




USS

In Touch

2019



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Scheme changes to address funding position



Bill Galvin
Group CEO

Welcome to the latest edition of **In Touch**. Thanks to those of you who let me know what you thought of the last edition – hopefully, you’ll see how your feedback has been used to give you more of the content you want.

You may have heard about the changes to USS that will take effect from 1 April: Member contributions will rise from 8% to 8.8% and employer contributions from 18% to 19.5%. Further contribution rises are planned for October this year and April 2020.

The most important thing for me to share with you is that these changes won't impact your pension payments – your benefits are protected by scheme rules and the law.

We're increasing member and employer contributions under the cost sharing provisions. These dictate how contribution rises are split when our member and employer representatives can't agree on how to address the scheme's funding position following a valuation.

Our 2017 valuation highlighted the extent to which recent economic uncertainty and depressed market conditions have contributed to a weaker outlook for investment returns and increased investment costs, making it more expensive to fund future pension benefits and impacting our funding position.

You can find out more about our valuation on the [website](#).

When our member and employer representatives couldn't agree how to tackle this, we had to implement the cost sharing provisions to allow us to meet the costs of providing benefits for members building USS pensions now and in the future. This will also help us tackle our funding deficit until our representatives can agree a way forward.

Recently, employers have indicated that they're willing to consider taking on a greater level of risk and make higher contributions, so we've started work on a new valuation to see how this could change our funding position. Hopefully, when this is completed, our member and employer representatives will agree on a way forward before any more contribution rises take effect.

However, the long-term economic volatility that we've all experienced over the past decade looks set to remain, with Brexit uncertainty continuing to challenge USS and the rest of the pensions and investment industries.

Remember, these challenges can't impact the pension benefits you've already built up in USS because they're protected. If you're interested in the impact of Brexit on USS,

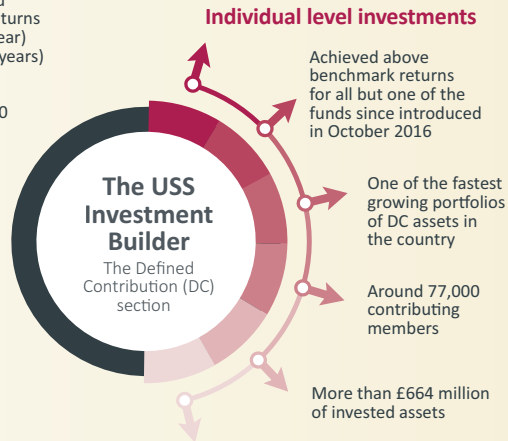
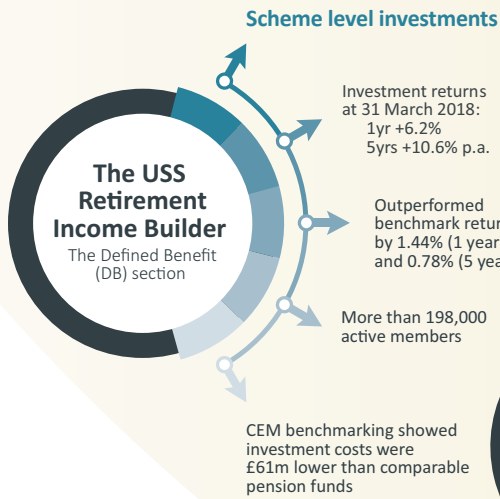
I'll make sure we keep our website up-to-date, when we have a bit more clarity on the government's position.

Despite the uncertain conditions, our performance remains robust and we have committed teams across the whole of USS working hard for all our members. I'll keep you in the loop on USS news through In Touch and with regular updates updates on our [website](#).

It's important to me that we continue to build on the strong relationship we have with our retired members and that we listen to your views, so please complete [this short survey](#) with your feedback.

Bill Galvin
Group Chief Executive Officer

Our investment performance



You may have had savings here if you have previously earned over the salary threshold, made additional contributions or transferred into USS.

We invest with one thing at heart – our members

The pension landscape has shifted, but our long term investment performance has been strong. The benefits you've earned are safe and secure, and whilst our investment performance won't affect your pension already in payment, our size and strength gives us a platform of stability for savers now and in the future.

With the **USS Retirement Income Builder**, we manage most of our assets in-house, meaning our investments are made entirely to fund retirement benefits, whilst keeping costs down. We ensure the broad range of assets we invest in over the longer term can generate the right stable returns for our members' pensions.

Did you know that when you stop at a Moto service station, you're supporting our investments? With stable returns, this was identified as an attractive investment for our members' pensions.



When you fly off on holiday from Heathrow Airport, you'll be standing within another of our major investments that's working hard for our members.

For us, it's not just about making appropriate returns, it's about doing it responsibly.

We have the largest Responsible Investment team of any UK pension scheme, who engage with the businesses we invest in to address social issues and other global concerns. This allows us to encourage better pension outcomes for our members, whilst also having a positive impact on the world around us.

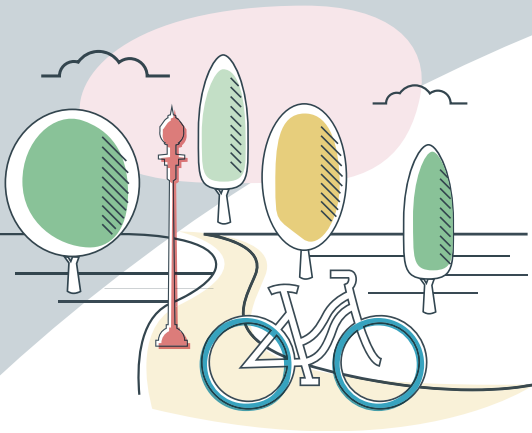
For more on our approach to Responsible Investment, read about [how we do it](#), or take a look at our blog on [USS's approach to Responsible Investment](#) and [The divestment debate](#).



When you see a wind farm on the horizon, you could be looking at our investments in renewable energy.

Wellbeing in retirement

You all know how to be healthy, so we aren't about to tell you to eat more vegetables. But there are a few other things that could help boost your wellbeing for a healthier retirement.



Exercise

Staying active isn't about running miles each day – walking, swimming, dancing and even household chores or gardening all count. Anything that requires a bit of physical effort.

The government recommends over two hours of moderate exercise a week for those aged 65 or over – try **brisk walking**, which the NHS says is about 3 miles an hour, or find **activities** near you.

Keeping your brain active's also important. Crosswords and puzzles help maintain your cognitive skills and learning something new can help challenge your brain – just because you retire, doesn't mean your brain has to.

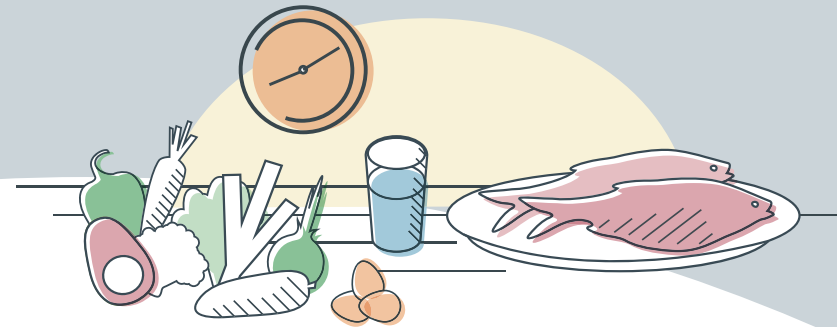
Mindfulness

If you feel like you're always rushing through life or worrying about the future, mindfulness can help you relax and pay more attention to the present. It allows you to consider your thoughts, feelings and the world around you, to help improve your mental wellbeing.

Depression can be common in later life and affects around **one in five older people**. Things like breathing techniques and yoga can help you feel more relaxed, more in control and less anxious to help combat this.

Mindfulness doesn't take a lot of time and you don't have to sit cross-legged on the floor. The **NHS** says taking 'notice of your thoughts, feelings, body sensations and the world around you' is the first step.

Frantic World and **Be Mindful** have lots of information and resources to get you started.



Nutrition

As we age, good nutrition helps to fight illness, boost energy and keep our brains sharp.

AXA PPP healthcare says the key to eating well over 60 is making sure you get all the right nutrients:

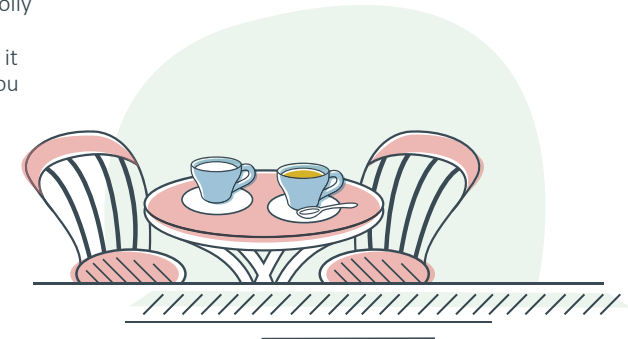
- **Iron:** it's harder for our bodies to absorb iron as we age – you can increase your intake from pulses, oily fish or lean meat
- **Calcium:** you lose bone density and strength after 60, so eat calcium rich foods – like milk, cheese, broccoli and cabbage
- **Vitamin D:** helps your body absorb the calcium – get it from sunlight and eggs
- **Omega 3 fatty acid:** can help to oil your joints as you get older – find it in oily fish and eggs
- **Fibre:** your digestive system finds it harder to break things down as you age – eat fibre rich foods such as oats and wholegrains.

Staying social

Social connections are important for your wellbeing – whether through new or existing relationships. They can often help to reduce stress and even boost happiness.

Spend time with friends and family, or maybe start a new hobby – the **University of the Third Age** allows retired people to meet new people whilst developing their interests and learning new skills.

Your wellbeing in retirement doesn't have to be hard – a combination of walking regularly, eating well, solving a crossword and meeting with friends could all keep you in good health.



State Pension Increase

From April 2019 the State Pension will receive its annual boost – here’s how much more you can expect to receive.

The increase came in at 2.6%, which is a little more than the rising cost of living; 2.4%*.

You may get slightly less than the New State Pension amount if you were paying into USS when the scheme was contracted-out of the Additional State Pension. This is because you paid less National Insurance into the state system at the time and the New State Pension takes account of that.

This is this case if you were paying into USS between April 1978 and April 1997, and reached State Pension Age on or after 6 April 2016.

But don’t forget that when the scheme was contracted-out, you were still building your USS pension instead of the Additional State Pension.

Details on contracting-out are included in the Retiring from the Scheme booklet you were given when you started receiving your USS pension.

For more information visit gov.uk/state-pension, or contact [the Pension Service](#).

*Sources: [The Telegraph](#) and [Which?](#)

	2018/19 weekly payment	2019/20 weekly payment	Weekly increase	Annual increase	Annual payment
New State Pension If you reached State Pension Age (SPA), currently 65, on or after 6 April 2016	£164.35	£168.60	£4.25	£221	£8,767.20
Basic State Pension If you reached State Pension Age (SPA), currently 65, before 6 April 2016	£125.95	£129.20	£3.25	£169	£6,718.40



Volunteering: a new sense of purpose

Volunteering is often seen as a way to help others whilst also helping yourself. It’s increasingly popular amongst retired people – a [report by the government and SAGA](#) shows that the joy that volunteering brings increases as you retire.

With the possibility of having a little more free time on your hands, volunteering could really make you feel good in retirement; you’ve spent your career giving so much to so many and there’s no reason why your skills and interests have to stop making a difference. It has the added benefit of keeping you active and it’s a great way to meet new people too.

You could volunteer with a charity that’s close to your heart, or use Do-it.org to search for local opportunities near you.

It doesn’t always have to be in a charity shop or local school, there are some interesting and unique ways to make a difference too. You could deliver a smile to an underprivileged child on their birthday by baking them a cake through [Free Cakes for Kids](#). Or you could even volunteer online from the comfort of your own home, with things like educating children overseas through the [School in the Cloud](#), or [mapping disaster zones](#) for the Red Cross.

Consider the years of knowledge, skills and experience you have that could not only benefit others, but benefit yourself too.



General updates

It's now easier to update your address

Have you recently moved? Give our Pensions Payroll team a call on 0151 556 0747 to update your address.

Pension Scams

The pension cold-calling ban came into effect on 9 January 2019. Unsolicited calls about your pension are now illegal and companies that break the rules can face fines of up to £500,000.

But this doesn't mean the risk is entirely gone – pension scams can be devastating, so find out [how they work](#), how to avoid them and what to do if you suspect a scam.

USS will never ask you to give your pension details over the phone, or encourage you to transfer out your benefits.

Financial guidance made easier

The three government-sponsored independent financial guidance providers have merged to bring together pension and money guidance, and debt advice all in one place.

The new body, will be called the Money and Pensions Service, will replace [the Money Advice Service](#), [the Pensions Advisory Service](#) and [Pension Wise](#). It'll deliver free and impartial financial guidance and a more streamlined service for information. The new service will launch later this year.

Brexit

We'll be keeping [our website](#) up to date with any news on Brexit once we understand what the implications on USS and our members might be.

Your opinion matters

Tell us what you think of In Touch and influence future editions by completing [our short survey](#).

For a glossary of our terms please see more information on our [important terms](#) page.



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