



USS

A guide to your options once you have left USS

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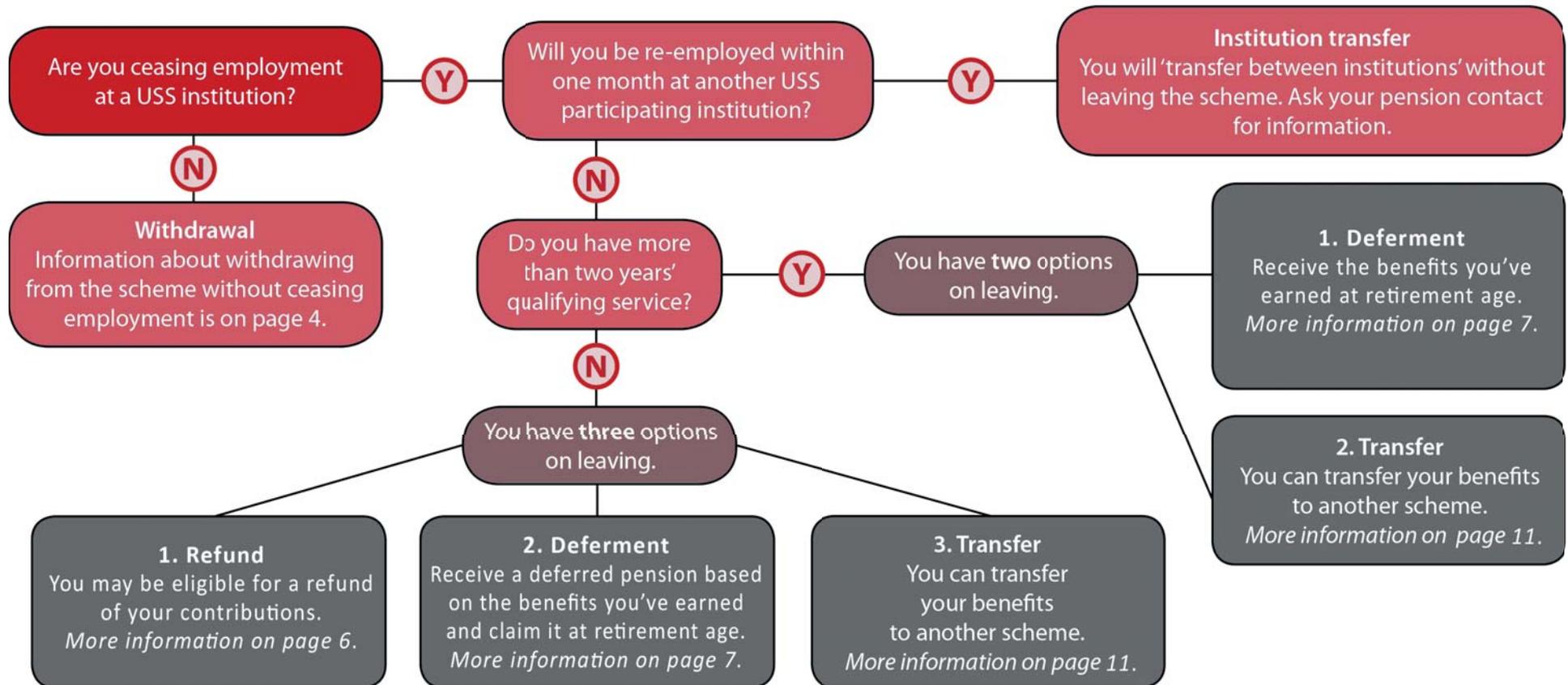
A guide to your options once you have left USS

This booklet represents the interpretation of the current scheme rules and actuarial advice by USS. These may change from time to time.

If you have any queries about the information in this booklet then its authoritative source is the trust deed and rules for the scheme. These documents will take priority over any statement in this booklet should any difference of interpretation arise. They can be viewed on the USS website at www.uss.co.uk

03 Leaving the scheme

A quick guide to your options.



04 Withdrawing from the scheme

You can choose to withdraw from USS at any time by notifying your employer. If you withdraw, your options would be the same as if you had left the scheme.



How do I withdraw?

To withdraw from membership, you must give your employer sufficient notice.

Restrictions may apply to any possible incapacity retirement after rejoining the scheme. You may not be eligible for incapacity retirement within five years of rejoining if you have a known medical condition when you rejoin.

Please note that your employer may have a legal obligation to re-enrol you into the scheme at a future date. Also, if you start a new job that qualifies you for USS your employer may also have a legal obligation to enrol you in the scheme.

For further information on what is called auto-enrolment, please speak to your employer or see the USS website www.uss.co.uk

Withdrawing within three months of joining (retrospective withdrawal)

You must join USS if you are eligible-this is a requirement. If you decide not to continue in the scheme within three months of joining, you should notify your employer as soon as possible of your wish to opt-out of USS by completing an opt out form. Your employer cannot provide you with this form, it is available from the USS website www.uss.co.uk

Your employer will refund your USS contributions (not your employer's) through your pay. Adjustments will be made for tax as you will have paid less tax whilst a member of USS. Also, a deduction will be made for national insurance if you had any membership before 6 April 2016.

Please note, if you were part of your employer's salary sacrifice arrangement for standard USS pension contributions you may not be eligible for a refund. Please check with your employer.

Before you withdraw

The scheme provides an excellent range of benefits and you should consider what you would be missing out on before you withdraw.

The scheme also includes valuable protection for your loved ones should you pass way whilst paying in to the scheme and protection if you have to retire early owing to ill-health.

If you opt out of USS you will no longer be eligible for this cover.

What are your options once you've left?

When you leave USS, you have a number of different options depending on how long you have been a member and how you paid your contributions.



Your options will depend on whether or not you have two or more years' qualifying service.

Qualifying service is used to determine what type of benefit you are eligible to receive. It includes all of your calendar length service in USS. It will also include your calendar length service in another pension scheme if you have transferred benefits in. Any periods of suspended membership during periods of leave of absence are not included.

If you are unsure about the length of your qualifying service, speak to the pensions contact at your institution.

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years

Less than two years' qualifying service

You may choose any one of the following:

- A refund of your own contributions (minus statutory deductions); or
- A pension and lump sum in USS, payable from normal pension age, based on the value of your own contributions to the scheme; or
- A transfer value calculated based on your full benefits (including benefits secured through your employer's contributions).

Please note that if you transferred benefits from a personal pension into USS, you will not be able to receive a refund even if your qualifying service, including the transfer, is less than two years.

Two or more years' qualifying service

You may choose either:

- A pension and lump sum in USS, payable from normal pension age; or
- A transfer value of your benefits to another scheme.

If you have less than two years' qualifying service, you may be able to take a refund of contributions from USS.



If I choose a refund of my contributions, how will it be calculated?

You will receive a refund of your own contributions to USS minus the following deductions:

Your share of the cost of buying back your rights in S2P for the period you have been contracted-out of that scheme whilst a member of USS (only for any membership up to 5 April 2016).

S2P stands for state second pension, which would normally be paid in addition to the basic state pension. As a member of USS, for any membership up to 5 April 2016, you did not pay into this arrangement and as a result you paid lower national insurance contributions. USS has a statutory obligation to reinstate you into S2P when you leave USS and accept a refund of your contributions.

If your membership has been since 5 April 2016 this deduction is not made as you will not have been contracted-out. The government introduced a new state pension system from this date and no longer allowed individuals to contract-out of this new state system. See the gov.uk website for full details on the new state pension.

20% tax (50% tax where the taxable amount is in excess of £20,000) payable to HMRC.

This sum is not income tax and cannot be reclaimed regardless of whether you currently pay tax or not. It is applied because you received tax relief on our contributions when you paid them into the scheme. Overseas residents are not exempt from this deduction.

Please note – these deductions are statutory and have to be made in every case.

Interest on your contributions will also be added if the payment is delayed and crosses a tax year. Please be aware we do not apply tax to the interest and it is therefore your responsibility to inform your local tax office.

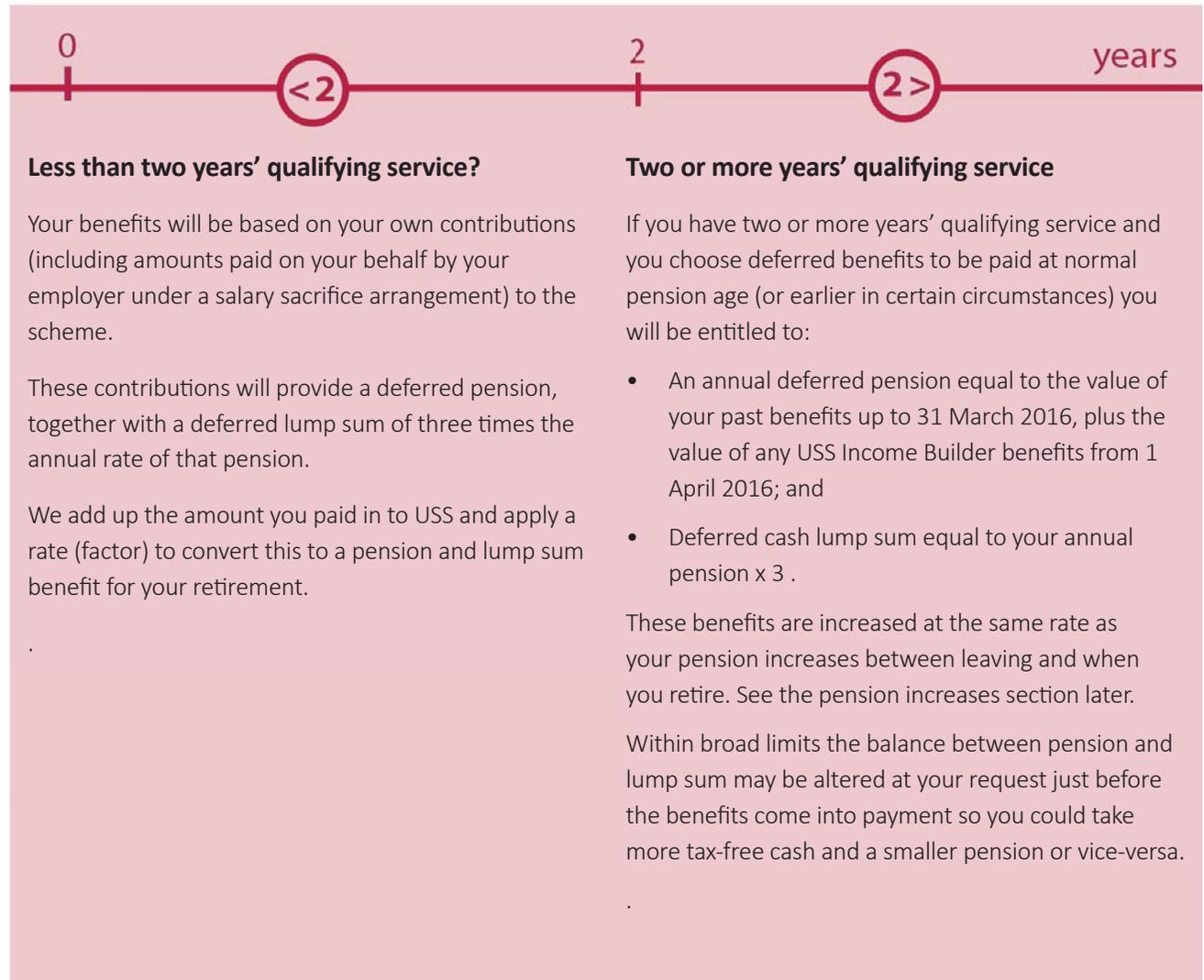
The contributions paid to the scheme by your employer are not refundable.

If you have participated in a 'salary sacrifice' arrangement offered by your employer in respect of your ordinary USS contributions, for the period of any sacrifice, you will not be entitled to a refund of contributions as these will have been paid for you by your employer as part of the salary sacrifice arrangement.

The amounts of these deductions will be shown in the statement you receive from USS once your employer notifies us that you have left.

07 Deferred benefits – your options

The options for deferring your benefits depend upon the length of your qualifying service with USS.



The information in this section will apply regardless of the amount of pensionable service you have in USS at the date you cease employment at a USS institution.



How are my deferred benefits increased?

Both the pension and the lump sum will be increased between the date you leave USS and the date your deferred benefits are put into payment. For service you accrued before 1 October 2011, USS will match the increase in what are called ‘official pensions’. These are pensions paid to public sector employees like teachers, civil servants or NHS employees. For service you accrued from 1 October 2011, USS will pay increases which match official pensions for the first 5%; if official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%. So, if for example official pensions increased by 15%, the USS increase would be 10% in that year.

Your lump sum on retirement is three times the annual pension, after the increases have been applied.

Currently, official pensions are increased in line with the Consumer Prices Index (CPI). USS pensions including deferred benefits will continue to increase in line with official pensions, subject to the maximum increases outlined.

When can my deferred benefits be paid?

Your deferred benefits are normally payable at normal pension age, which is currently age 65. Normal pension age will increase in future in line with increases to the state pension age. However, there are circumstances under which they may be paid earlier.

Retirement before normal pension age

If you want to retire early for any other reason, before normal pension age, you may do so if the Trustee agrees. If you do retire early your benefits will be reduced for early payment as follows:

Benefits in respect of service before 17 May 1990 will be reduced if they come into payment before age 65* (men) and 60 (women).

Benefits in respect of service between 17 May 1990 and 31 March 1995 will be reduced only if they are paid before age 60.

Benefits in respect of service between 1 April 1995 and 30 September 2011 will be reduced if they are paid before age 63½*.

Benefits in respect of service after 30 September 2011 will be reduced if they are paid before normal pension age.

Benefits transferred to USS

Transfers-in agreed before 1 April 2009

Any service transferred to USS may be actuarially reduced, in certain circumstances, in the event of your early retirement before age 60, other than on the grounds of ill-health.

This reduction applies:

- If the transfer payment is received by USS within one year of you joining the scheme and you retire with less than seven years’ active membership since joining; or
- If the payment is received by USS more than one year after you joined and you retire with less than seven years’ active membership since the payment had been received (although a period of up to six months is discounted for administrative time taken to complete the transfer).

This condition applies to all transfer quotations, except bulk transfers, since 1997 (1998 for ‘club’ transfers). The reduction would be applied to the service transferred in, irrespective of whether or not the remainder of your USS pension has been reduced for early payment.

**Or your contractual pension age at 30 September 2011 if this is lower.*

If the above condition (called the seven year rule) was not met at the point you left then the transferred-in benefits will be reduced for each year and part-year earlier than age 60. For early retirements after 30 September 2011, the reduction will apply for each year and part-year earlier than age 63½ or the contractual pension age as at 30 September 2011 stipulated in your last contract of employment, if that is earlier.

Transfers-in agreed on or after 1 April 2009

If you agreed a transfer-in to USS on or after 1 April 2009, the benefits granted will be payable in full from age 65. If you draw these benefits early, except in the case of incapacity retirement, the benefits in respect of the transfer-in will be reduced for the years and days earlier than age 65.

Deferred pensions for members with less than two years' service

If on leaving with less than two years' service you opted for deferred benefits based on your own contributions, the earliest you can receive these benefits is age 65.

Incapacity

You may receive early payment of your benefits immediately, without reduction, if you are suffering from incapacity that would have led to your retirement on those grounds had you remained in USS.

Please see the 'Incapacity Retirement (deferred members)' factsheet at www.uss.co.uk

What happens if I die before my deferred benefits have come into payment?

If you die before your deferred pension becomes payable, a tax-free lump sum equal to the value of your deferred lump sum plus increases up to the date of your death is payable. The Trustee has discretion to decide who the lump sum is payable to.

You are strongly advised to nominate your beneficiary/ies using the 'Expression of Wish' form. A copy can be found on the USS website at www.uss.co.uk

In addition to this lump sum, a pension may be payable to your spouse, civil partner or dependant equal to 50% of the amount of your deferred pension at the date of your death. Additional pensions may be payable to any eligible children at the date of your death, up to a maximum of 75% of the amount of your deferred pension at the date of death for two or more children (half this amount for one child).

If you are not married, you are strongly advised to nominate your beneficiary/ies using the 'Expression of Wish' form. A copy can be found on the USS website at www.uss.co.uk

What happens if I die after my deferred benefits have come into payment?

If you die after your deferred benefits have come into payment, pensions may be payable:

- To your surviving spouse or civil partner at the rate of 50% of your standard pension at retirement, plus pension increases to the date you died; or
- To a dependant if you are not married at the time of your death; and
- To any eligible children.

A lump sum benefit is not payable.

Once my deferred benefits are put into payment, will I be able to rejoin USS if I am offered further employment?

You would not be deemed to have retired if you intend to commence another job with your current employer, or with any other employer that participates in USS, that is pensionable in USS. If however, you are subsequently offered new employment after you have retired, your employer may have a duty to enrol you into a pension scheme. You will need to seek advice from your employer as to your eligibility and whether you are able to rejoin USS. Further information on auto-enrolment can be found on the USS website at www.uss.co.uk

You may be able to transfer the value of your benefits in USS to another pension scheme after you have left the scheme.



What is transferred?

The amount of your transfer value will be the actuarial value at the date of calculation of your benefits, no matter how much qualifying service you have accrued. If you would like a quotation, please complete the form included with your deferred benefit statement. Alternatively, you should ask the person responsible for pensions at your institution to obtain a quotation for you from USS. You will be advised by USS of the amount of the transfer value which can be made available.

When can I transfer?

A transfer value can be paid at any time up to 12 months before NPA even if you choose deferred benefits initially and later change your mind, providing your new scheme will accept the transfer.

Where can I transfer my benefits to?

You can transfer your pension benefits to any other pension arrangement approved by HM Revenue & Customs. This might include:

- Your new employer's approved pension scheme; or
- A personal pension; or
- Any pension scheme approved by HMRC to accept transfer values.

Can I have the transfer value of my accrued benefits in USS paid to my new employer if I go to work abroad?

This will depend on whether the scheme in the overseas country is willing and able to accept a transfer from the UK, and also if the tax authorities in that country are willing for a transfer to be made. Therefore, your first step should be to ensure this is possible and to check whether the tax authorities in that country make any tax charge to the incoming transfer.

In addition, HMRC in the UK has requirements, which state that a transfer value can be paid only to a qualifying recognised overseas pension scheme (QROPS).

In order to be considered as a QROPS, a scheme must first meet the requirements of an overseas pension scheme and the criteria for being a recognised

overseas pension scheme set out by HMRC. HMRC is responsible for testing whether a scheme meets these conditions.

The scheme in the overseas country needs to register with HMRC to see if they can be recognised as a QROPS.

You can check to see if the scheme you want to transfer to has already registered with HMRC by visiting the pension scheme section of the HMRC website.

If the scheme has not registered, it will be necessary for an application to be made to HMRC. The address for correspondence is: HM Revenue & Customs, Audit and Pension Scheme Service, Yorke House, Castle Meadow Road, Nottingham NG2 1BG.

If for whatever reason the scheme does not register as a QROPS, then the transfer of your benefits cannot take place.

If you wish to consider a transfer from USS, you should contact the new pension scheme initially and they should then contact USS directly to obtain a transfer quotation.

012 Transferring your benefits

Financial advice

You should consider very carefully whether or not a transfer from USS is in your best financial interests. You should take financial advice if you are not sure.

You will be advised when you receive a transfer quotation from USS that if this transfer is more than £30,000 you are now required to obtain financial advice. This is a condition introduced by government to try to avoid members making transfers that are not in their best interests and could potentially be fraudulent.

See the financial advice web page on www.uss.co.uk for more information on how to obtain financial advice and guidance.

Pension scams

Millions of people fall victim to scams every year. You could lose your pension and be subject to tax charges.

Visit www.thepensionsregulator.gov.uk/pension-scams for more information

Scamproof your savings



Pension scams.
Don't get stung.



013 After you have left employment

This section explains your options if you were to leave the scheme and are no longer employed by a USS institution.



Can I continue in membership of USS after I have ceased employment in a USS institution?

You may contribute to USS only if you are employed at a USS institution in a pensionable post eligible for membership of USS.

You may be able to remain in membership of the scheme for a period during which you are seconded to another employer. You can obtain information about this from the pensions contact at your institution.

What if, after leaving, I again become employed by an institution which provides USS membership?

You will rejoin USS. The earlier benefits you had earned in the scheme will be linked to your new period of benefits. When you retire we will calculate your benefits from both periods of membership and aggregate them so you receive one benefit from USS.

If you have any queries about your benefits before leaving employment at a USS institution, then you should send them to the person responsible for pensions at your institution.

After you have left employment, write to the address below for further information about your USS benefits:

Universities Superannuation Scheme Limited
Royal Liver Building
Liverpool
L3 1PY

Tel: 0151 227 4711

Tel: (local rate) 0845 068 1110

Fax: 0151 236 3173

Web: www.uss.co.uk

A large print version of this booklet is available.

To obtain a copy please contact USS.

This publication is for general guidance only. It is not a legal document and does not explain all situations or eventualities. USS is governed by a trust deed and rules and if there is any difference between this publication and the trust deed and rules the latter prevail. 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.

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