

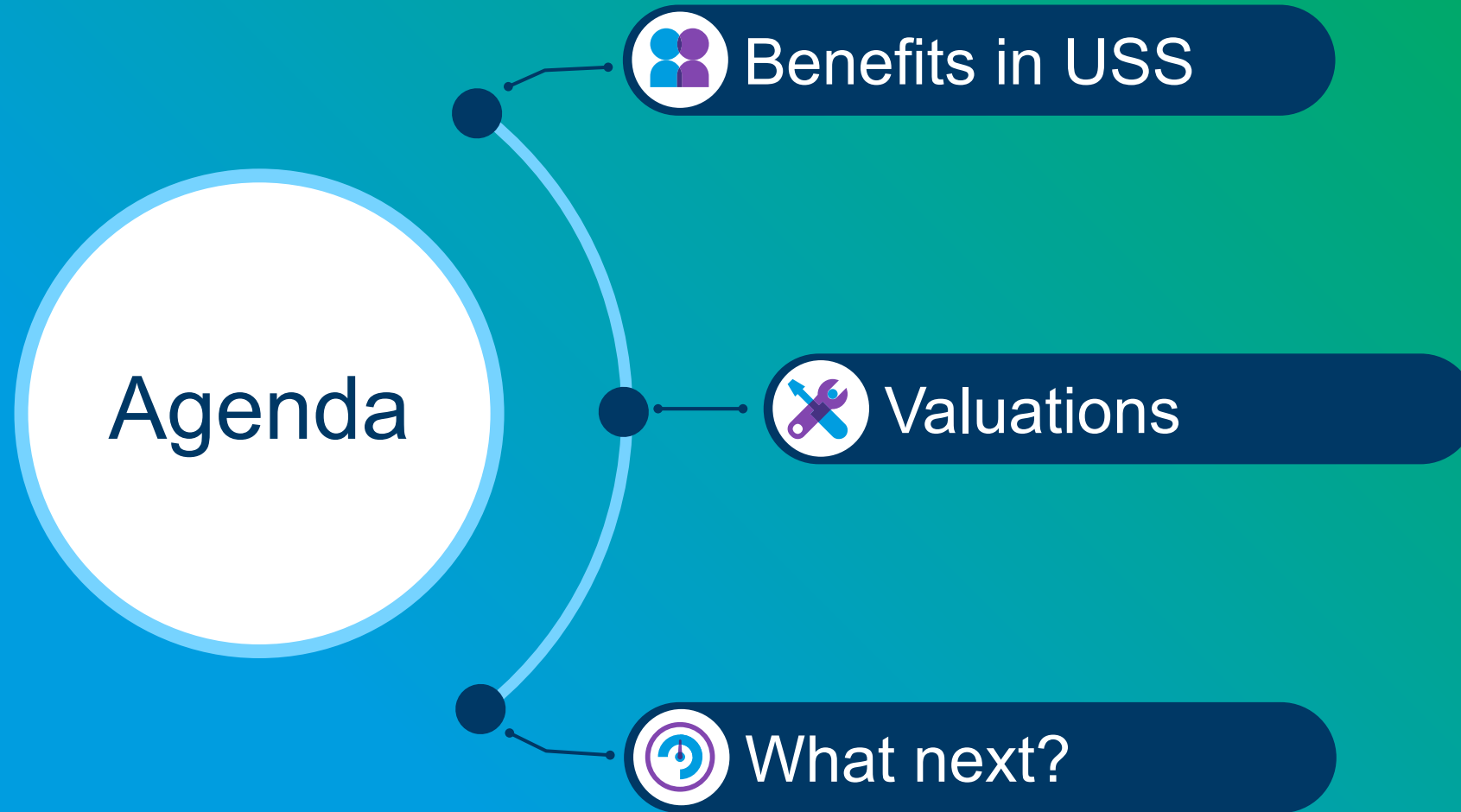
USS

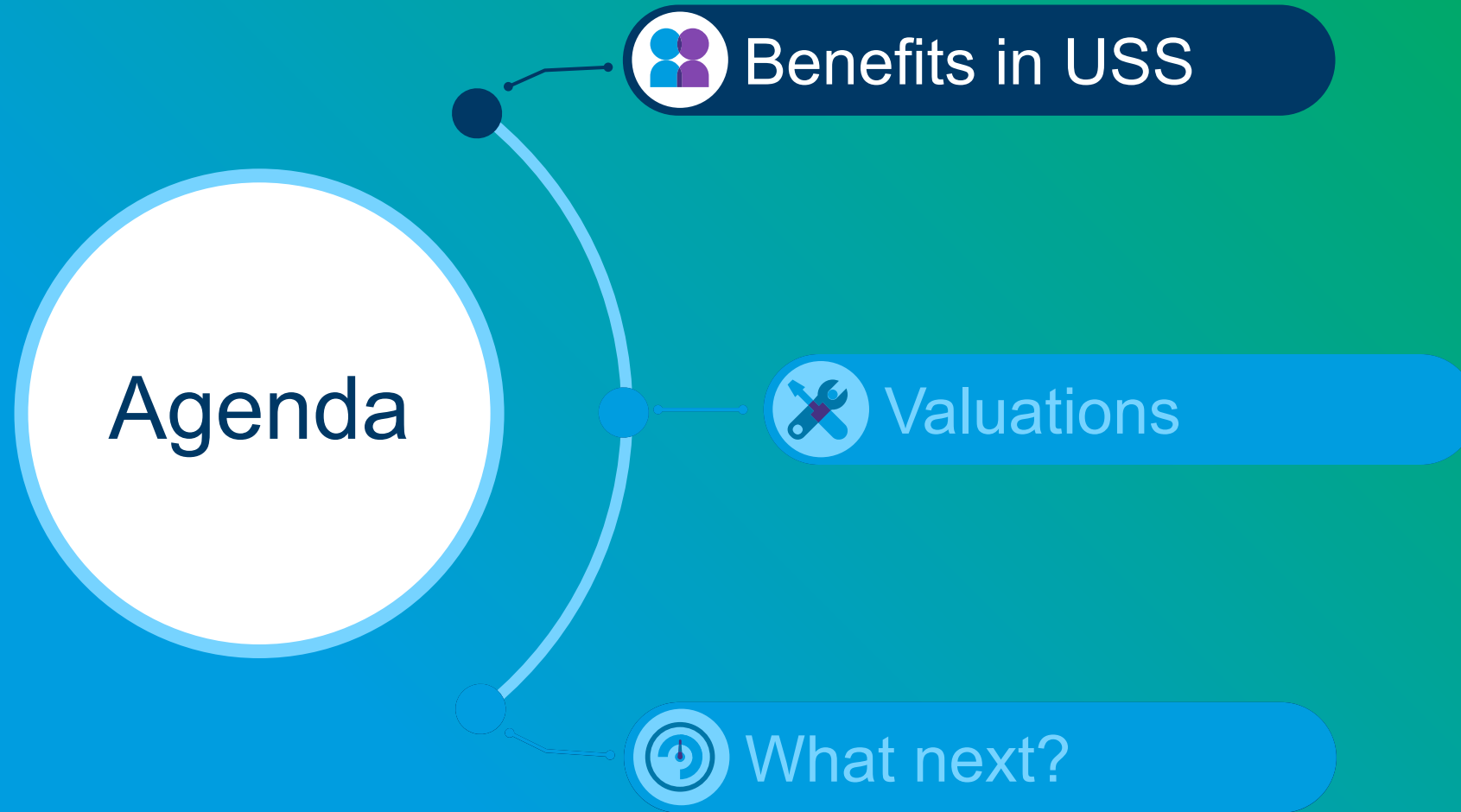
The current situation

Clarke Bedford, Mercer

welcome to brighter







Overview of benefits in USS

Pension and cash on retirement



Flexibility of when and type



Additional contributions



Death and ill-health benefits



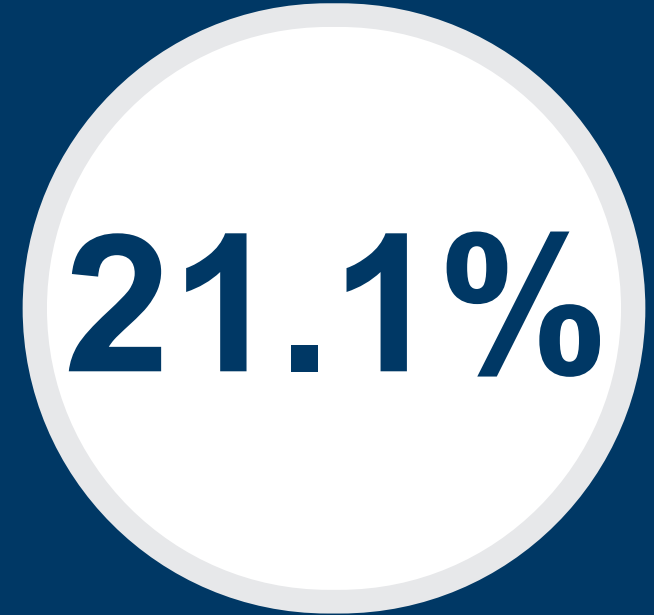
Tax relief on contributions



Contributions to USS

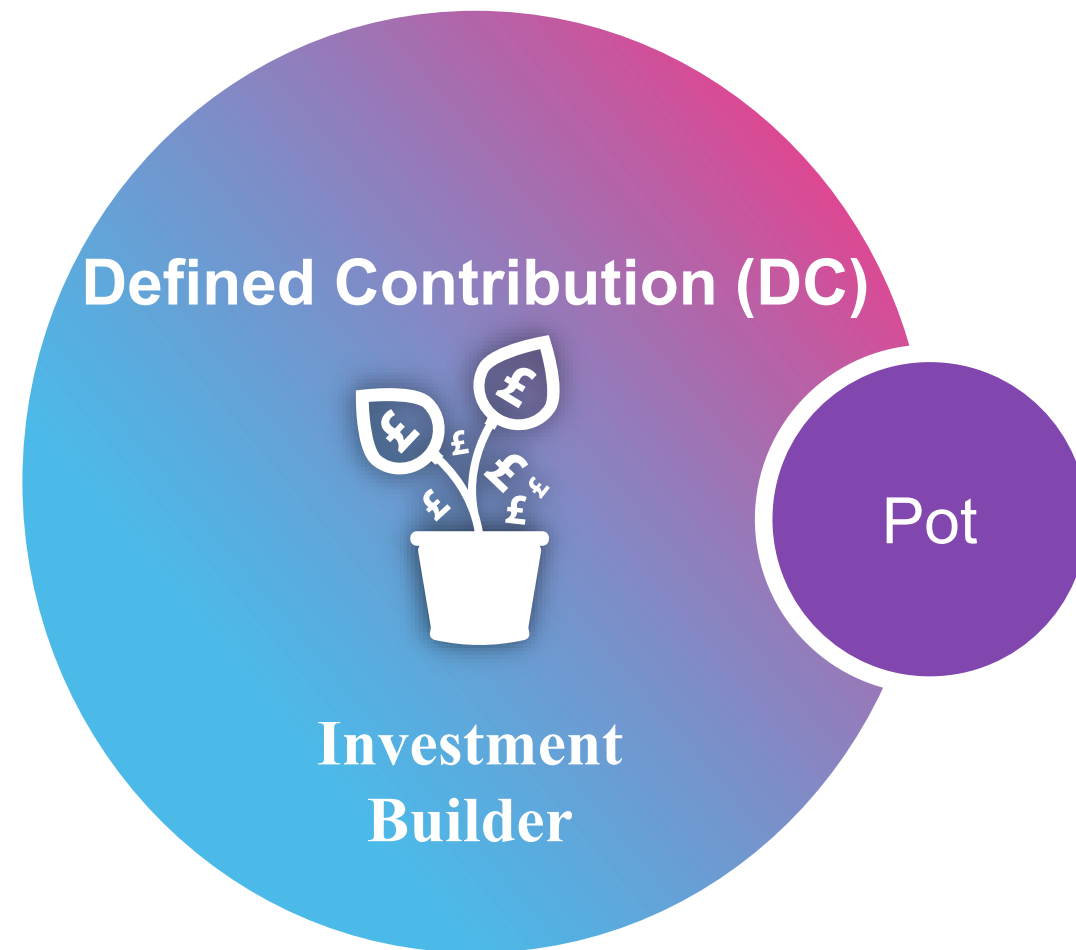
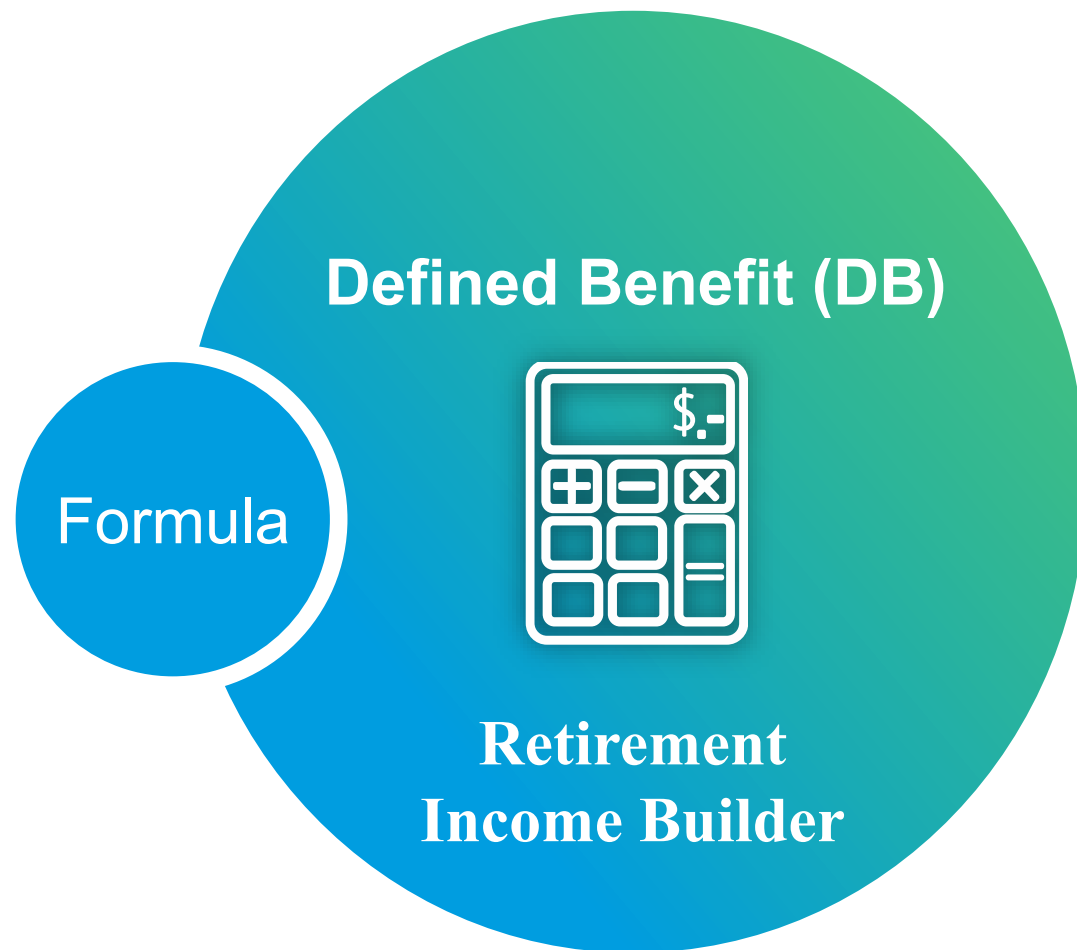


of your salary from
YOU

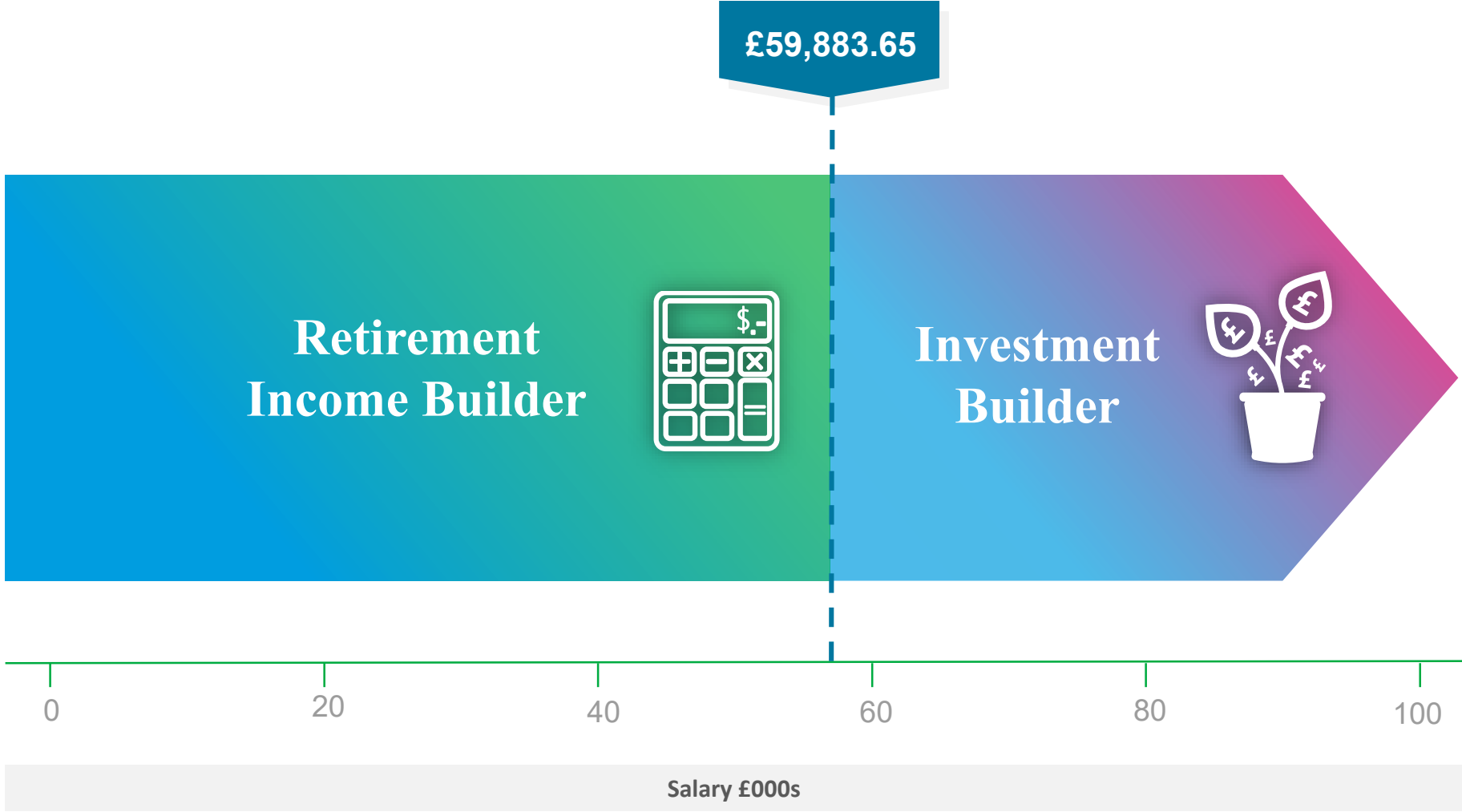


of your salary from the
UNIVERSITY

Benefits in USS



Benefits in USS



Retirement Income Builder



Build up
rate

x

£

Salary (up to threshold)
EVERY year

x



Annual increases

=



Pension

+



Pension

x

3

=



Tax-free cash

Investment Builder



8%

of your salary above the
salary threshold from

YOU

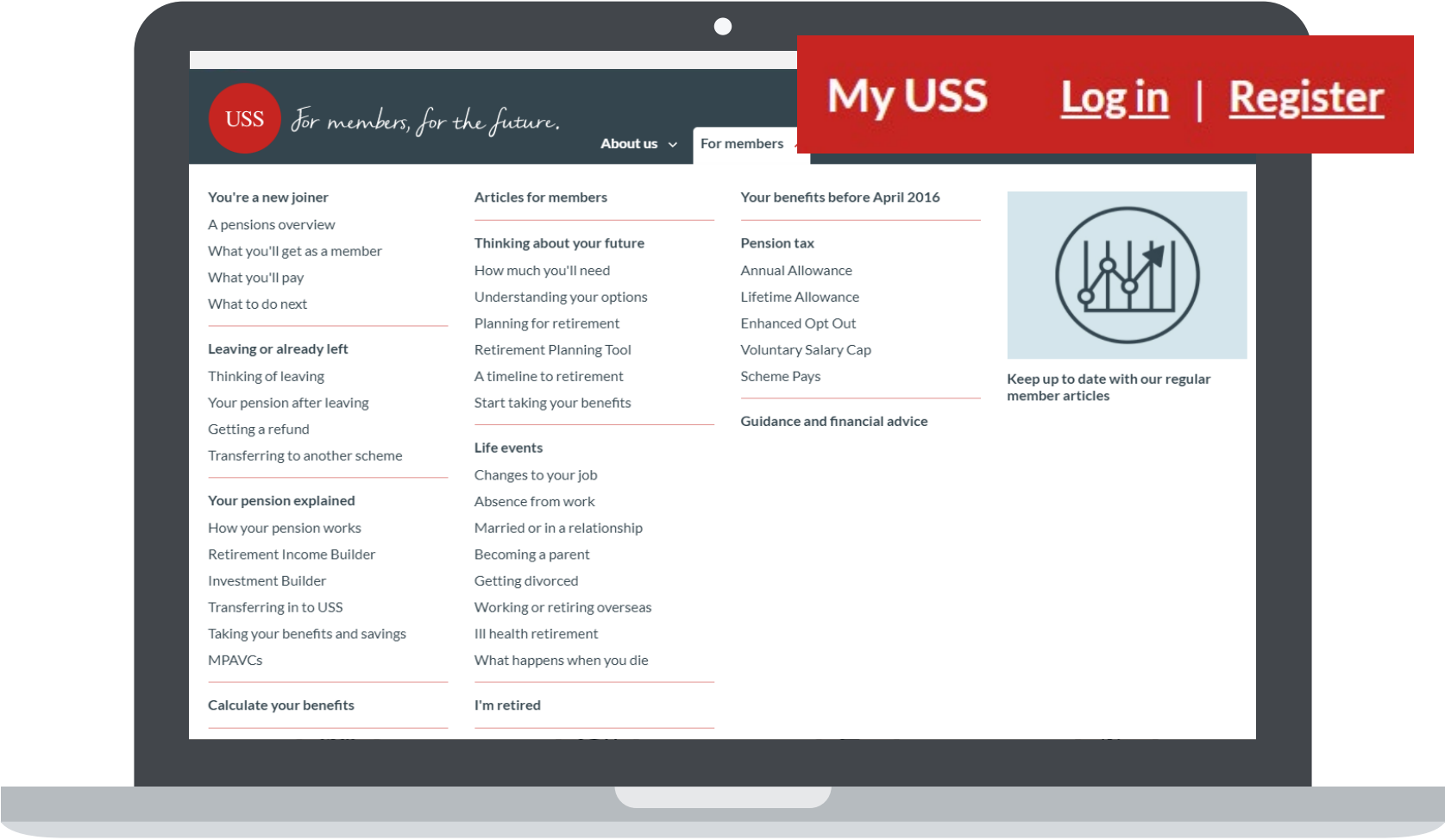
+

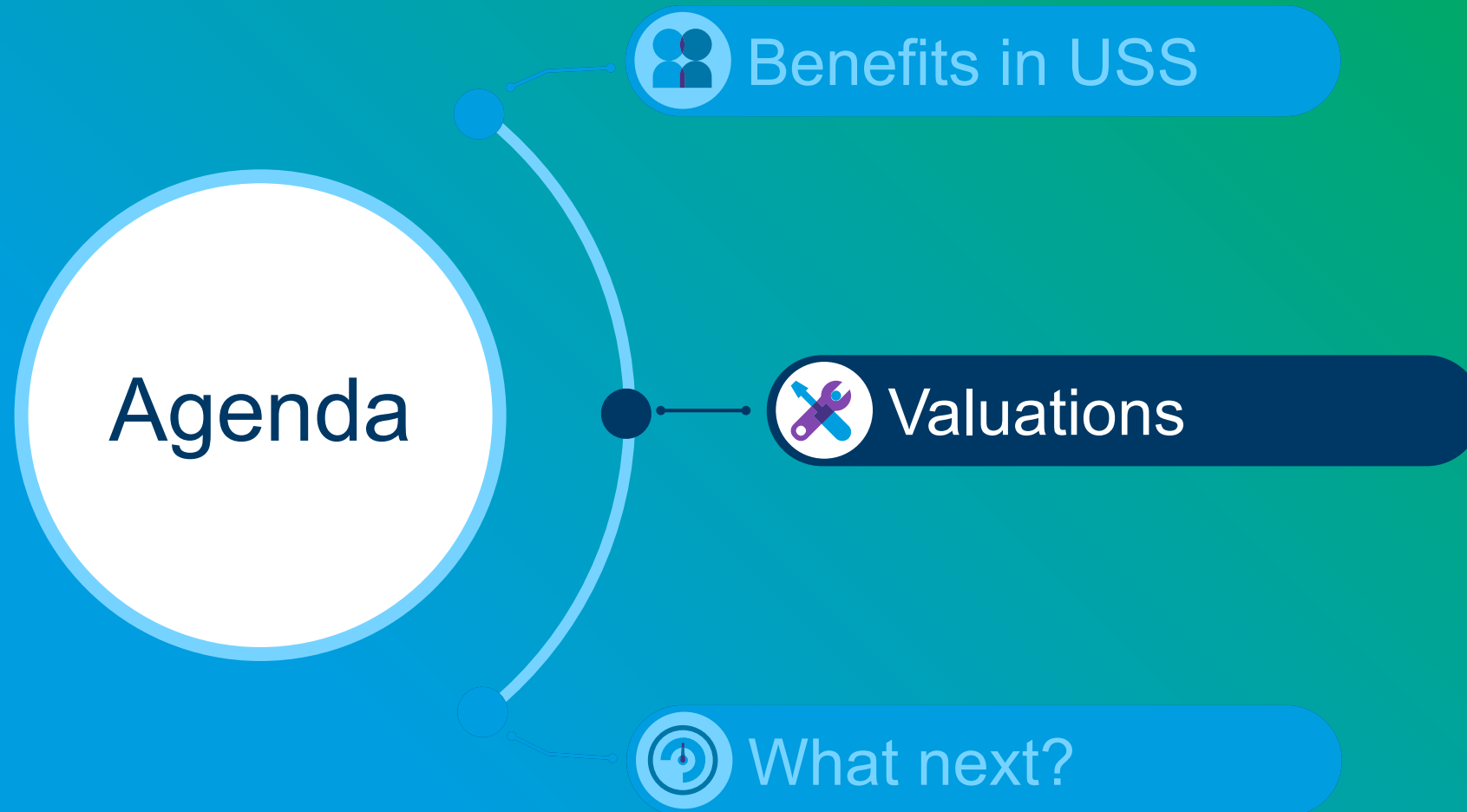
12%

of your salary above the
salary threshold from the

UNIVERSITY

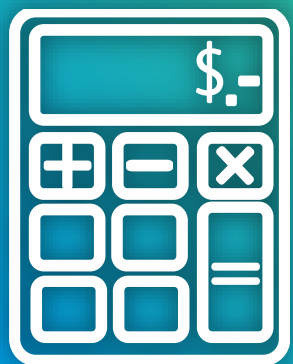
My USS





USS 31 March 2020 Valuation

Retirement Income Builder



Valuation

How a valuation is done

Assets

What USS have

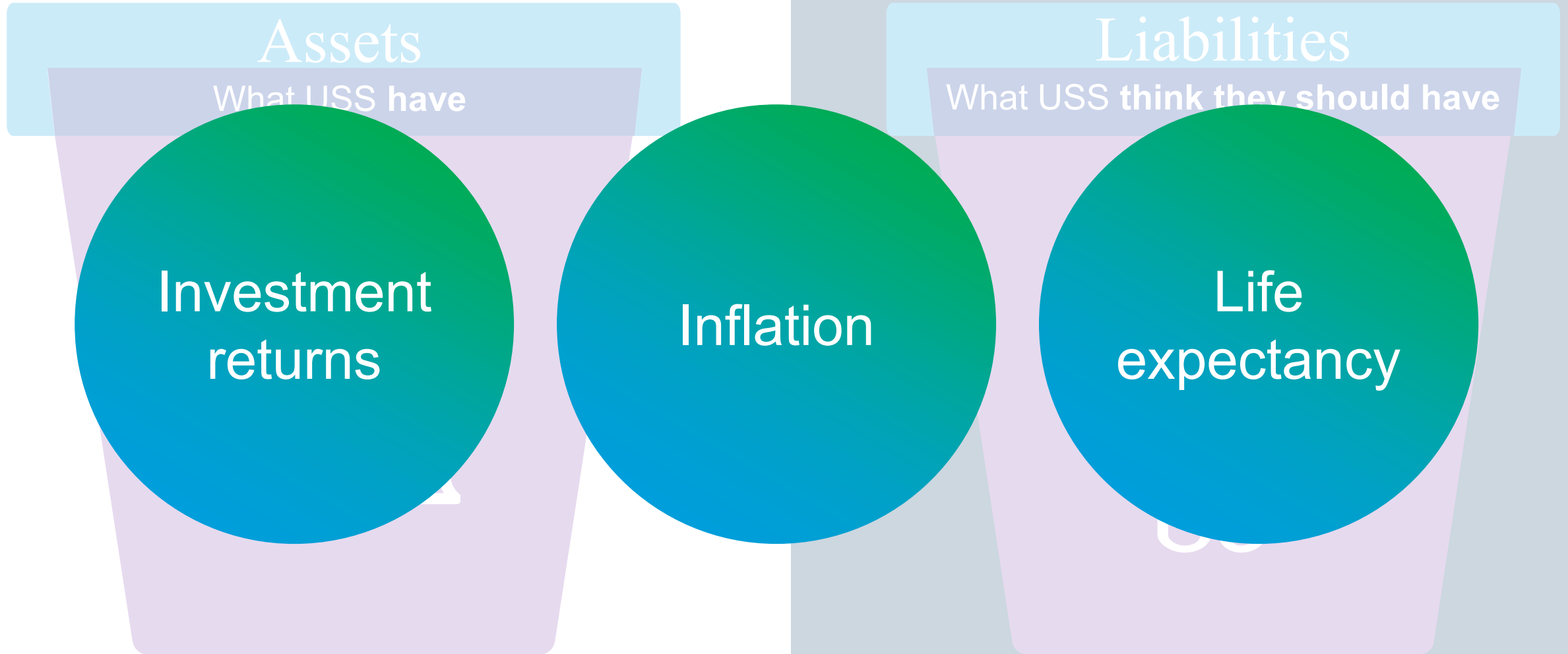


Liabilities

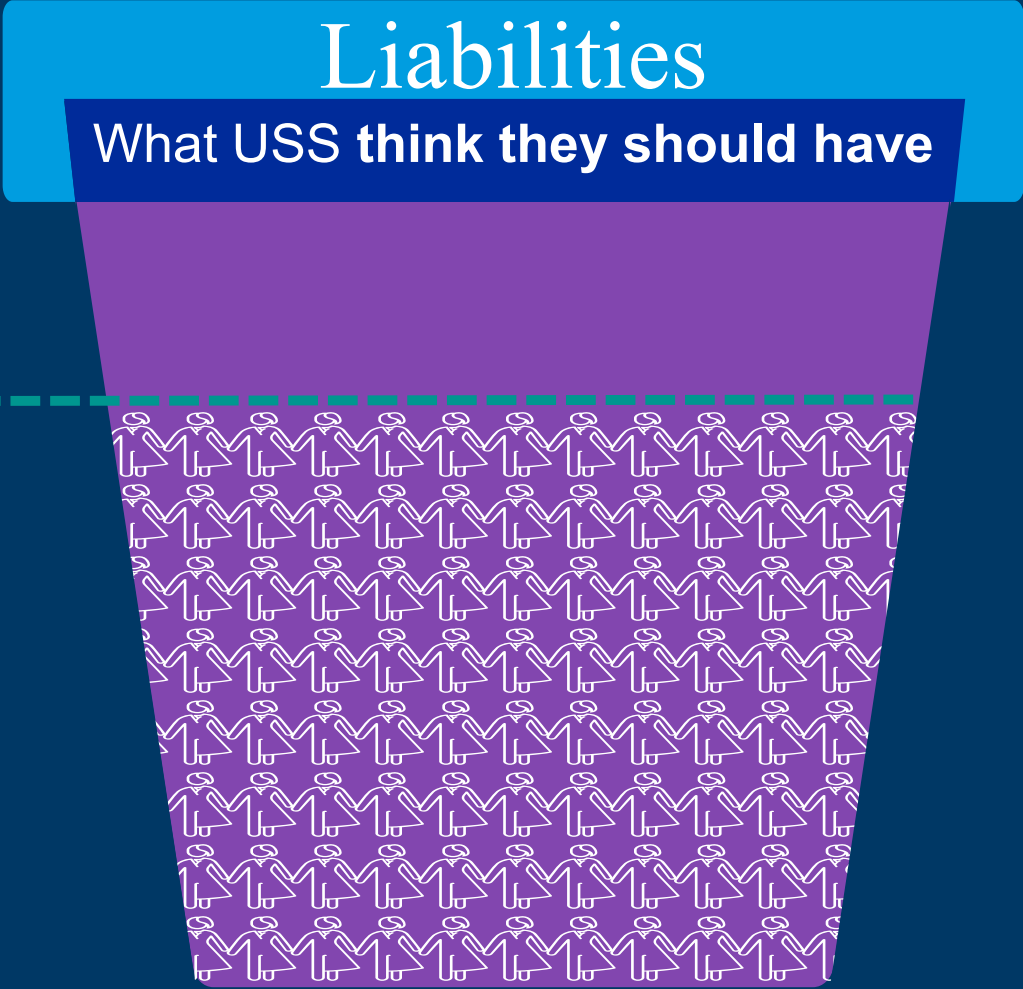
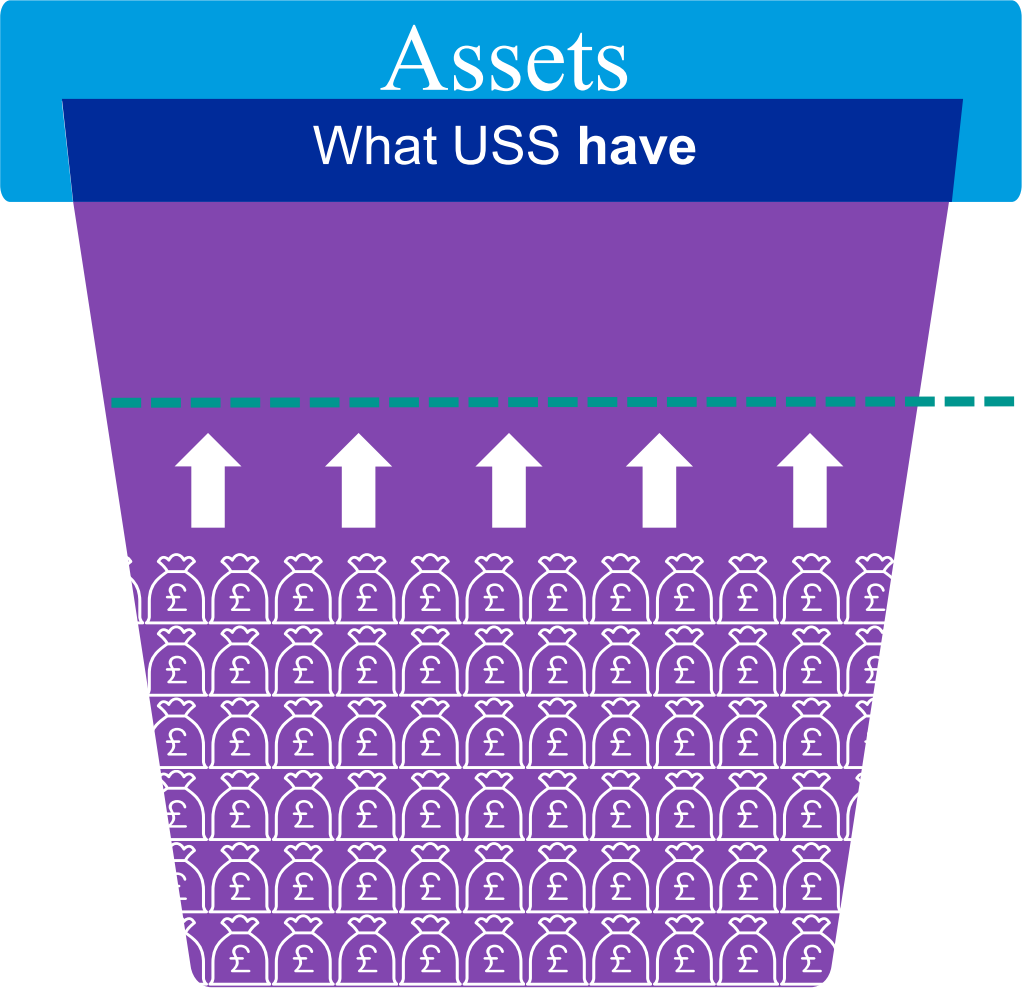
What USS think they should have



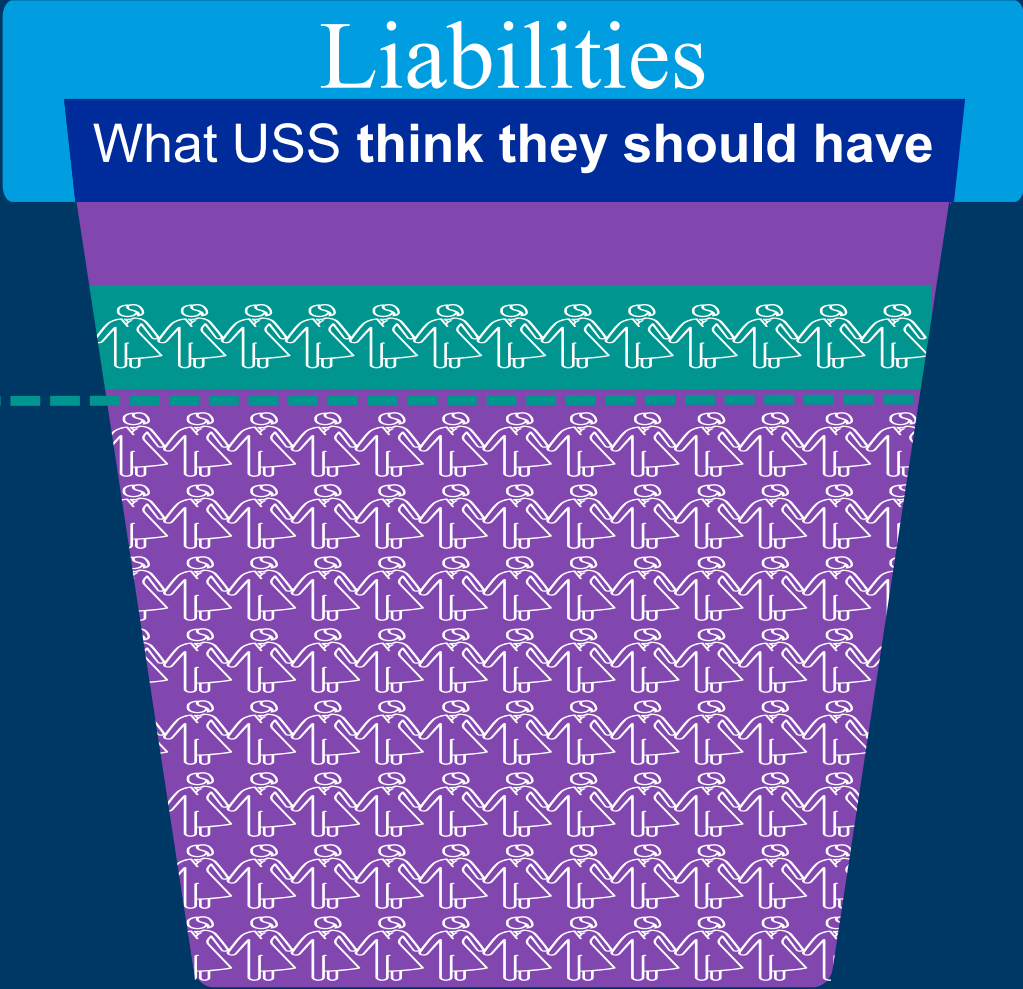
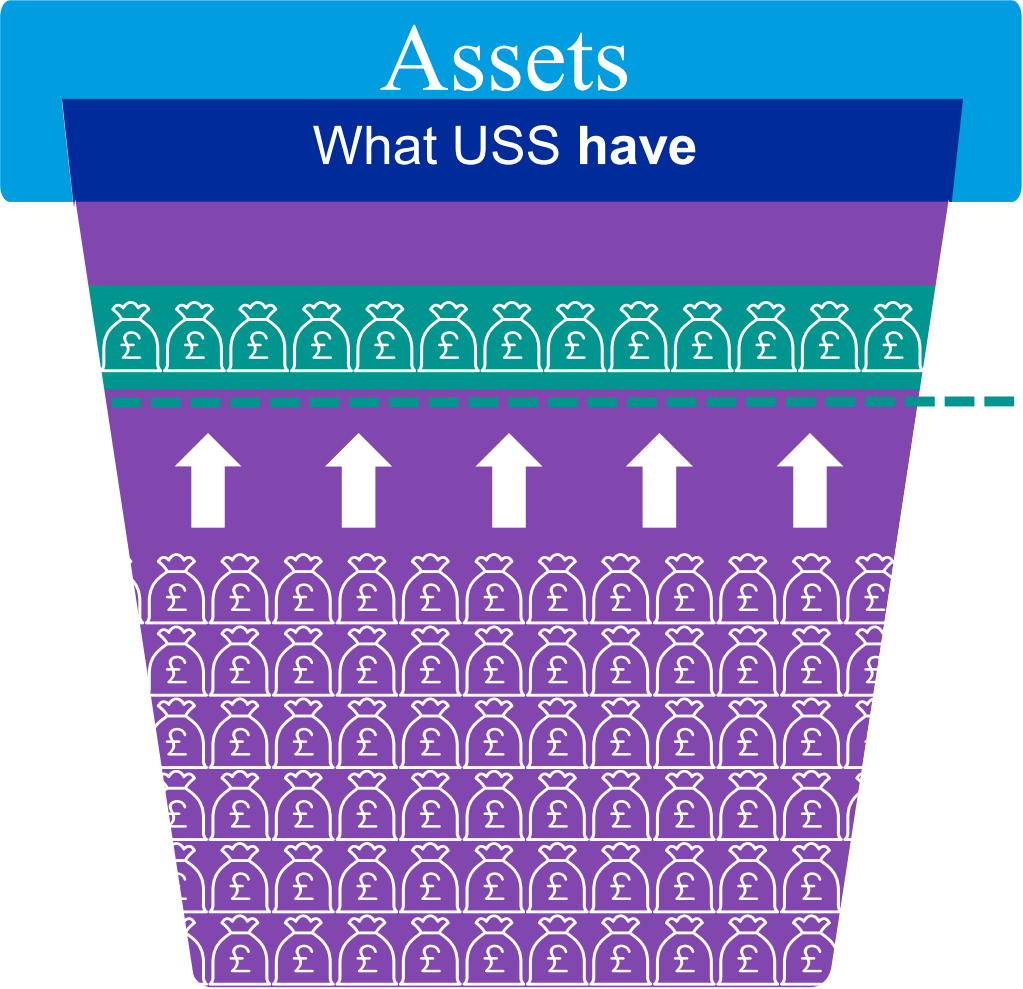
How a valuation is done



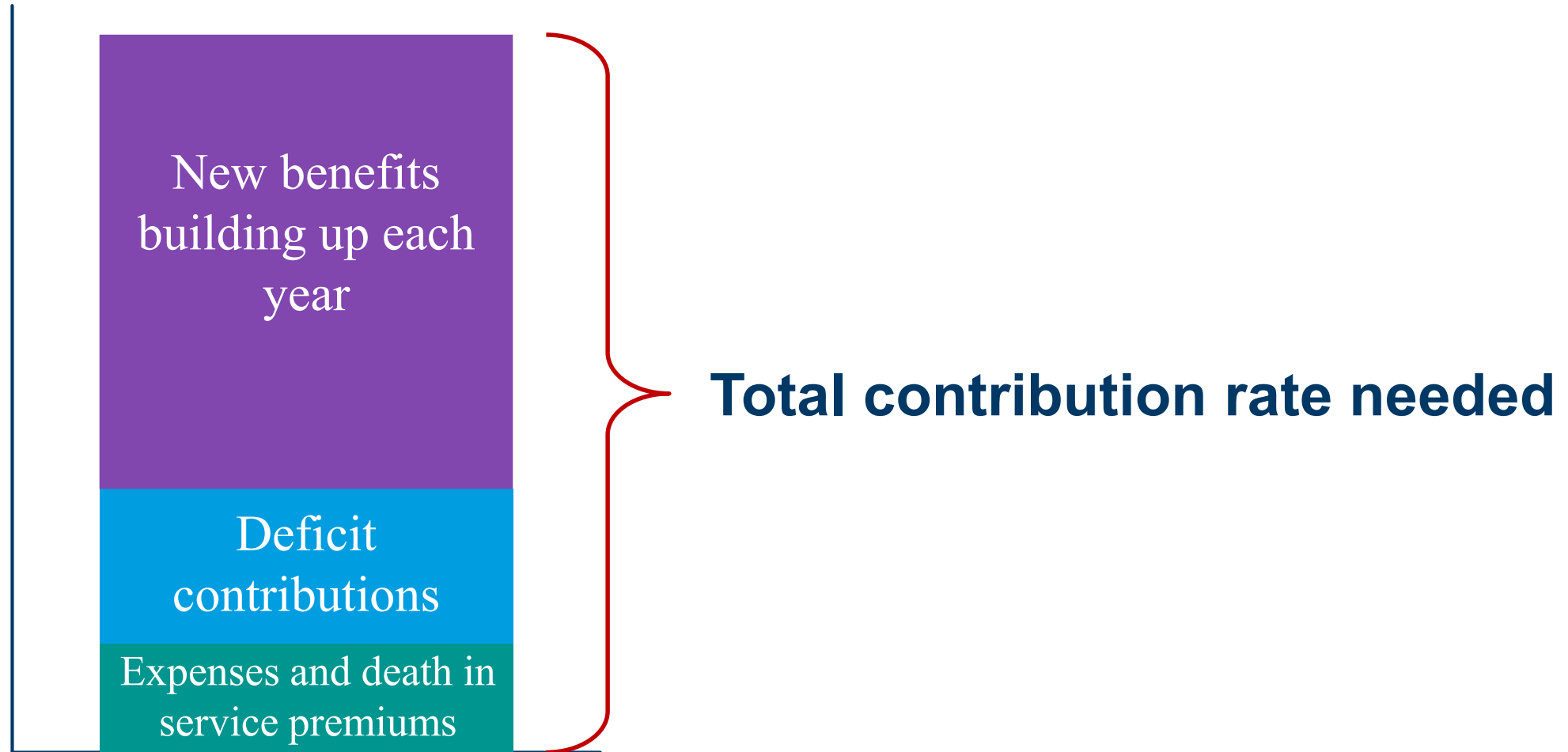
Benefits already promised



New benefits building up



Contributions



Key assumptions



Investment
returns

Inflation

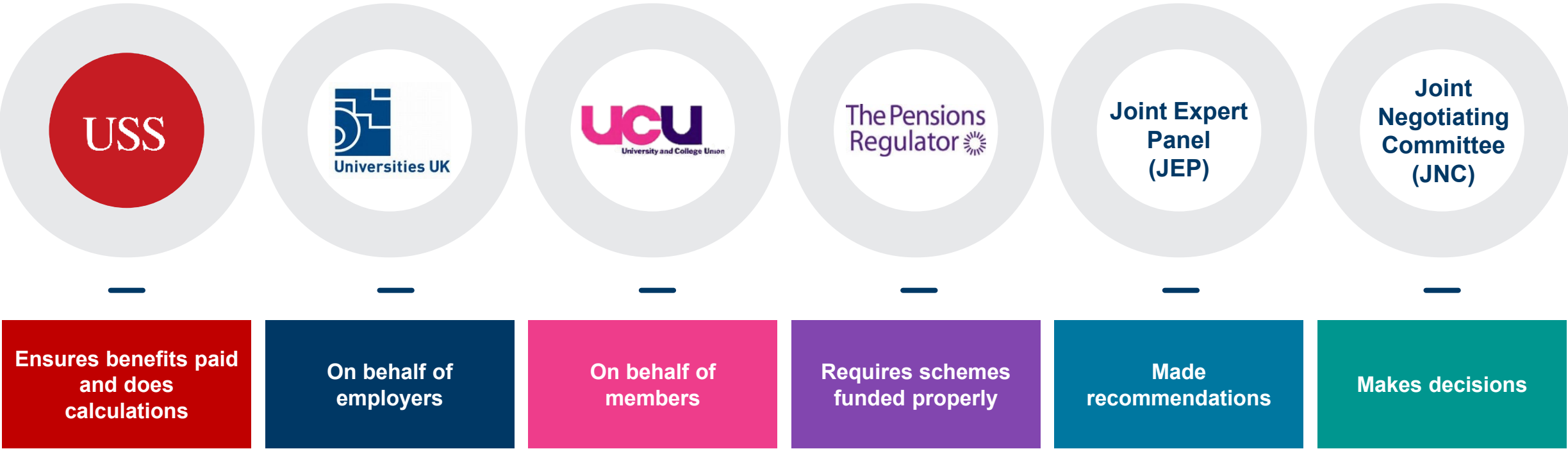
Life
expectancy

Covenant

Strength of the higher education sector?



Different parties involved



The 2017 and 2018 valuations



	Pre April 2019	April 2019	October 2019	October 2021
Member	8.0%	8.8%	9.6%	11.0%
Employer	18.0%	19.5%	21.1%	23.7%
Total	26.0%	28.3%	30.7%	34.7%

The 31 March 2020 USS valuation

Initial results – 3 scenarios

	Now
Member	9.6%
Employer	21.1%
Total	30.7%

"Adequate" covenant measures	Some covenant measures	No extra covenant measures
13%	16%	18%
29%	34%	38%
42%	50%	56%

The 31 March 2020 USS valuation

Current discussions

Results show significant contribution increases



Covenant enhancing measures to be decided



Challenges to the valuation approach



UUK consultation with employers



Sector concerns



Concerned about
members



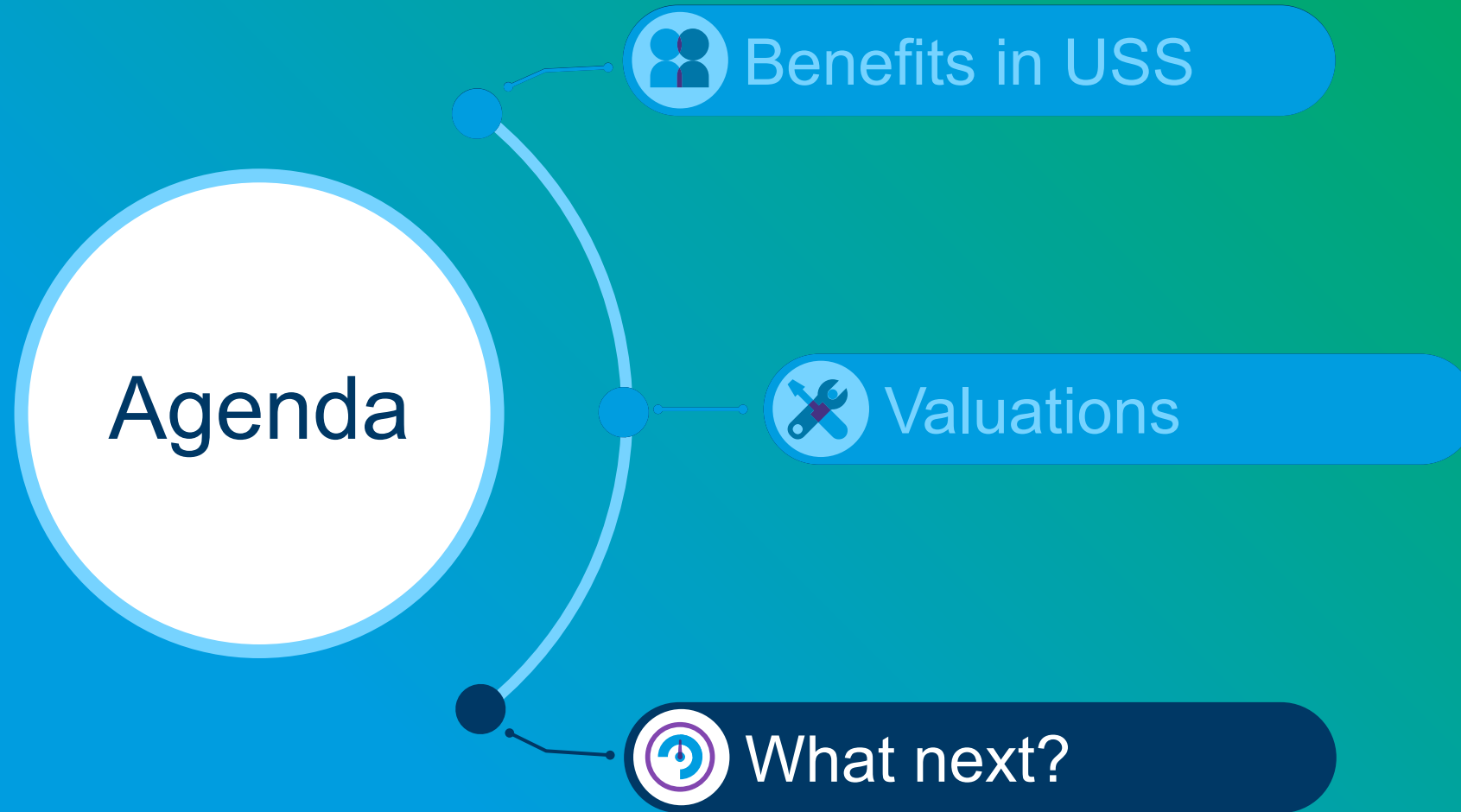
Intergenerational
fairness



Contribution rates



Opt-outs



Timeline



UUK employer consultation

New covenant enhancing measures proposed



Adjustments to the hybrid model proposed



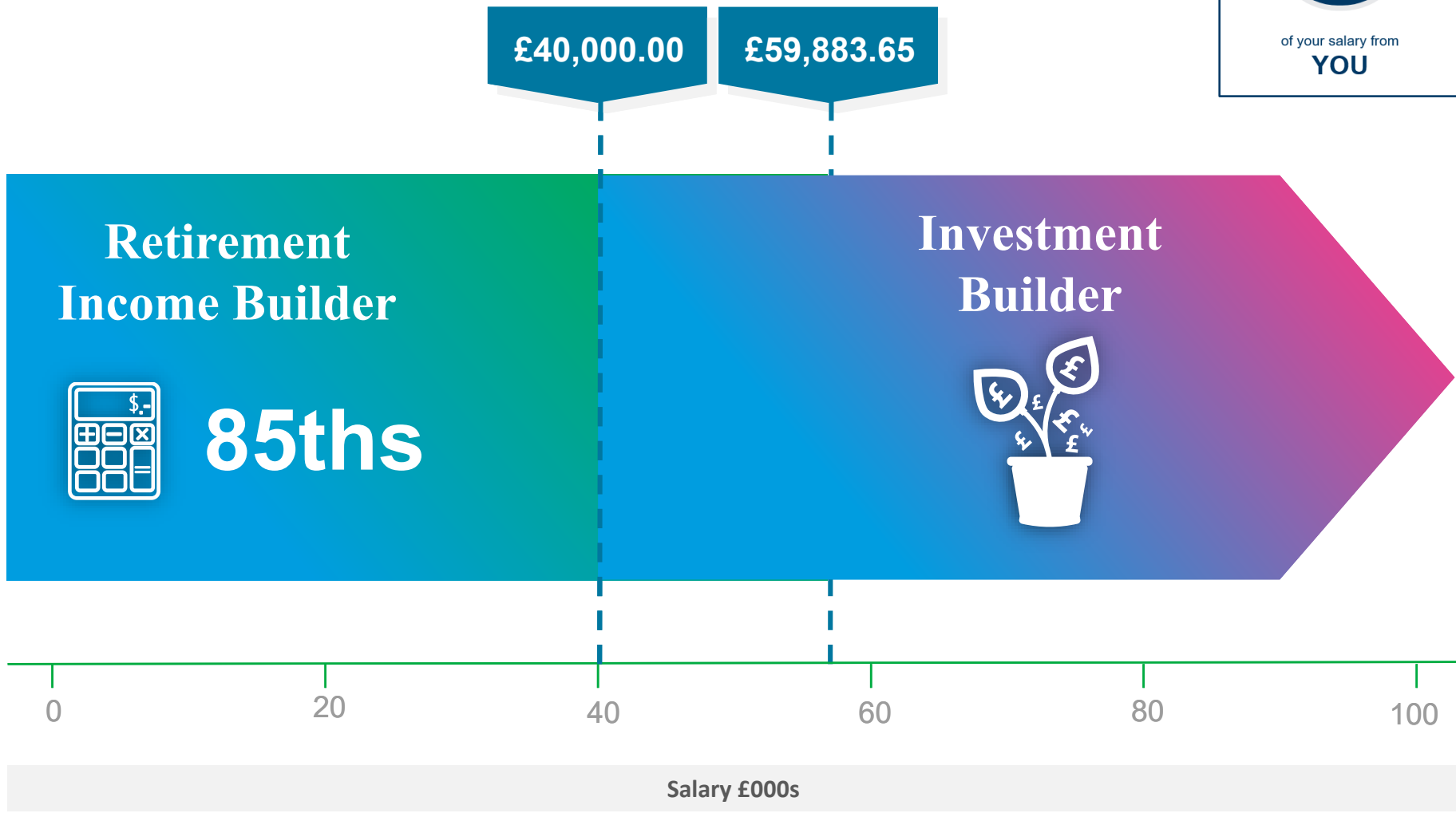
Lower cost, flexible benefit options



Governance review of scheme



UUK employer consultation



Contributions to USS

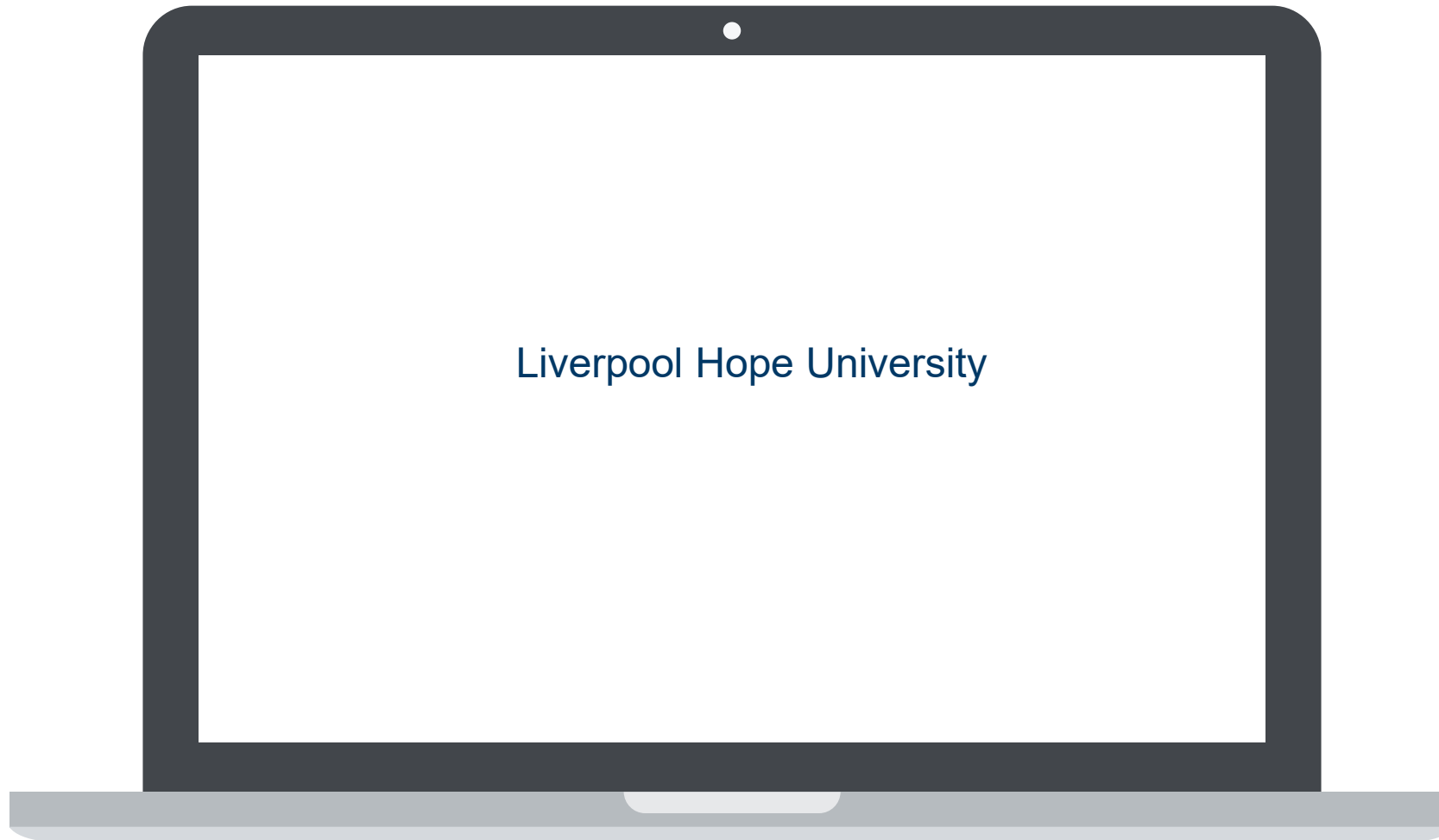
9.6%

of your salary from
YOU

21.1%

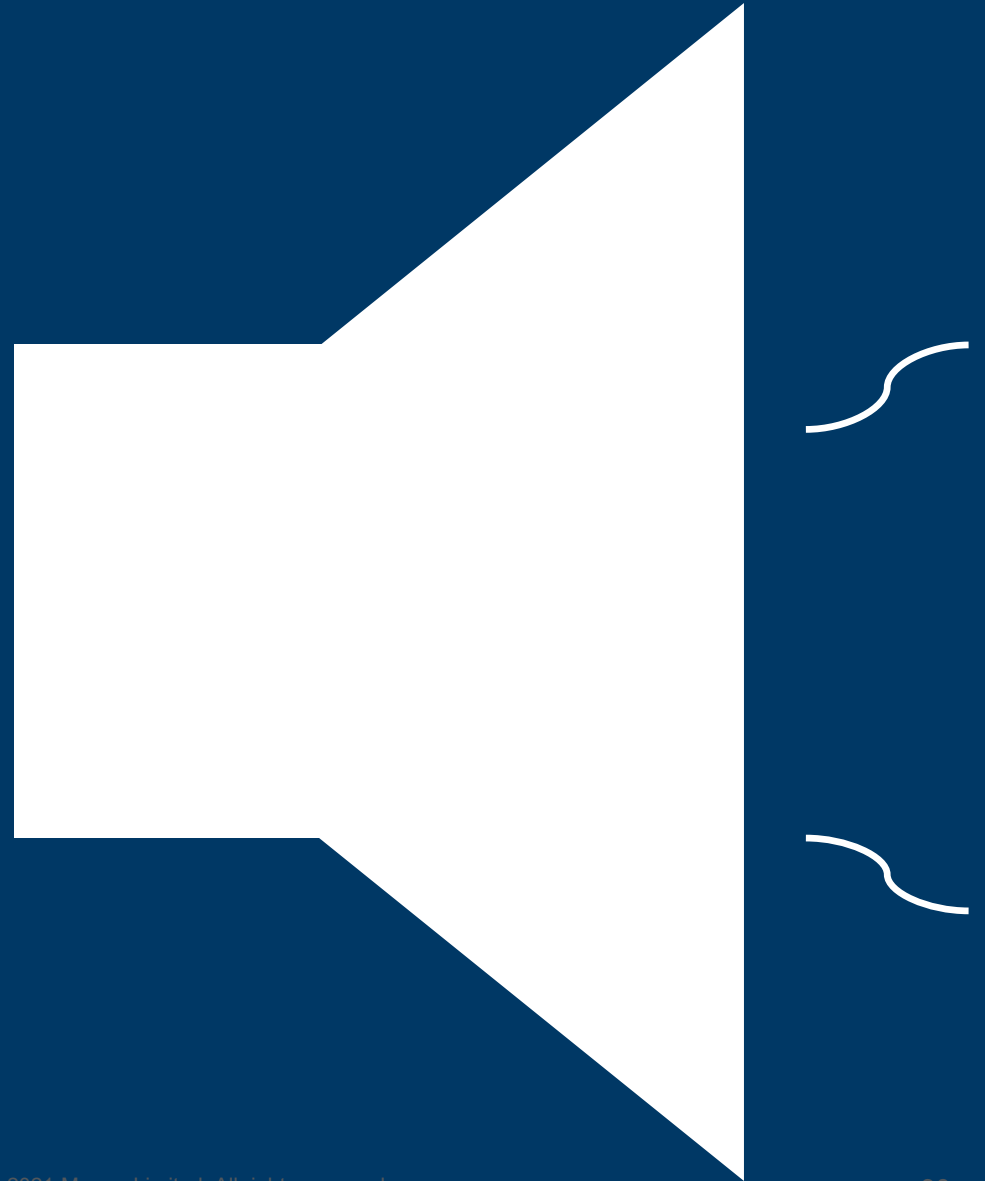
of your salary from the
UNIVERSITY

UUK employer consultation

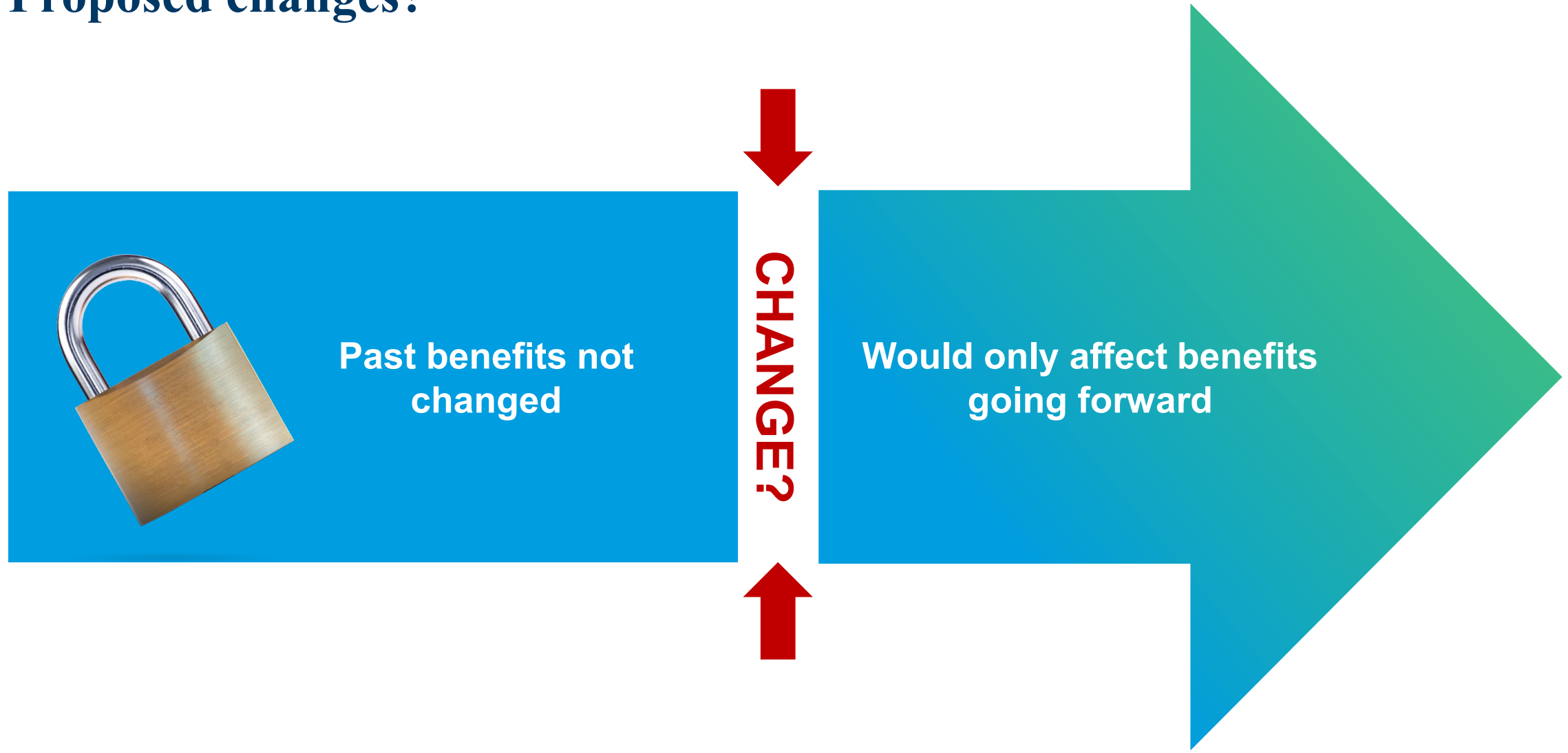


Member consultation

Have your say!



Proposed changes?



Sources of information

