USS survey October 2016 Response to Universities UK (UUK)'s online survey to inform the Employers Pensions Forum's long-term pension strategy and the development of an employer position on USS.

Question 1: Please provide the following information:

- Name of institution University of Oxford
- Name of respondent Judith Maltby/ William James
- Position of respondent Chair of Personnel Committee/ Chair of Planning and Resource Allocation Committee

Question 2: What types of pension schemes are offered at your institution?

Please choose one of the following options:

- The main schemes we offer for academic and support staff are USS and other DB arrangements √
- The main schemes we offer for academic and support staff are USS and other schemes that include DC arrangements

Overview

Question 3: What are your institution's views on current pension provision?

To what extent do you agree or disagree with the following statements? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- My institution highly values pensions as an important recruitment tool and benefit to employees
  Somewhat agree
- The risks associated with DB pension provision represent a significant financial uncertainty for my institution
  Strongly agree
- My institution wants to avoid further divergence of pension provision within the higher education sector (e.g. in terms of benefit provision or cost)
  Neither agree or disagree
- My institution wants greater flexibility in the pension options available to employees
  Strongly agree
- My institution wants to stabilise pension costs in order to offer a more diverse package of non-salary benefits to employees
  Somewhat agree

Question 4: To what extent do you think that employees value the pension schemes that your institution currently provides?

To what extent do you agree or disagree with the following statements? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- The pension schemes that my institution currently offers are highly valued by employees

  Somewhat agree
- My institution would like to enhance the pensions benefits offered to employees
  Somewhat disagree
- Pension provision does not represent a significant part of employee's considerations around reward
  Somewhat disagree

Contributions (relates to paragraphs 8-11 in the supplementary document)

Question 5: How has the rise in USS employer contributions from 16% to 18% in 2016 impacted your institution?

Choose one of the following statements:

- The increased expenditure on staff pensions was sufficiently offset by, for example, increased income or reserves
- The financial impact was considerable, but manageable through cost savings that will not impact significantly on the ambitions of my institution
- The additional pension costs are a barrier to my institution's longer term sustainable growth √

Optional textbox provided for any additional comments. This increased pension cost has come at the same time as other cost pressures, which taken together is a barrier to longer term sustainable growth

Question 6: If possible, please indicate where any cost savings had to be made that might not have been required had the USS contribution rate remained at 16%.

Please tick any that apply.

- Headcount reductions √
- Restraint in other areas of employee reward and development √
- Delays or reductions to capital projects √
- Reductions in operational costs and other non-academic activities √
- Other (please specify)

Question 7: What is the maximum level of contributions that you could sustainably afford to pay, without causing material financial strain to your institution?

To what extent do you agree or disagree that the following is affordable? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

Current contribution levels (18%)	Somewhat agree
An increase of 2% (to 20%)	Somewhat disagree
• An increase of 4% (to 22%)	Strongly disagree
• An increase of 6% (to 24%)	Strongly disagree
• An increase of 8% (to 26%)	Strongly disagree
• An increase of more than 8%	Strongly disagree

Employers are also paying c2.5% additional National Insurance from April 2016 and additional 0.5% for the Apprenticeship levy in 2017.

Question 8: Do you think that employees would be willing to contribute more to their pension alongside employers if required?

To what extent do you agree or disagree with the following statements? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- Higher contributions for the same benefits Somewhat agree
- The same contributions for reduced benefits Somewhat agree
- Higher contributions with some benefit reductions Neither agree or disagree
- Not all my employees can afford the contributions required for the current level of benefits Somewhat disagree

Pension benefits (relates to paragraphs 12-17 in the supplementary document)

Question 9: Which of these statements best describes your institution's views on benefit reform if action is required to reduce the USS deficit?

Please choose one of the following statements:

- **Current benefits:** Retain current benefits, even if this requires higher contributions.
- **Current contribution levels:** Retain current contribution levels, regardless of the benefit changes this requires
- **Moderate revisions to benefits and contributions:** Balanced approach involving reduced benefits, alongside increased employer and employee contributions
- **Flexible approach:** Move to a reduced level of core pension benefits, with employers being able to choose to pay higher contributions to secure higher benefits for staff. √
- **DC:** Move to DC for future benefits, to reduce risk and to make future benefit changes less likely to be needed.

Question 10: If needed, would you support the following changes to future benefits in order to keep contributions affordable?

To what extent do you agree or disagree with the following options for reform? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- Changing salary threshold (from £55,000) Strongly agree
- Changing the DC contribution above threshold (from 12%) Strongly agree
- Changing accrual rate (from 1/75) Strongly agree
- Changing the DC match (from 1%) Strongly agree
- Offer staff the choice to move to a DC only section of USS Strongly agree
- Transition USS to a DC-only scheme Neither agree or disagree

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Question 11: If changes to USS benefits become necessary, to what extent are the following issues of concern to you?

To what extent do you agree or disagree that the following are concern for your institution? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- Competitiveness with other institutions whose staff can join DB public sector schemes

Somewhat disagree

- The divergence within institutions in the pension benefits offered to staff (e.g. academics in USS and support staff in other schemes)

Somewhat disagree

- The possibility of staff opting out of pensions altogether

Strongly disagree

Optional textbox provided for any additional comments.

The structure of USS (relates to paragraphs 18-23 in the supplementary document)

Question 12: What is your institution's view on the way current contributions are set and assets and liabilities are calculated?

To what extent do you agree or disagree with the following positions? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- My institution would support taking financial responsibility for its own liabilities both past and future

  Somewhat agree

- My institution would support the legal separation of each institution's assets and liabilities and the negative effect this may have on mutuality

  Somewhat agree

Question 13: What is your institution's view of increased benefit choices being available?

To what extent do you agree or disagree with allowing more benefit choice for the following? (Select from: strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree)

- to institutions – e.g. with a "core" USS benefit, and "supplementary" option for employers to pay more to offer higher benefits to some or all employees

  Strongly agree

- to employees – e.g. with a “core” USS benefit, and "supplementary" option for employees to pay more to receive higher benefits

  Strongly agree

Question 14: If USS comprised a core benefit with supplementary benefits being available on top (whether funded by employers and/or employees), what should these supplementary benefits be?

Choose one of the following options:

- DB
- DC √
- No strong preference

Question 15: Are there any particular categories of employees that your institution wishes it could provide alternative benefits to?

Please tick any that apply.

- Internationally mobile employees √
- Long serving, senior employees
- Visiting academics
- Employees on short/ fixed term contracts √
- Employees with affordability concerns √
- Other (please specify)

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Valuation methodology (relates to paragraphs 3-7 in the supplementary document)

Question 16: In terms of the overall prudence in the actuarial method and assumptions (to be decided by the trustee in consultation with scheme stakeholders), which best describes your institution's position?

Please choose one of the following options:

- My institution believes that USS should follow a similar approach to the 2014 valuation
- My institution believes that USS should focus on being flexible, within reason, to mitigate the need to change contributions/benefits at this valuation √
- My institution is concerned about the possibility of a less prudent approach being taken and any potential increase in risk being underwritten by our institution
- Other (please specify)

Final Comments

Question 17: Please provide any comments that you would like to add.

Question 18: Thank you for your time. Would you mind being contacted by email in the future with any queries about your response?