

# USS EMPLOYER CONSULTATION 2018

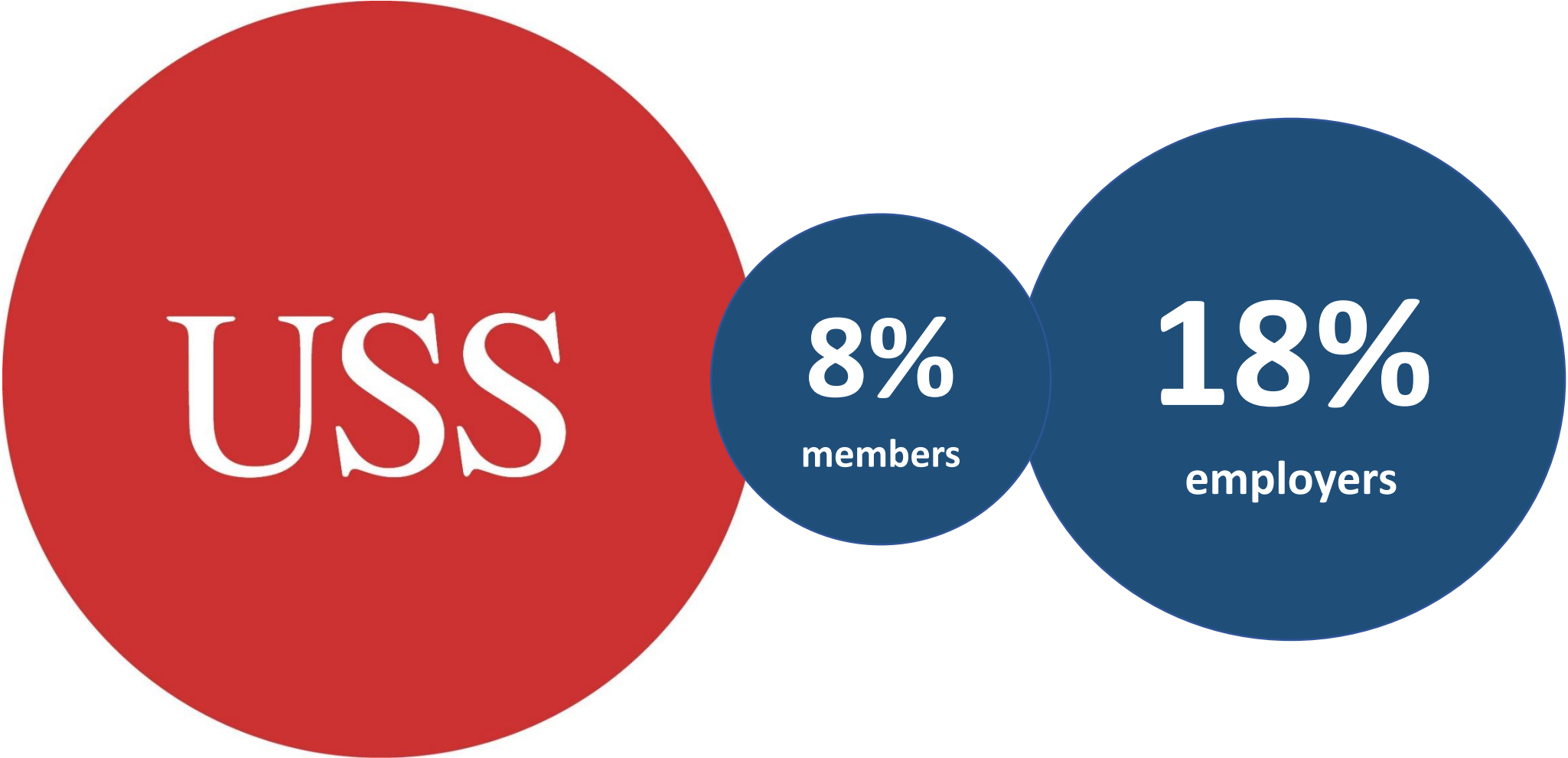
[www.ussconsultation2018.co.uk](http://www.ussconsultation2018.co.uk)

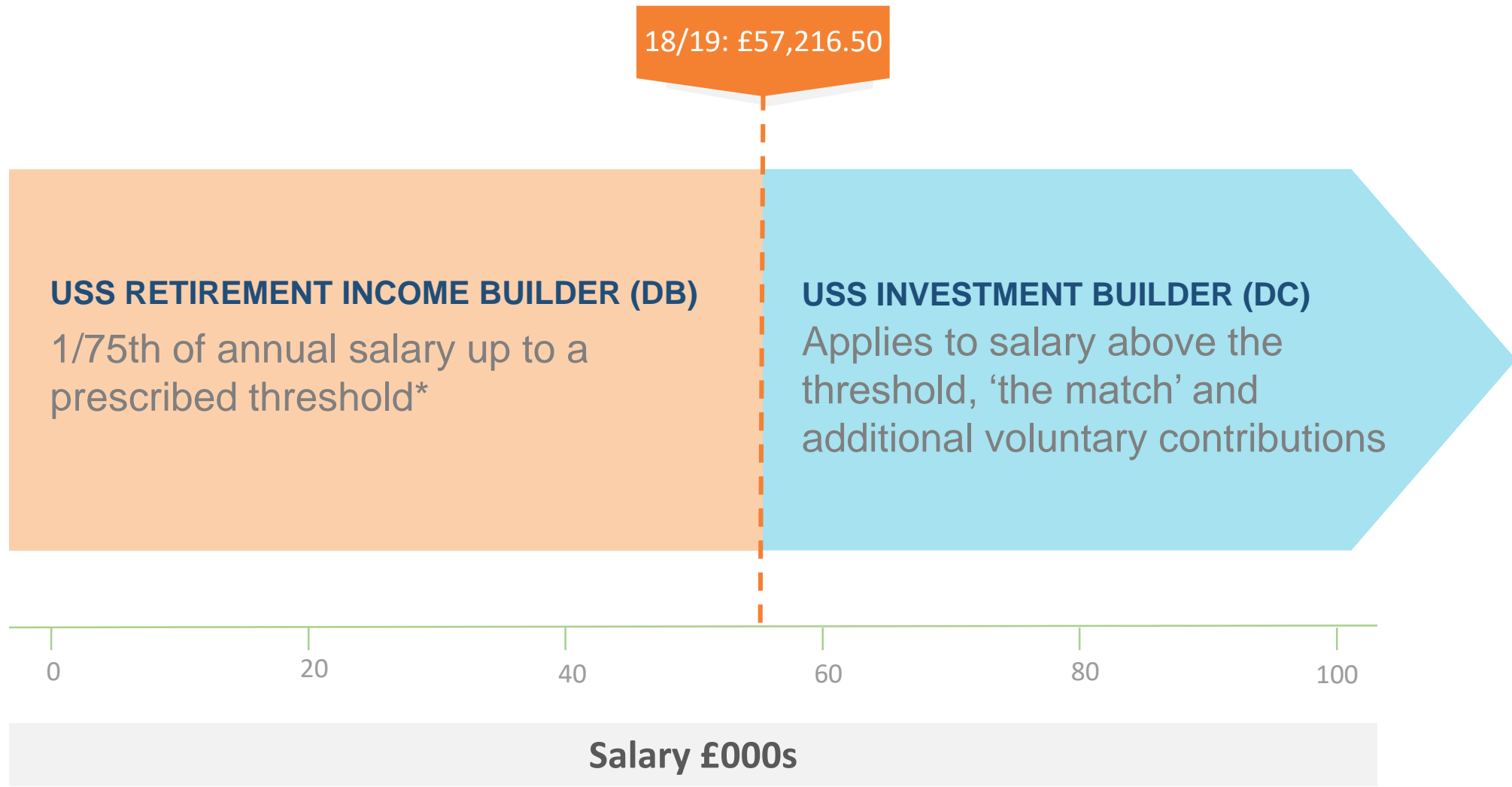


USS

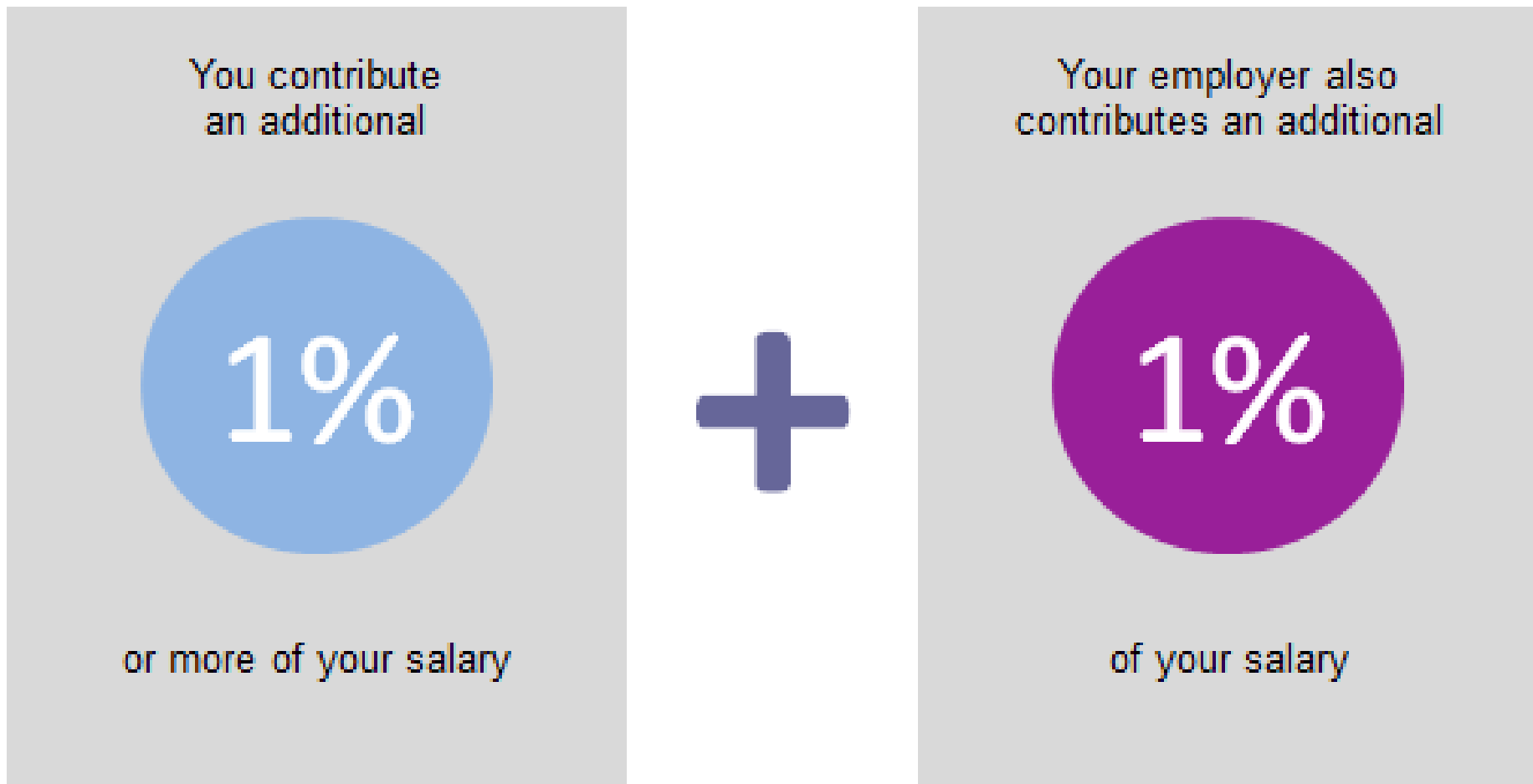
**THIS PRESENTATION COVERS:**

- Current contribution rates & benefits
- The latest valuation (as at 31 March 2017)
- Proposed contribution increases
- The Joint Expert Panel





\*The threshold increases annually, broadly in line with the Consumer Price Index measure of inflation



**INTO THE USS INVESTMENT BUILDER**

## FURTHER BENEFITS

### **Death in service**

Beneficiaries receive three times your full salary as a lump sum; your spouse or civil partner receives a pension for life based on full pensionable salary

### **Death in retirement**

Spouse or partner receives half the pension you were entitled to when you retired, plus increases to reflect inflation

### **Ill-health**

If you retire in ill health you receive a pension and a tax-free cash lump sum

**See factsheets available on USS website for full details**

**13.3% - USS Retirement Income Builder**

+2.1% deficit recovery

**2.1% - USS Investment Builder**

+0.1% investment costs subsidy

**0.4%** - towards scheme running costs





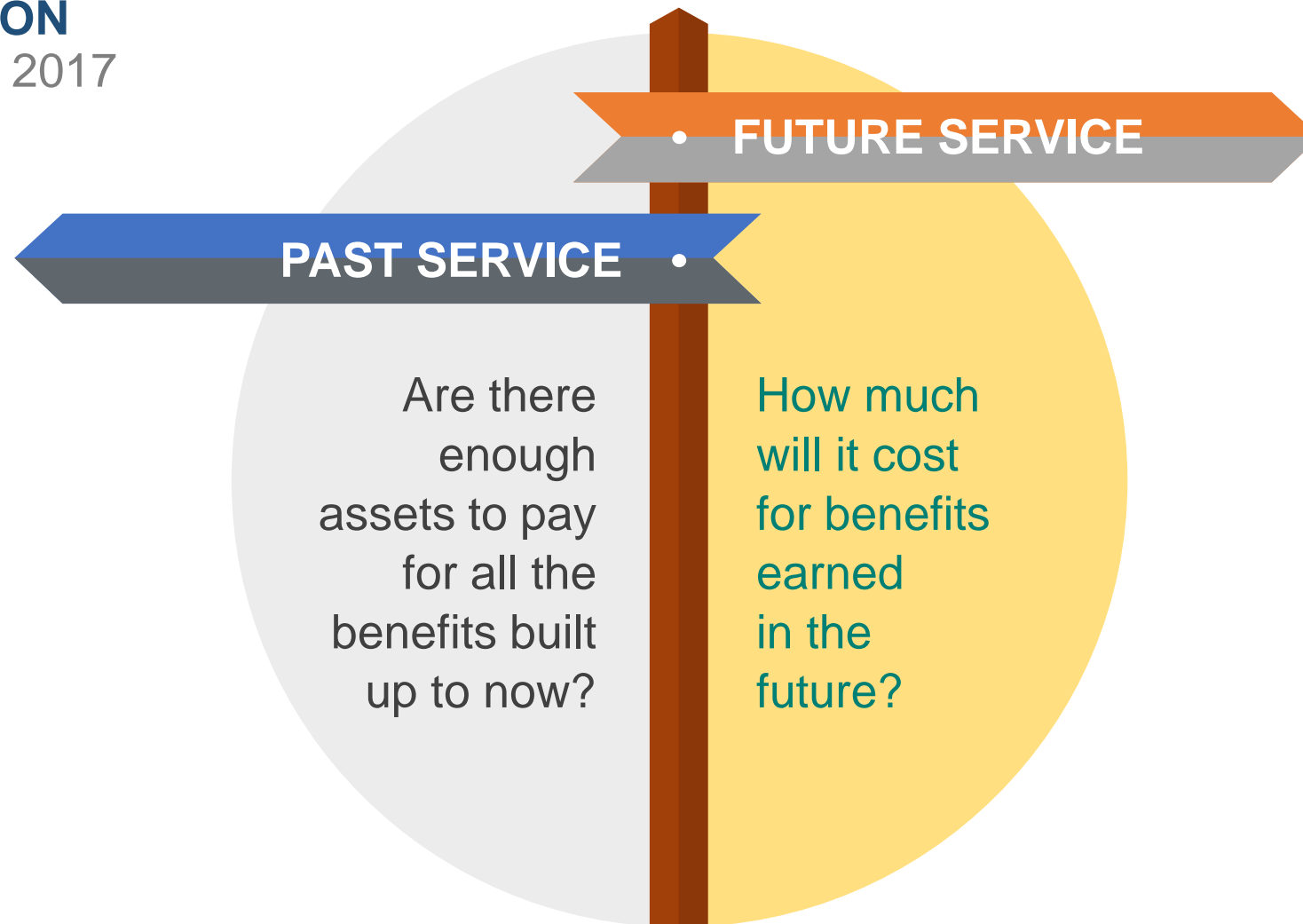
8% of salary up to the salary threshold to the **USS Retirement Income Builder**

8% of salary above the salary threshold saved in the **USS Investment Builder**



## 2017 VALUATION

As at 31 March 2017



REASSESSED EVERY 3 YEARS

The majority of feedback suggested the valuation was set at close to maximum risk appetite

**Employers**

UUK's response indicated the trustee should take a more moderate approach to risk

**Scheme  
Actuary**


Discount rate is at the upper end of the acceptable range for a strong covenant

**The Pensions  
Regulator**

Discount rate is at the upper end of what is acceptable, *if* the covenant is "strong"

**Covenant  
adviser**

The covenant *is* strong, but the trustee should consider reducing risk



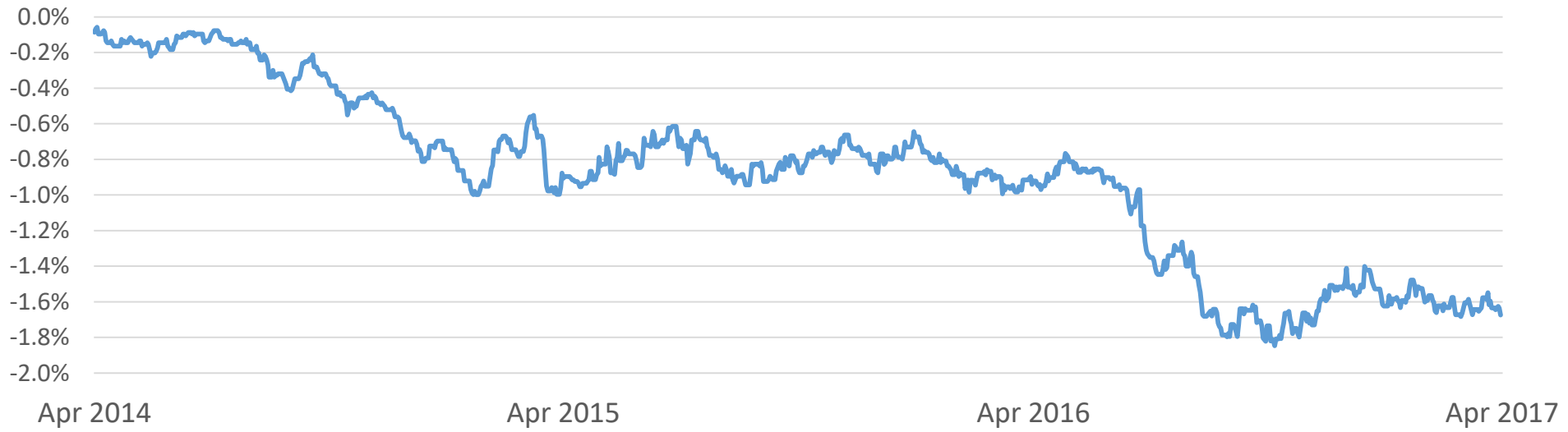
**Contribution  
rate required  
= 37.4%**



**11.4%**  
higher than  
current combined  
contribution =  
c.£900m a year

% pa

Real gilt yields are lower



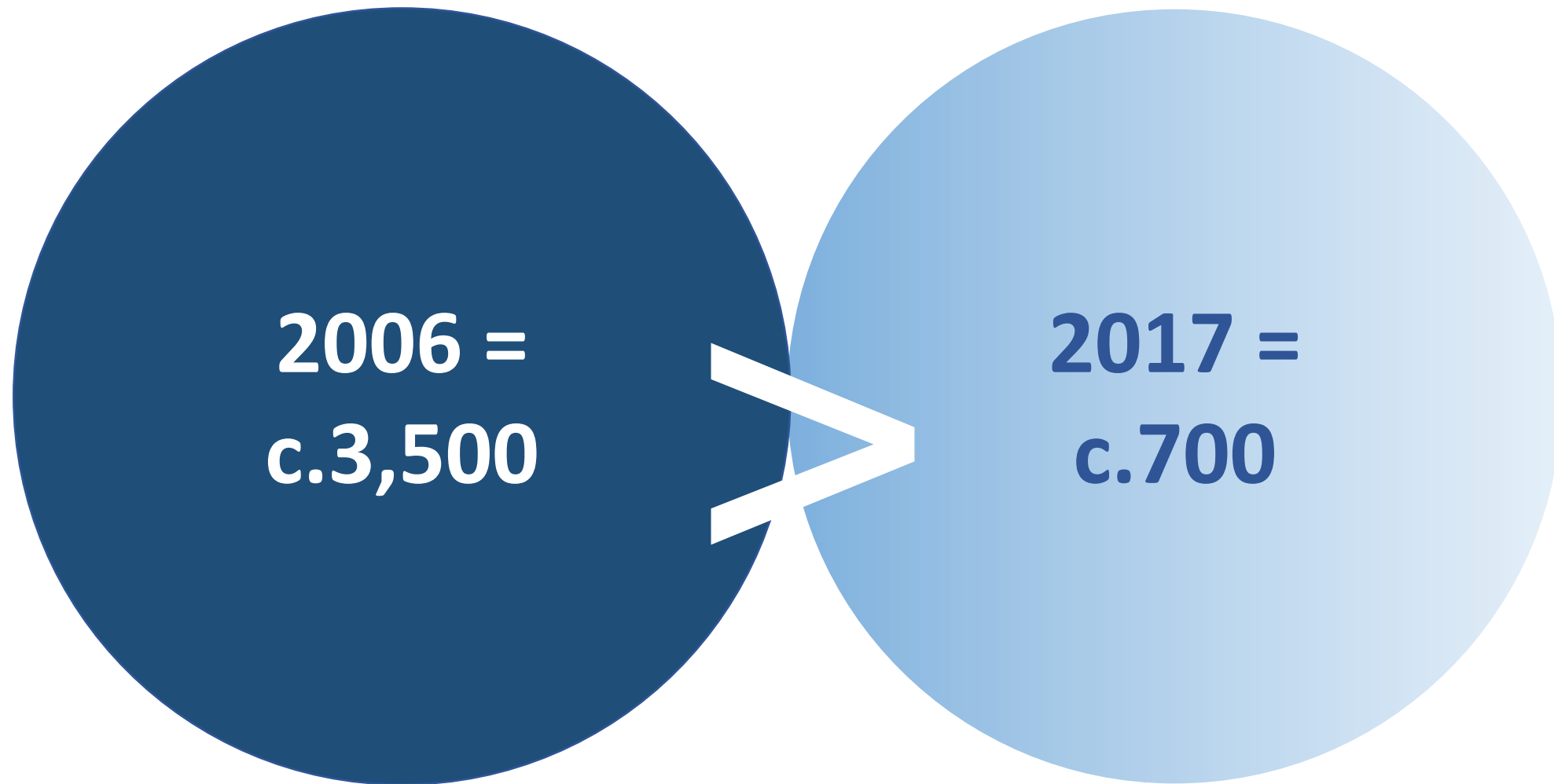
£ bn

USS's asset growth has been strong





80% of private defined benefit pension schemes have closed since 2006

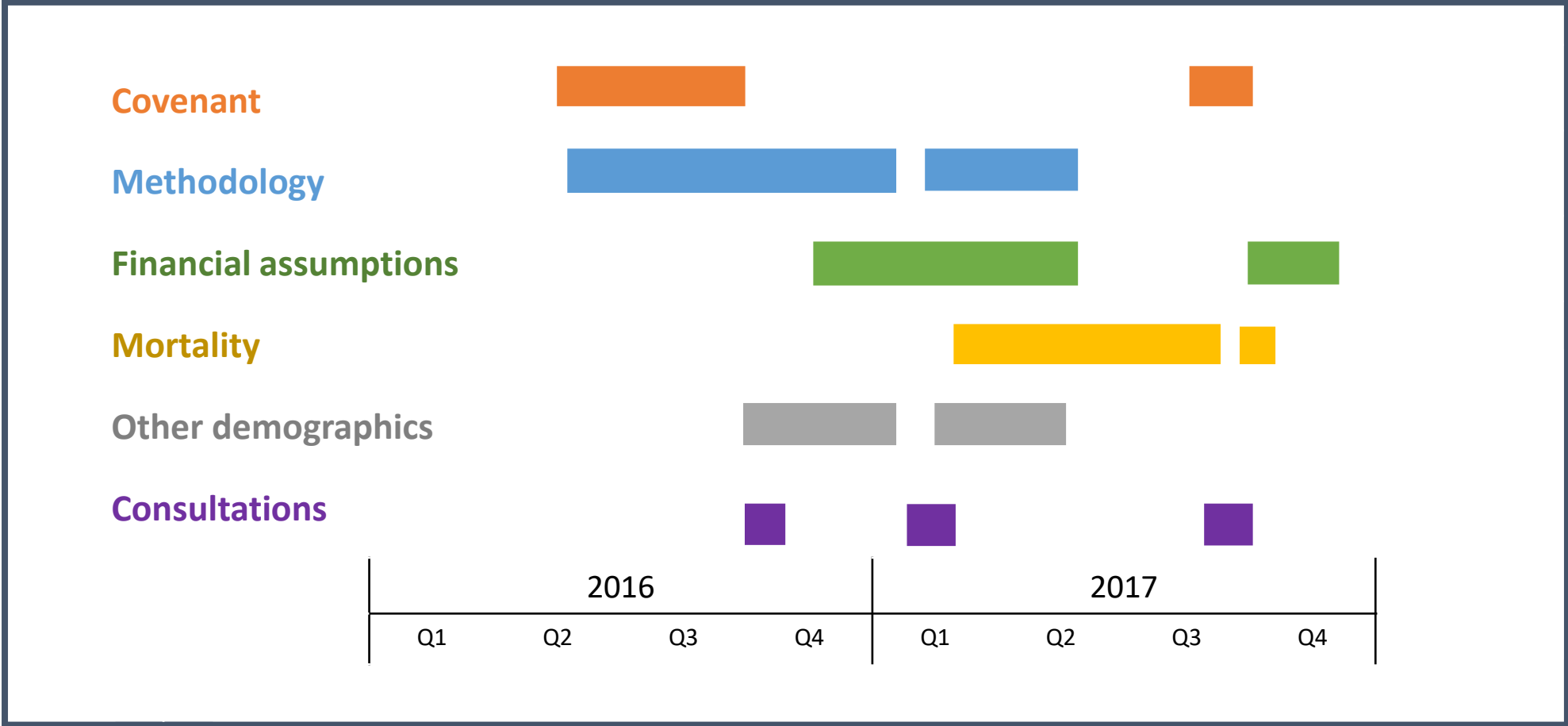




**Deficit  
= £7.5bn**

**Scheme =  
89% funded**





## MILESTONES TO COMPLETION OF VALUATION, AND SEPARATE JEP PROCESS

April '18	May '18	June '18	July '18	Sep '18	October '18	Nov '18	Dec '18	January '19	February '19
JNC withdraws benefit reform proposals	Trustee confirms cost sharing process is being applied	Trustee in breach of the law as legal deadline for completing valuation passes	Trustee finalises cost sharing proposals following JNC discussions	Member consultation on cost sharing proposal launches	Member consultation on cost sharing proposal	Member consultation ends; responses considered	Trustee consults employers on cost sharing proposal	Trustee finalises cost sharing position	2017 valuation completed
UCU / UUK establish JEP	JEP meets	JEP meets	JEP meets	JEP report expected	JNC expected to discuss JEP report	JNC expected to discuss JEP report	Possible JNC decision*	Possible JNC decision*	Possible JNC decision*

\*Depending on the complexity, it can take up to 12 months to implement scheme changes from the point of a JNC decision due to the various legal consultation requirements and technical processes involved

**Contributions  
funding current  
defined benefits  
to increase**

**1% employer DC  
match discontinued  
from 1 April 2019\***

**Contributions on  
salary above the  
DB threshold to  
increase\*\***

\*If you have elected to take 'the match' then your 1% contribution would continue to be paid to the USS Investment Builder from 1 April 2019 onwards, even after your employer's matching 1% ends, unless you formally issue an explicit instruction, via My USS, for it to stop.

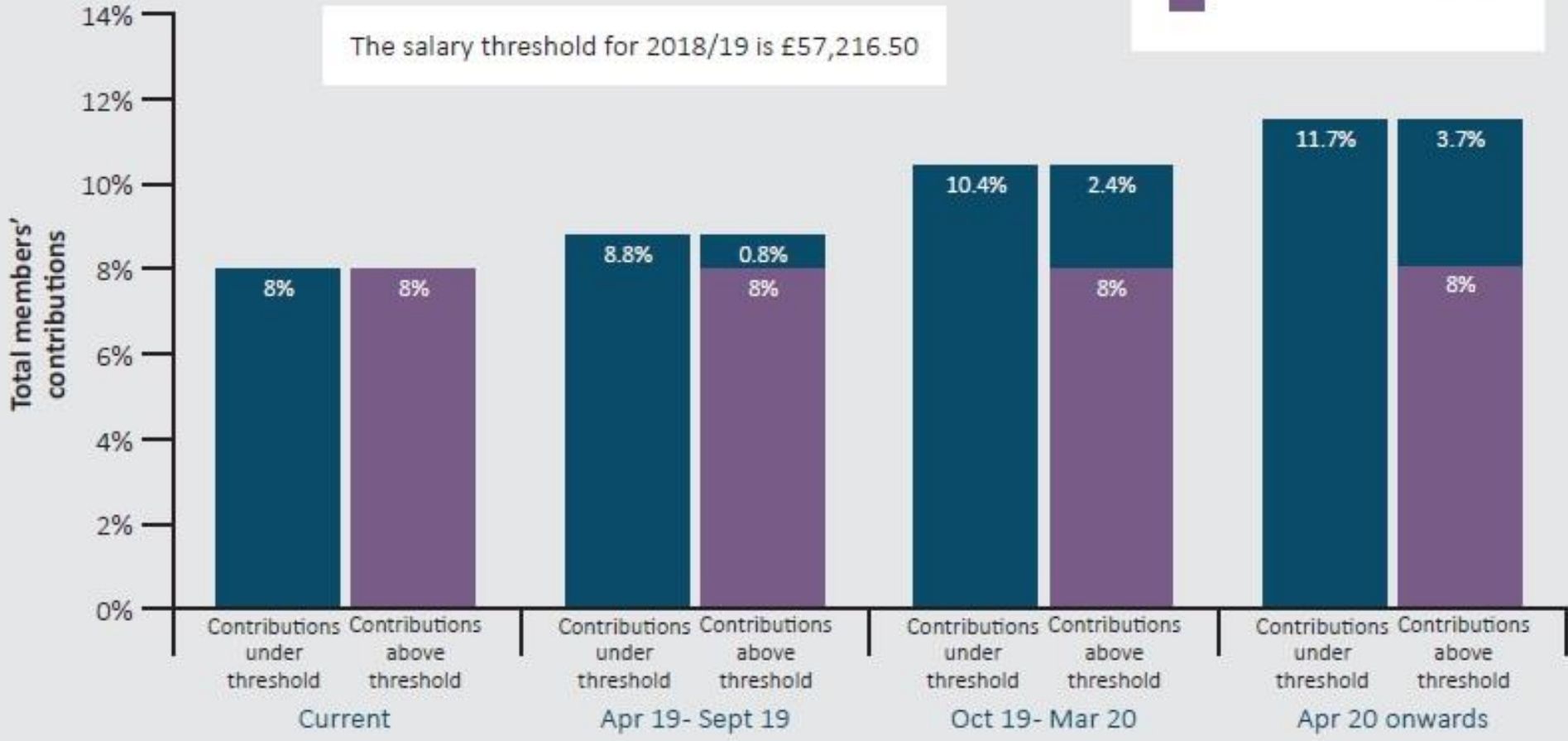
\*\*Increases to member contributions will also be applied to salary above the threshold: anything above the established 20% combined contribution already being paid by members and employers to the USS Investment Builder will be paid into the USS Retirement Income Builder.

### WHAT MEMBER CONTRIBUTIONS FUND

**KEY**

- USS Retirement Income Builder
- USS Investment Builder

The salary threshold for 2018/19 is £57,216.50





\*of salary

## WHAT TO DO NEXT

*Members, eligible employees and member representatives should visit [www.ussconsultation2018.co.uk](http://www.ussconsultation2018.co.uk) and review the information about the proposed changes and the consultation process.*



*Members, eligible employees and member representatives*

**Members, eligible employees and member representatives will be able to login to:**

[www.ussconsultation2018.co.uk](http://www.ussconsultation2018.co.uk)

**From 9am on 3 September.**

**Any USS pension benefits you have already built up are protected by law**

# USS EMPLOYER CONSULTATION 2018

[www.ussconsultation2018.co.uk](http://www.ussconsultation2018.co.uk)

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