

Industrial action and pensions for members contributing to USS

Will striking affect my pension?

If your employer does not volunteer any information about the way in which participation in industrial action will affect your pension rights, it will probably not affect them.

If you are making contributions to USS for an employment, absence from that employment may reduce your pension rights if it is not due to your proper exercise of a right to be on leave. It will do so if the employer chooses not to make its contribution to USS in respect of the period of that absence, and hence to effect the suspension of your USS membership for that period. You may take it that your employer has made that choice if it reduces the deduction of USS contribution from your salary to reflect your absence.

In past disputes few employers have threatened suspension of USS membership, and even fewer have effected it, if only because to do so imposes administrative burdens. However, members may wish to know what will happen if suspension occurs.

The amount of almost all USS benefits depends on two elements:

- the member's pensionable service; and
- his or her pensionable salary.

For every £29,200 of pensionable salary a day's suspension can be expected to reduce the initial annual pension of a full-time employee who takes the standard lump sum by £1 ($1/80 \times 1/365 \times 29200$) and that lump sum by £3: the fraction of $1/365$ would apply even if the employer were entitled to deduct a higher fraction of salary from your pay.

What if I am retiring soon?

Your pensionable salary will usually be your salary for the 12 consecutive months in the last 36 before you retire (or finally leave active membership of USS) for which the salary was highest in real terms (i.e. after enhancement for RPI increases from the end of the 12 months to the end of the 36). Stopping pay because of absence within a period will not for USS purposes reduce salary if USS membership is not suspended.

If there is a suspension of your membership, and your best relevant period of 12 months would, with neither industrial action nor an improved pay rise, have been one that in fact includes time for which your membership is suspended, then the suspension will reduce your pensionable salary by $1/365$ th for each day of suspension; again, that fraction is not linked to the gross amount actually deducted from pay on account of absence from work.

What if I die on the day of the strike?

The benefits payable on your death would be unaffected unless the employer not only established that you were absent from employment at the time you died, and that your absence was not due to sickness, but had also chosen to suspend membership in

such cases and not to make arrangements with USS to extend life cover. It is not considered likely that all of those conditions would be fulfilled in relation to USS members.

If they were, the impact of the suspension would be that the lump sum death benefit would be $3/80$ ths of your pensionable salary for each year of pensionable service up to death, rather than the usual 3 times current salary; and survivors pensions would be calculated on the basis of pensionable service up to death, instead of on the amount of pensionable service you would have had if you had continued in active membership of USS until you were 65.

What if I have a part-time post?

If you have a pro rata contract and are not treated as a variable time employee for USS purposes (VTE), the proportion of your pensionable service that you would lose by a day's suspension from USS membership will be smaller than if the contract were for full-time service, because it will be multiplied by your part-time service fraction. However, if you will soon be stopping USS contributions permanently, it will be the full-time equivalent of your salary on which your pensionable salary will be based, so any impact on that will be correspondingly magnified.

If you are a VTE, or are treated as one by USS (like OU Associate Lecturers), membership in that capacity will not be suspended. If you have one or more employments, however, for which you pay contributions as a VTE, but also contribute to USS for any employment not in that category, there may be a percentage reduction of the pensionable service accruing over the current year to 31 March for VTE service. It will be equal to the percentage of your pay as a VTE for that year that was lost through the strike. If you are in doubt, assume you are not a VTE if you have a pro rata contract.

What if I am paying AVCs?

If you are already making the maximum additional voluntary contributions (AVCs) allowed by USS under the present rules, you could have to pay extra for, or lose, a minuscule part of any additional pensionable service you are buying, if you do not have any appreciable non-pensionable earnings from your USS employer in this tax year, and if that employer gets around to making a strike deduction from your March salary. However, the maximum contribution is to be substantially raised from 6 April, so this theoretical problem will probably be quickly resolved, if it arises at all.

The strike will not otherwise affect at all either your contribution level or the amount of pensionable service bought, unless you do not finish paying the agreed contributions to buy added service and USS then deduct the strike day in calculating the duration of the payment period.