

pensions

From: pensions
Sent: 23 March 2021 14:36
To: pensions
Subject: USS Update

Dear Colleague,

As you are aware, the USS valuation has been much in the news recently, with the [Trustee](#) having published [a report](#) that estimates the scheme deficit as between £14 billion and £18 billion, and stating that to preserve the current benefits package it will require contributions to rise from the current 30.7% of salaries to between 42% and 56%, depending on the measures that can be agreed to support the covenant.

The Pension Communications Group discussed the situation last week, and noted that, for scheme members this could mean contributions increasing from the current 9.6% of salary to between 13.6% and 18.5%. For employers, from 21.1% to between 28.4% and 37.5%, or an additional annual cost of up to £13m. Such huge increases clearly cause issues of affordability for both members and employers, and represent a significant hardening of the USS Trustee's position, following discussions with the Pensions Regulator.

UUK, on behalf of Scheme employers, has taken the highly unusual step of [writing publicly](#) to the Trustee and the Pensions Regulator requesting a review of the 2020 valuation approach. They have stated that there is no strong or clear justification for such high pricing decisions and expressed concerns that this will force more members, particularly younger members, out of the scheme. Whilst not arguing that the status quo is sustainable, UUK have called for a revised approach to reduce headline costs and ensure that reform is "proportionate, justified and in the best interests of scheme members".

St Andrews has taken a consistent approach in recent valuations of calling for the provision of an attractive, affordable and sustainable pension scheme with a meaningful element of defined benefit. The next steps in the process will depend on the response of the USS Trustee to UUK's letter, and we understand that discussions are likely to place in the coming weeks.

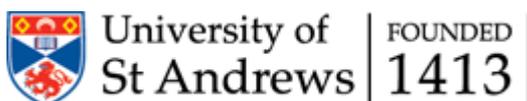
Once the overall direction of travel is clearer, the Pension Communications Group agreed that we should plan for some externally facilitated briefing sessions for members, so that you can be fully engaged in shaping the University's response to what will undoubtedly be a challenging situation in the months to come.

In the meantime, we'd encourage you to read the links embedded in this email, and shall continue to put key documents and information on the University's [Pensions Webpage](#). And as always, we welcome any comments that scheme members may have, which can be sent to VPGov@st-andrews.ac.uk.

Kind regards,

Alastair Merrill
VP Governance

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