an Exclusivity rule, which means that we are not permitted to offer you any other scheme if you are eligible for a USS pension. But we are pushing USS to offer more affordable and flexible options to their members.

**“Why is the fund so low while the value of the stock market has been increasing?”**

This is because pension scheme valuations take into account not only the fund’s assets - whose value might have increased along with the stock market - but also its liabilities, which have increased more than the assets. The value of the fund’s liabilities is based on forecasts of returns and members’ life expectancy, as well as pay rises and inflation. The employer’s covenant is also counted as a liability.

**“How can I find out what the changes will mean for me?”**
• Use the USS Modeller
• Check out our Pensions staff webpages
• Email Alan Gazzard for a one-to-one Pensions session

GLOSSARY

Retirement Income Builder (defined benefit arrangement). This is where all USS members build their pension. You will receive a pension of 1/75th of your salary, up to the Salary Threshold, plus a one-off cash lump sum of three times your pension. Once accrued, the benefits are guaranteed to be paid to you.

Investment Builder (defined contribution arrangement). If you earn above the salary threshold, want to make additional contributions, or transfer an existing pot from another pension you will have this element of the pension in addition to the RIB (DB) above. It’s where you build a savings pot determined by the amount you contribute, together with the investment returns these contributions achieve. You are able to choose where the money is invested, or you may leave this to the USS default fund, and its value can go up or down depending on how your investments perform. From age 55 (age 57 from 2028), you may use your pot in a variety of ways to fund your retirement.

When paying contributions to the Investment Builder it is important to ensure that your Target Retirement Age (TRA) is set to the age that you are aiming to retire at. The TRA determines how your investments are managed. You can read more about this on the USS website, Investment Builder (uss.co.uk).

The Retirement Builder and the Investment Builder both give tax relief on any contributions you make.

Other benefits. As well as building up your retirement benefits, you may also be covered if you ever have to stop working because of ill health. And you can rest assured that your loved ones will be taken care of with life cover while you’re paying into USS and a spouse/dependant’s pension when you die.