



USS Consultation on the proposed assumptions for the scheme's technical provisions and recovery plan.

Consultation comments/feedback: University of Sheffield

1. Principal assumptions

- We have not provided commentary on each specific assumption highlighted in the consultation document.
- We believe that collectively the assumptions used should demonstrate an appropriate level of prudence, but not too much; we would favour prudence over pessimism.
- In the interests of making a more informed analysis and feedback on the principal assumptions we would welcome more transparency around the impact of making a number of changes to the assumptions.
- We note that a number of other Universities have also presented views that challenge the assumptions as presented. We would welcome USS providing a response to those concerns to better inform stakeholders regarding the decisions being sought around the assumptions.
- We would like to reiterate the position we expressed in the previous UUK consultation exercise that, in contemplating alternative future benefit accrual, we agree that career average schemes (Career Revalued Benefits) provide arguably a fairer means of providing pensions than final salary schemes. We would like to ensure that a significant majority of our eligible staff are covered by any defined benefit salary threshold or cap.

2. Reducing risk within the scheme

- We are not opposed to the principle of de-risking the scheme. We believe it should only be done very gradually and when market conditions are conducive to avoid “locking in” the current deficit.

3. Recovery plan

- We would support a recovery plan horizon of twenty years, given the overall strength of the employer covenant.

4. USS Trustees' guiding principles for scheme funding

- We believe that the guiding principles adopted by the scheme trustees are sensible and provide a balanced way of approaching scheme funding, noting in particular:
 - Aiming for no increase in the scheme's reliance on the covenant of the sector during a 20 year horizon and, where opportunities arise, seeking to reduce the reliance on the covenant.
 - Delivering stability of contributions within a pre-defined range of probabilities linked to contribution parameters.
 - Investment risk and tail risk need to be managed to provide appropriate cover for rare circumstances, but with a potentially significant impact on the funding position.

Ian Wright
Associate Director of Human Resources