



**USS briefing: The application of the cap on standard pension increases**

Before and after you retire, on 1 April each year, all of the Retirement Income Builder benefits you’ve built up (excluding any built up in the previous 12 months as there’s a natural time lag) are increased in line with official pensions, which broadly go up in line with the increases in official pensions, which are currently increased in line with Consumer Prices Index (CPI), subject to certain caps. This provides a level of inflation protection for your benefits. These inflationary increases are subject to certain caps, depending on when your benefits built up. This note sets out how these caps are applied in practice.

For benefits built up before 1 October 2011, the annual increase in official pensions is matched in full.

The annual increase for benefits built up from 1 October 2011 to 31 March 2022 is capped at 10% (the first 5% matches the increase in official pensions, with half of the excess above 5% matched to a maximum of 10%)<sup>1</sup>. This is referred to below as the “existing cap”. This existing cap will also apply to benefits built up from 1 April 2022 in respect of the increases granted up to (and including) 1 April 2025.

From 1 April 2026, the cap will reduce to 2.5% for benefits built up from 1 April 2022. This means any benefits you build up from 1 April 2022 will be increased by a maximum of 2.5% each year. If you retire or leave USS part way through the year from 1 April 2024 to 31 March 2025, the benefits you build up during that year will be increased on 1 April 2025 and will be subject to the 2.5% increase cap.

The tables below show which cap applies and when.

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<sup>1</sup> This cap doesn’t apply to added years AVCs under agreements dated prior to 1 October 2011.



**Where you stay in active membership throughout a benefit year (1 April – 31 March)**

The “existing cap” in this table refers to the benefits built up from 1 October 2011 to 31 March 2022 being capped at 10% (the first 5% matches the increase in official pensions, with half of the excess above 5% matched to a maximum of 10%). For benefits built up before 1 October 2011, the annual increase in official pensions is matched is full and therefore the increases that apply to those benefits are not included in the table below. References below to the “existing cap” only apply to benefits built up from 1 October 2011.

	Increase date				
Benefit year in which Retirement Income Builder benefits are built up	01/04/2023	01/04/2024	01/04/2025	01/04/2026	1/04/2027
Built up prior to 1 April 2022	Existing cap	Existing cap	Existing cap	Existing cap	Existing cap
2022/23	N/a – current year benefits	Existing cap	Existing cap	2.5% cap	2.5% cap
2023/24	N/a – benefits not yet built up	N/a – current year benefits	Existing cap	2.5% cap	2.5% cap
2024/25	N/a – benefits not yet built up	N/a – benefits not yet built up	N/a – current year benefits	2.5% cap	2.5% cap
2025/26	N/a – benefits not yet built up	N/a – benefits not yet built up	N/a – benefits not yet built up	N/a – current year benefits	2.5% cap

**Where you leave/retire partway through a benefit year (from 1 April 2022)**

The “existing cap” in this table refers to the benefits built up from 1 October 2011 to 31 March 2022 being capped at 10% (the first 5% matches the increase in official pensions, with half of the excess above 5% matched to a maximum of 10%). For benefits built up before 1 October 2011, the annual increase in official pensions is matched is full and therefore the increases that apply to those benefits are not included in the table below. References below to the “existing cap” only apply to benefits built up from 1 October 2011.

Scheme year in which you leave or retire	Increase that applies at date of leaving or retirement	Increase date			
		01/04/2023	01/04/2024	01/04/2025	01/04/2026
2022/23	Proportionate revaluation applied to prior years accrual (up to 31/03/2022) based on 01/04/2022 increase  <b>Existing cap</b>	Proportionate revaluation from date of leaving/retirement to 01/04/2023 based on 01/04/2023 increase  <b>Existing cap</b>	Increases applied to all benefits, and subject to the <b>Existing cap</b>	Increases applied to all benefits, and subject to the <b>Existing cap</b>	Increases applied to all benefits, and subject to the <b>Existing cap</b> for pre-1 April 2022 benefits,  and the <b>2.5% cap</b> on benefits built up on and from 1 April 2022
2023/24	Proportionate revaluation applied to prior years accrual (up to 31/03/2023) based on 01/04/2023 increase  <b>Existing cap</b>	N/a – you have not left by this point so active revaluation applies	Proportionate revaluation from date of leaving/retirement to 01/04/2024 based on 01/04/2024 increase  <b>Existing cap</b>	Increases applied to all benefits, and subject to the <b>Existing cap</b>	Increases applied to all benefits, and subject to the <b>Existing cap</b> for pre-1 April 2022 benefits,  and the <b>2.5% cap</b> on benefits built up on and from 1 April 2022



<p>2024/25</p>	<p>Proportionate revaluation applied to prior years accrual (up to 31/03/2024) based on 01/04/2024 increase</p> <p><b>Existing cap</b></p>	<p>N/a – you have not left by this point so active revaluation applies</p>	<p>N/a – you have not left by this point so active revaluation applies</p>	<p>Proportionate revaluation from date of leaving/retirement to 01/04/2025 based on 01/04/2025 increase</p> <p><b>Existing cap</b> for pre-1 April 2024 benefits</p> <p><b>2.5% cap</b> on benefits built up on and from 1 April 2024</p>	<p>Increases applied to all benefits, and subject to the <b>Existing cap</b> for pre-1 April 2022 benefits,</p> <p>and the <b>2.5% cap</b> on benefits built up on and from 1 April 2022</p>
<p>2025/26</p>	<p>Proportionate revaluation applied to prior years accrual (up to 31/03/2025) based on 01/04/2025 increase</p> <p><b>Existing cap</b> for pre-1 April 2022 benefits</p> <p><b>2.5% cap</b> on benefits built up on and from 1 April 2022</p>	<p>N/a – you have not left by this point so active revaluation applies</p>	<p>N/a – you have not left by this point so active revaluation applies</p>	<p>N/a – you have not left by this point so active revaluation applies</p>	<p>Proportionate revaluation from date of leaving/retirement to 01/04/2026 based on 01/04/2026 increase</p> <p><b>Existing cap</b> for pre-1 April 2022 benefits</p> <p><b>2.5% cap</b> on benefits built up on and from 1 April 2022</p>

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