



USS



Enhanced opt out

At a glance information

- Enhanced opt out will be available for all members from 1 April 2016.
- To use enhanced opt out in conjunction with Fixed Protection 2016, the election must be completed by 29 February 2016.
- **You should read further if you may have an annual allowance or lifetime allowance tax charge and wish to consider your options.**

Enhanced opt out

What is Enhanced opt out and who may it be most useful for?

Enhanced opt out (EOO) allows a member to cease further pension accrual but retain death in service and incapacity benefits calculated as if he/she was an active member - benefits which would be lost if a member were to withdraw fully from the scheme. In order for a member's death in service and incapacity cover to be maintained, he/she is still required to pay a mandatory contribution of 2.5% of salary.

EOO is currently only available to members of the final salary section, but with effect from 1 April 2016, it will be available to all members. If you choose EOO it must remain in place for a minimum of 12 months after which you can cancel.

An EOO election will be most useful if you have built up benefits approaching or above the LTA and you wish to manage your tax liability in relation to the benefits to be earned above the LTA threshold. Using EOO does not breach the conditions required to maintain fixed protection.

Are there any other points to consider when using EOO?

The benefits of EOO depend upon your individual circumstances. Please find below some points you may wish to consider.

When should EOO be in place if I am considering Fixed Protection 2016?

EOO must be in place on 1 April 2016.

What is the routine process for EOO elections?

EOO must start on the first of the month. USS requires a minimum notice period of 28 days.

If I elect for EOO after age 65, will I still receive any late retirement augmentation?

Yes, you keep the late retirement increases which have been applied up to the date of your election. No further allowance for late retirement will be added for the period following the date of your EOO election.

If I elect for EOO before age 65 and retire after that age, will I still receive any late retirement augmentation?

No. Your benefits will be calculated based upon the benefit accrued up to the date you elected for EOO.

Will I be able to apply for flexible retirement before making this election?

Yes, flexible retirement can be accessed before electing for EOO, subject to employer consent. Once the EOO election is made however, no further pensionable service will accrue (benefits payable upon full retirement will be based on benefits accrued up to the date you elected for EOO) and no further flexible retirement events can take place.

Flexible retirement is not an option once an EOO election is in force.

How long should EOO elections be in force for?

This option is required to be made for the long term, but must at the very least remain in place for a minimum of 12 months.

What happens if circumstances change after the election?

If, at any point after making this election, you leave your USS eligible employment or retire other than due to incapacity, then your benefits will be calculated based upon those built up prior to the date of your election.

In the case of retirement before Normal Pension Age, any reductions applicable to your pension will be the same that would have applied had you not made this election but decided to withdraw from the scheme instead.

Can I contribute to the defined contribution (DC) section having made an EOO election?

Yes, voluntary member contributions to the DC section can be paid from 1 October 2016. However if you have Fixed Protection paying such contributions would invalidate your protection. To be clear, with EOO there can be no employer payments to your DC account.

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.

Every effort has been made to present accurate information at the date of publication and 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.