



What members wish they'd known when they started thinking about pensions

Podcast transcript

00:00:02 Richard

Welcome back to the USS podcast. Welcome to any new listeners, and welcome to Sophie, Neal Corinne, James, and Pete. We're going to be talking about what we know now that we wish we'd known back when we started thinking about pensions as well as what newer USS members might think about now to help their future selves.

00:00:20 Richard

Corinne you've been a member you said for sort of more than 20 years now. What would you say to younger members or even prospective members who haven't given that much thought to planning for their longer-term future? What would your tip be?

00:00:38 Corinne

To start now and that can just be as basic as talking to for example, your parents or your grandparents about their retirement. I was just lucky that I came from a family where we talked about those kinds of things.

And I think it's only the older you get and when you start to see your parents or your grandparents needing care and needing access to money for things that just haven't entered your mind at the age that you're at, that then that starts focusing your mind to what am I going to? What's going to happen to me in the future? And so, the older you get and the older unfortunately relatives get, it does tend to sharpen your mind as to, you know, what the future might hold for you. But at the same time, you do want to enjoy your time now. There is absolutely no point in spending all your time saving for the future if it means that you can't enjoy the here and now. So, it's just always a real balancing act. I do think in the UK in general, people don't like talking about money, people don't understand pensions, so they avoid talking about it.



And after just having a conversation about, well, yes, I see that pensions are important. But this other thing is more important to right now. At least you if you can get it out in the open, there's no right or wrong way to handle pensions at the end of the day, as long as you're handling them in some way, I think.

00:01:52 Richard

Absolutely, yeah, great point to make. James a little closer to retirement than Corinne, but I know sort of sentiments you've expressed have been very similar. She's had some really good support and guidance from family members I wonder if there's anything you wish you'd have done differently. Maybe if you'd have known then what you know now.

00:02:17 James

Yeah, for sure. Well, there's one obvious thing I would have looked at. I've been in the USS for 17 to 18 years and yeah, if I'd studied it as carefully as I have now, back then I would have just put loads of money into the DC pot. I would have found a way to do that because it's a fantastic deal. I mean you're getting; you know the government's giving you a 20% contribution or whatever it is on your income tax, you're saving on your National Insurance contributions and the employer puts a load of money in. So anyway, I didn't know all this stuff until I started researching it very recently and I'm glad I did and yeah to go back to your question, I wish I'd done it 17 years ago and looked at it more carefully then. So, although pensions seem boring, they're actually not when you realise, they're going to be really helpful to you and your family in future.

00:03:30 Richard

Absolutely right. Pete, James mentioned saving on National Insurance which I don't think we've touched on. Some employers call that salary sacrifice don't they, I wonder if you could just give us a quick rundown on what that is and how it works?

00:03:47 Pete

Yeah, I'll go very basic with it, because it's something that, well it's an employer led benefit, so it's not a USS decided thing. Some of our employers allow members to sue it and some don't. So, what you do, rather than pay the contributions out of your salary, you get paid less, and your employer pays your contributions for you. Its sounds quite marginal, but the upshot of that is the NI savings that you get by not receiving that additional salary that you would have got. So, you actually benefit from it, but also your employer gets a National Insurance saving at the same time as well. So, there are some instances where it's not beneficial for some people, particularly some lower earners or if people are on benefits, it can impact that or potentially state benefits, but that's something that your employer would be able to help you with.

There is an option as I mentioned, the Contributions and Tax Calculator earlier, there is an option for you to click a button that says I pay through salary sacrifice or I don't. So, you can actually see the marginal



difference if you're willing to go in and use that calculator as well, which I'd obviously recommend everybody does.

00:05:17 Richard

Thanks, Pete. Sophie, Neal, just on what we've heard from Corinne and James in terms of things they maybe wish they'd known earlier or wish they'd done earlier does this sort of conversation maybe change some of your thinking around planning for the future?

00:05:38 Sophie

I'll go first. Yes, I'm absolutely now going to look into adding AVCS, to the defined contribution voluntarily. So, thank you both. I'm definitely going to check that out and also the idea of saving little but starting now as opposed to, I don't know, waiting 10 or 15 years and then having a panic and investing a lot, so definitely taking that on board. Thank you very much.

00:06:08 Richard

Neal and any sort of thoughts you've gleaned from our chat today.

00:06:13 Neal

Yeah, I guess maybe like it reinforces what I'm already doing. I don't want to sound arrogant. I didn't know about any of this until about six months ago, when I sort of found out about a little bit and in a blind panic did some of these things. But I think that idea, especially the DC pot, if you have one, making sure it's invested in the scheme that's right for you. So many people just stick with the default, and the default is there because it's like equally OK for everyone. It's not necessarily going to be right for your particular plans like some people have a very low risk tolerance or things like that. And I think that for me was one of the biggest things. I don't have like a huge DC pot at the moment, and I have some from other employers that I've kind of rolled into one place but that was a big thing.

Also, the thing about saving little often. I think for people a bit like me who maybe come from like research or academic staff, typically you do the masters, you do the PHD and then by the time you first get into the job, you're already a bit behind the curve. I won't say how long it took me to get my PHD, but it took me a little longer than I thought, so I'm like making up for that, it's never too late, but the earlier you start, the better really.

00:07:19 Richard

Absolutely brilliant point. Pete, we talked about the Benefit Calculator and how that can support and underpin planning, but what else does USS provide to members that might provide sort of additional support wherever they are on their retirement journey?

00:07:37 Pete



Obviously, the website, there's a wealth of information on our website. You don't have to read it all in one go and digest the entire thing. It is chunked up and almost segmented to allow you to sort of pick a thing and say I'm new or I just want to learn about retirement or just want to learn about paying in but also on the website there's a page called guidance and advice. And on the guidance and advice page, there's actually link to some webinars that a company runs for us, a company called Mercer. We've worked with them to develop the content and they're targeted at lots of different areas of our membership. So, I'd encourage anyone to just dip their toe in and have a look on that page and see if there's anything that sort of appeals to them.

00:08:30 Richard

That's great. Thanks, Pete. Well, I think we've reached the end of our podcast. I hope this and our previous chats have been useful to the rest of our membership. Thanks very much to you all, Sophie, Neal, James and Corinne. Thanks to you, Pete too. And a big thank you to everyone that's listened. I hope we've given you some good insights and food for thought. Don't forget to keep an eye out for our regular member emails. Hopefully these will help you with your retirement planning and don't forget to check out some of the resources that Pete's talked about and My USS on uss.co.uk. Thanks again for listening and thanks again, Sophie, Neal, James, Corinne and Pete.