



The  
University  
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Sheffield.

**USS**  
UNIVERSITIES  
SUPERANNUATION  
SCHEME LIMITED

# USS Changes Update

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# What we will cover

- General context & where we are
- Employers' proposals
- UCU proposals
- Next steps & more info



# General Context

- 2014 triennial valuation – expected deficit larger than 2011
- Employers consulted on proposals to change the structure of USS
- UCU oppose changes – industrial action
- Negotiations ongoing at national level
- Statutory member consultation still to come
- Proposed date of any changes April 2016



# Valuing a scheme

The Pensions Regulator



“Statutory funding objective”

Assets

=

Technical Provisions  
(accrued liabilities)

Valuation assumptions

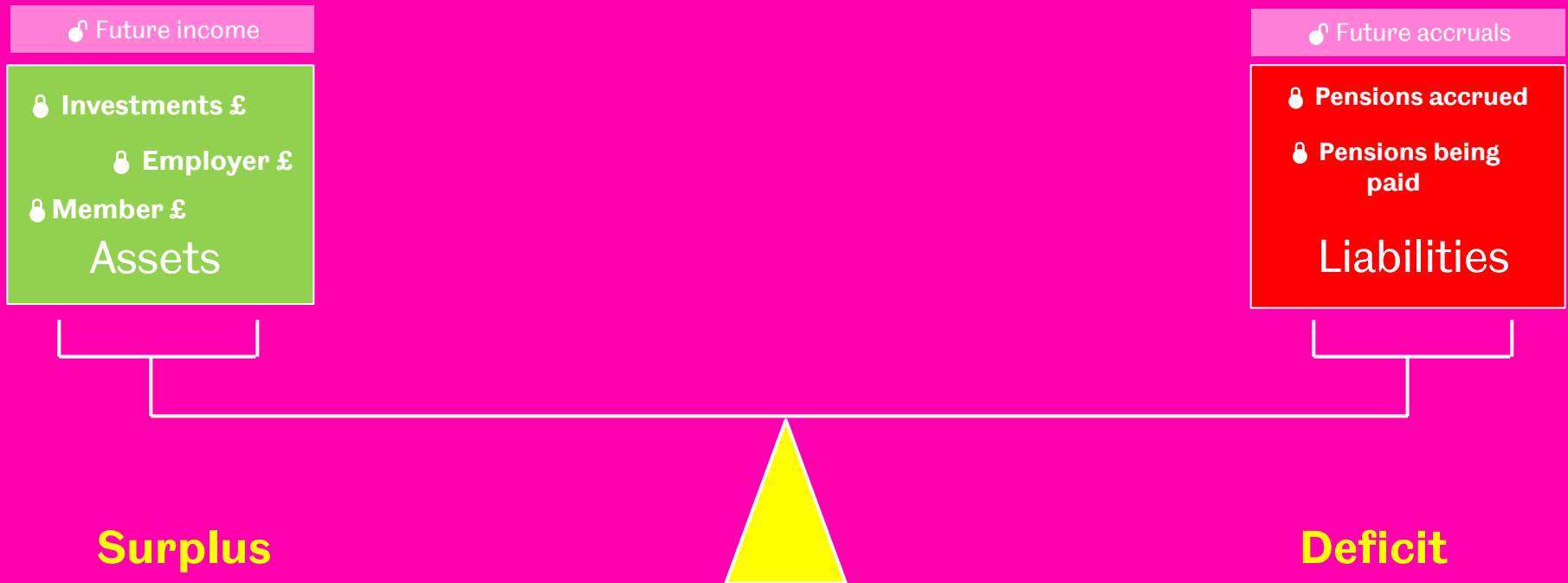
Prudent

Evidence  
based

Long  
term



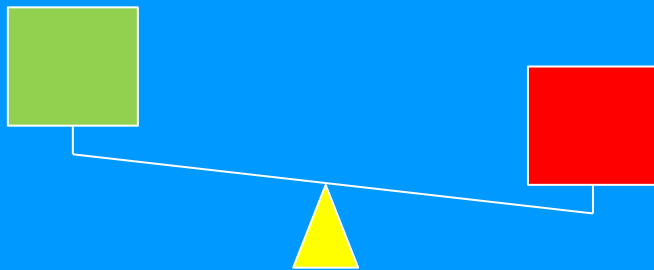
# Valuing a scheme



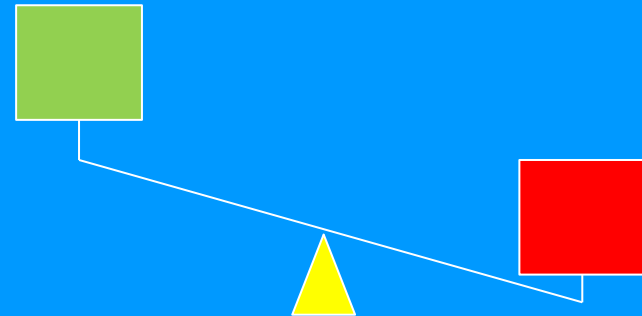


# Valuing USS

2011



2014





# Employers' Proposals

- Final salary section to close
- Past benefits based on index-linked salary (not final)
- All staff move to existing CRB section (1/80<sup>th</sup>)
- Benefits on earnings above £50,000 on DC basis.
- Optional DC savings of additional 1% of earnings matched by employer (on whole salary)
- Employer contributions of 18%
- Member contributions of 6.5%
  - No change from existing CRB
  - Reduction for current FS members



# UCU Proposals

- Final salary section to close
- Past benefits based on index-linked salary (not final)
- All staff move into CRB, but more generous (1/70<sup>th</sup>)
- No DC element in the scheme
- Absolute cap on pensionable salary – no benefits above that
- Increase in contributions for employers (either 20.9% or 22.4%) – if member contributions remain at 6.5%
- Possibility of agreeing contribution split of 18% employer / 9% member





# Key changes for members

## Employers' Proposals:

## UCU Proposals:

- Career average rather than final salary
- Indexed link for accrued benefits (based on salary at point of change)

- CRB Defined benefit only up to £50k
- DC pot above £50k – less certainty
- Extra 1% DC pot matched by employer.
- Reduced pension contribution rate for FS members

- CRB Defined benefit up to 85<sup>th</sup> percentile of salary range
- No benefits above 85<sup>th</sup> percentile
- Better CRB accrual rate (1/70<sup>th</sup>)
- Possibility of increased member contributions



# The “do nothing” option

## *Employer contributions*

- Increase to **25.7%**
- an extra **£20m** per year

## *Member contributions*

- Increase to **12.7%**
- an extra **£199** per month on G8 pt 7

## Employers' proposals:

### *Employer contributions*

**18%** – extra **£4m** per year

### *Member contributions*

**no change** or small decrease

## UCU proposals:

### *Employer contributions*

**20.9%** – extra **£10m** per year

**22.4%** – extra **£12m** per year

OR...

### *Member contributions*

Increase to **9%** - extra **£57** per month on G8 pt 7

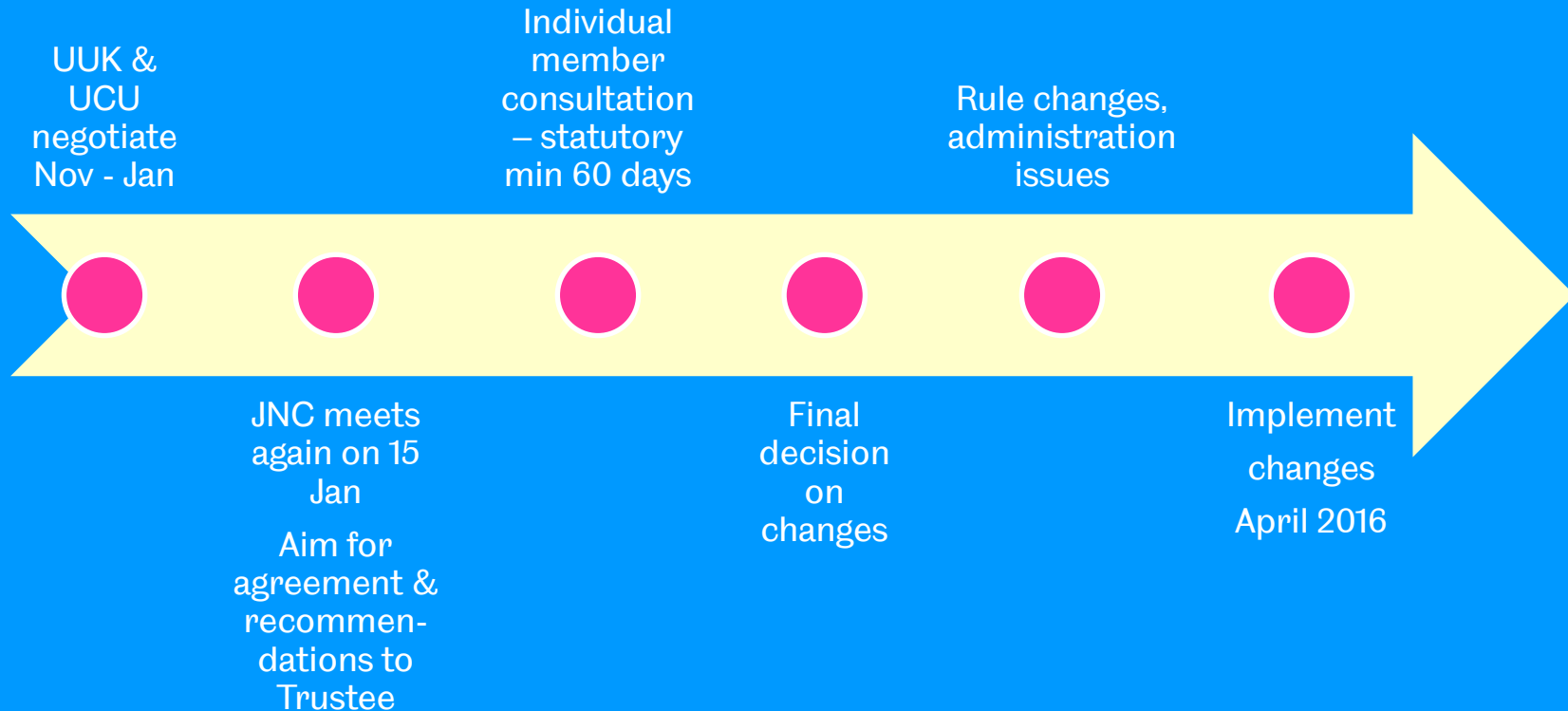


# Design issues still to resolve

- Ill-health & early retirement provisions
- Death in service benefits
- Added years AVCs
- Transitional protections
- If DC; the investment options
- Would salary thresholds be absolute figures or pro-rated and/or index-linked?



# What's next?





# More info

- HR web pages:  
[www.sheffield.ac.uk/hr/guidance/ussconsultation](http://www.sheffield.ac.uk/hr/guidance/ussconsultation)
- UCU web pages:  
[defenduss.web.ucu.org.uk](http://defenduss.web.ucu.org.uk)
- USS web pages:  
[www.uss.co.uk/news/Pages/ValuationFAQs.aspx](http://www.uss.co.uk/news/Pages/ValuationFAQs.aspx)
- USS will develop a modeller once JNC recommends proposals.....will update when available