



UoB Briefing

21 December 2017

1. USS update

Last week's briefing (on 13 December) referred to a proposal by Sally Hunt, the General Secretary of UCU, to extend the deadline until the end of March 2018 for the JNC to agree a proposal for consultation. USS has now agreed to extend the deadline but only until 23 January, in order to be able to fulfil its statutory obligation to report the outcome of the valuation to the Pensions Regulator (tPR) by 30 June 2018.

UUK has had 28 meetings with UCU since the valuation date in order to progress the negotiations on potential benefit reform. A benefit reform proposal from UUK was tabled at the JNC on 13 November, in accordance with the USS trustee's timetable. UUK has since developed further detail on the proposal to progress negotiations at the JNC.

UCU has not yet tabled a proposal at the JNC, nor have they set out areas of the UUK proposal that they would like to discuss. This has made it challenging to progress the negotiations. Meetings between the two sides are continuing.

2. Modelling proposals for USS reform

UCU has made some predictions about the effect of the proposals made by Universities UK (UUK) – representing employers participating in USS – on the likely future accrual of pension of members. (This was covered in the **briefing** which was circulated on 30 November.)

UUK has asked its actuarial advisors, Aon, to model estimated member outcomes under the current benefit structure – acknowledging clearly that this is hypothetical only as it is not possible to continue with those arrangements – and under UUK's proposals to reduce the salary threshold to £0 and offer defined contribution (DC) benefits on all salary. In order to model member outcomes there are a number of assumptions that have to be made, including expected investment returns on DC savings. UUK and Aon considered these assumptions carefully to ensure that they offer a balanced and fair indication of member outcomes. Aon's modelling is based on USS scheme data to ensure the credibility of the information provided.

Aon's modelling demonstrates that through the employers' proposal competitive and generous pensions will remain even though the scheme faces significant funding challenges. Aon's modelling suggests that under UUK's proposals, and including standard state pension entitlements, current members should continue to receive retirement incomes that are equivalent to 80-90% of those received currently in terms of monetary value. The modelling also clearly shows the increase in costs from 26% of salaries for the UUK proposal to 37.4% of salaries to afford current benefits. For more details **visit the Employers Pensions Forum website**.

3. Five Facts: USS Pensions

A factsheet with information about the 2017 USS valuation and the discussions at the USS Joint Negotiating Committee (JNC) is now available on the [Universities UK website](#).

4. Updated Q&A

An updated Q&A is available on [the Employers Pension Forum](#).

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