

## Pensions Tax Considerations for USS members

Pension tax has become an important matter for those saving for their retirement. The government has made changes to the maximum amount of pension savings that qualify for tax relief (generally to lower the thresholds), and a greater number of pension scheme members are incurring, or at risk of incurring, pension tax charges. The limits apply to all of your pension savings into registered pension schemes and therefore you will need to consider your savings/benefits in all your pension schemes, not just USS.

This is no longer just a matter for the very highest of earners.

The USS Voluntary Salary Cap (VSC) feature was introduced in 2016 and is intended to meet a specific and practical aim of allowing members to manage their annual pension accrual when annual allowance and/or lifetime allowance limits might lead to a tax charge being incurred.

New VSC elections will apply from 1 April 2017. Previous VSC elections will carry over into the next tax year automatically, and those members who previously set the VSC at (or very close to) the level of the 2016 threshold will have their VSC set to the level of the new 2017 threshold. **The deadline for new VSC elections to be received by the Pension Office is 1 March 2017.** The VSC election form for 2017 elections is available from the Pension Office or by emailing [pensions@abdn.ac.uk](mailto:pensions@abdn.ac.uk)

Please note, USS cannot accept late notifications and any queries should be raised urgently and definitely **before the 1 March 2017 deadline**. VSC elections can only be made annually, so once the deadline has passed, members will not be able to make VSC elections until March 2018.

To help members choose the level of their VSC, USS have designed an [annual allowance worksheet](#), available from the [tax page](#) of the USS website, which can be used to estimate:

- a member's accrual over the 2017/18 year in USS using their (capped) salary; and
- their tapered annual allowance.

Please note that the worksheet is to be used as an estimate only, and a number of simplifications and assumptions have been made in the calculation shown. The worksheet does not provide any guarantee that members will or won't be subject to tax charges, and we strongly recommend that members take independent financial advice before making any decisions, or refrain from making any decisions, in respect of their USS benefits.

There are also HMRC protections available to those who may breach the tax thresholds as a consequence of the changes made by the Government. The deadline for members to apply for Individual Protection 2014 (IP2014) from HMRC is **5 April 2017**. There is currently no deadline for applications for Individual Protection 2016 (IP2016).

Applications for IP2014, IP2016 or Fixed Protection 2016 (FP2016) are now made via HMRC's new online service. Members who previously applied for IP2016 or FP2016 via the interim paper-based process earlier in the year can now also log into this service to obtain their permanent reference number.

Further information on all of these protections can be found on the [HMRC website](#)