

Date: 24 August 2015

Dear Colleagues

We have now moved into the phased implementation of changes to the pension benefits provided by USS, namely;

- The end of Final Salary accrual, from 1 April 2016
- The introduction of Career Revalued Benefits (CRB) for all members
- The new Defined Contribution (DC) section of the scheme

USS are introducing some transitional arrangements, for the period between now and the phased implementation of the scheme changes, which will start to take place from 1 April 2016. In particular, these transitional arrangements have an impact on the making of new elections for transfers in, and for Additional Voluntary Contributions (AVCs) for Final Salary members which secure additional pensionable service.

Attached as an annex to this letter is information on elections for added years AVCs and transfers in for members of the Final Salary section. Importantly, there are now specific deadlines by which any new requests to make a transfer in or pay added years AVCs must be made. Staff who currently make AVCs payments or would like to make AVCs payments under the final salary scheme and staff who wish to transfer into the final salary scheme should take note of the dates specified.

Should you have any questions or require any further assistance, please contact the appropriate person on the contact list included at the end of the annex. Further updates on transitional arrangements will be issued throughout the phased implementation.

Yours faithfully

Guy Gregory
HR Director

AVCs (Final Salary)

Following confirmation of the scheme changes, and importantly the ending of the Final Salary link with effect from 31 March 2016, the trustee has confirmed that it believes it is no longer appropriate for members to secure additional pensionable service on a basis which assumes a final salary link to a future retirement age. Therefore, the provision for Final Salary section members to make new Additional Voluntary Contributions (AVCs), both on a lump sum and regular instalment basis, will be removed from 1 November 2015.

For those members who wish to make use of this facility in the short time that it will remain open, the following administrative procedures will apply.

USS will provide quotations up to 30 October 2015 for both regular instalment and lump sum added years AVC contributions. The latest commencement date that we will quote for regular instalment AVC arrangements will be 1 November 2015 and the latest payment date for lump sum AVCs will be 31 October 2015. Any quotations requested after 30 October 2015 will be returned.

Should members wish to proceed with initiating a regular instalment arrangement, the application form should be submitted no later than 30 November 2015 with the commencement date being no later than 1 November 2015. The trustee may return any application forms received after 30 November 2015.

Lump sum contributions must be deducted from members' October salary payments at the latest and remitted to USS by 5 November in accordance with the USS Schedule of Contributions. When remitting lump sum payments to USS after 31 October 2015, institutions should note that the contribution was deducted from the member's October salary payment on the accompanying General Remittance Advice notice.

Although lump sum AVCs will not be accepted beyond 31 October 2015, when calculating the amount of lump sum that can be paid, members will be able to utilise their anticipated salary up to 31 March 2016 (if they so wish) and we will provide quotations on this basis unless we receive instructions to the contrary.

Quotations may already have been provided for payment/commencement dates beyond the closing window. These quotations will not be honoured and members should be instructed to request a revised quotation in line with the timeframes noted above. All quotations that are in progress with a commencement date outside of the closing window will be adjusted accordingly.

The provision for institutions to make lump sum augmentation payments, to secure additional service on behalf of Final Salary members, will continue to be available until 31 March 2016.

Separately, members will of course continue to be able to make additional contributions to the USS money purchase facility.

Transfers in ('non-club' Final Salary)

The trustee board has discretion as to whether it is appropriate to accept transfers in (note that there is not a statutory right to a transfer in as there is with a transfer out). The trustee believes that, as with AVCs, it is no longer appropriate for members to secure additional pensionable service on a Final Salary basis by making a transfer in and therefore with effect from 1 November 2015, the trustee company will no longer accept applications to investigate a 'non-club' transfer in on a Final Salary basis. For the avoidance of doubt, members of the CRB section will continue to be able to request transfers in as the benefits credited are not linked to salary. As such, request forms for transfers in on a Final Salary basis must be received by the trustee no later than 30 October 2015.

A club transfer is a transfer of pension rights from a scheme which is a member of the Public Sector Transfer Club and the transfer is made under the terms of the 'club' memorandum. Such transfers are subject to specific rules including, for USS members, a two year window for transfers in from the start date of a new employment. This window remains the same and requests for a 'club' transfer will be accepted until 30 March 2018 for members who joined on 31 March 2016 (with that closing date being determined by a member's date of joining ie the window would close on 31 January 2018 for a member who joined on 1 February 2016). Non-club transfers in are any transfers in from a scheme which is not a member of the Public Sector Transfer Club and the deadlines described below apply only to such transfers in.

Transfer statements from a former scheme must be received no later than 18 December 2015 to enable sufficient time to calculate the corresponding service credit in USS and acquire the member's acceptance. The acceptance of the transfer must be received by the trustee company before 15 January 2016 with the final date for payments to be made being 26 February 2016, to allow the successful migration of data to the new administration platform.

With effect from 1 April 2016, all active members will be able to investigate a transfer in to secure additional pension on a CRB basis and Final Salary members can therefore wait for that option to become available. This will remain in place until the date that the DC section is effective (no later than 1 October 2016), after which transfers in will only be accepted on a DC basis.

AVC & Transfer in queries:

Andrew Wainwright (andrew.wainwright@uss.co.uk)

Graeme Maddison (graeme.maddison@uss.co.uk)

Technical queries:

Nathan Robinson (Nathan.robinson@uss.co.uk)