



## UoB Briefing

8 August 2018

Dear colleagues,

Last week, members of the Universities Superannuation Scheme (USS pension) will have received **an email** from USS concerning the sharing of the increased costs of providing benefits between members and employers.

As colleagues are aware, in the 2017 triennial valuation, a deficit was identified in the USS pension scheme which resulted in proposed amendments to the scheme. Earlier this year, those proposed amendments were rejected in favour of the establishment of the Joint Expert Panel (JEP) to examine how the deficit was arrived at, with a view to formulating new proposals. The JEP is continuing its work and is expected to report in September, following which the USS Joint Negotiating Committee (JNC) will consider whether there is an alternative solution to adopt. Any alternative solution would be subject to a statutory consultation with the members. This will clearly take some time to finalise.

In the meantime, the deadline set by the government's Pensions Regulator for a solution to be agreed – 30 June 2018 – has passed, and USS is now proposing to implement USS Rule 76, which provides a default mechanism for cost sharing, if there is no agreed way of meeting a deficit identified in the valuation of the scheme. This proposal is also subject to a statutory consultation with members commencing in September and we expect that consultation packs will be issued before the end of August. It is hoped that the increases to members' and employers' contributions arising from the implementation of Rule 76 will be temporary, pending the JEP outcome later this year and subsequent discussions as to other means of either meeting the increases in costs, or adjusting future benefits, or a combination of the two.

The University's response to a consultation by Universities UK (representing employers) on cost sharing is available **here**.

Although staged increases in contributions have been proposed, commencing in April 2019, these increases could be overtaken by any subsequent proposals from the JNC, depending on the timing of the process following the completion of the JEP work, and one or more of the staged increases in contributions could be scrapped in favour of an alternative solution agreed by the JNC.

We realise that the proposed significant increases in contributions arising because of Rule 76 will be unwelcome to members, as indeed they are to the University, and therefore we support the work of the JEP and look forward to a positive outcome of that process.

Best wishes,

**Professor Tim Jones**

Provost and Vice-Principal

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