

Pro-Vice-Chancellor (Personnel and Equality)

**Dr Stephen Goss**

Director of Finance

**Mr Giles Kerr**

University Offices, Wellington Square, Oxford OX1 2JD



23 July 2014

## **Possible revisions to the Universities Superannuation Scheme (USS)**

Dear USS member,

We are writing to all University employees who are currently contributing members of the USS in order to provide an update on issues, some of which have recently been mentioned in the media. We are providing this letter also to colleges with the suggestion that they may wish to circulate it for information to any current college-only employees belonging to USS.

The USS has just carried out its statutory triennial valuation. This process will determine the current funding position as at 31 March 2014 and the cost of providing pensions for members for the future. At the last such valuation in March 2011, the deficit was £2.9 billion, and steps were taken then to help ensure that the scheme was sustainable through a revised benefit structure for new members (pensions based on career-average revalued earnings) and through certain changes to future benefits for existing final salary members. These changes were introduced from October 2011.

The current valuation is expected to confirm that the funding deficit has deteriorated significantly since the last valuation. Action will be needed to reduce the deficit, and this will need careful consideration.

A number of options will need to be considered. These are likely to include one or a combination of the following: increased contributions by the employers in USS; increased contributions by both the employers and members under cost-sharing arrangements; and changes to future benefits in order to reduce the cost of funding the scheme in the future. All currently contributing individual members of USS will be consulted directly over any proposed changes to the scheme, and that consultation is expected to take place in 2015.

Prior to that consultation with all members, the USS Trustees are seeking the views of employers on the financial management of the scheme. In addition, Universities UK (UUK), having taken independent actuarial advice, are consulting employers on some initial proposals for changes to contributions and benefits. UUK is the representative body under the USS rules for the purposes of discussion on funding matters between the USS Trustees and the 370 employers across the country who use the scheme. Earlier this year, UUK sought preliminary views from employers on upper limits of affordability, and the University submitted a response prepared in liaison with college bursars.

The timing of these consultations is determined by the statutory requirements for reporting to the Pensions Regulator, and it will be necessary for the University to submit its response during the Long Vacation. A working group has been set up by Council for this purpose. Membership of this working group can be found on the USS consultation website at [www.admin.ox.ac.uk/finance/pensions/uss/ussconsultation](http://www.admin.ox.ac.uk/finance/pensions/uss/ussconsultation). The working group will be informed by any views submitted by currently contributing Oxford USS members as outlined at the end of



this letter. Your views on affordability and value for money will be particularly relevant if, for example, we are advised that significantly higher employees' contributions will be needed to secure future benefits in a revised scheme.

Oxford's response, alongside the responses from all the other employers in USS, will be taken into account by UUK in preparing a set of starting proposals for negotiating changes to the scheme. UUK will open direct discussions with the University and College Union, and further negotiation will be taken ahead by the union representatives and employers' representatives in the Joint Negotiating Committee (the JNC). The JNC in turn will put its decisions to the USS Trustees. The outcome will be recommendations from USS for the future of the scheme, and it is these that will be put to direct consultation with all affected USS members in the first part of 2015.

Further information about UUK's initial proposals for change can be found at [www.admin.ox.ac.uk/finance/pensions/uss/ussconsultation](http://www.admin.ox.ac.uk/finance/pensions/uss/ussconsultation). We shall aim to publish as much information as possible on this website, bearing in mind that we may be asked to keep some parts of this summer's consultation confidential in advance of the forthcoming negotiations.

Any Oxford member of the scheme is welcome to submit comments to the working group by emailing [uss.consultation@admin.ox.ac.uk](mailto:uss.consultation@admin.ox.ac.uk) by 5pm on Monday 1 September.

For general queries about your USS pension, please contact the University Pensions Office at [uss@admin.ox.ac.uk](mailto:uss@admin.ox.ac.uk) or on (6)16067.

Yours sincerely,

A handwritten signature in black ink that reads 'Stephen Goss'.

Dr Stephen Goss  
Pro-Vice-Chancellor (Personnel and Equality)

A handwritten signature in black ink that reads 'Giles Kerr'.

Mr Giles Kerr  
Director of Finance