USS Review Working Group
11.00 am to 12.30pm, Tuesday 17 July 2018
Primary Care Building, Woodstock Road, Meeting Room 1 - Ground floor

---

Agenda

1. Apologies for absence and welcome
2. Conflicts of interest declarations
3. Minutes of previous meeting – 19 June 2018
4. Matters arising from the minutes
5. Announcement from USS on cost sharing (information paper)
6. UUK seeking views on USS Trustee's proposals (confidential paper) **UUK paper redacted**
7. Option – cease participation in USS and pay buy out costs (paper)
8. Options for increasing pension provision – agree items to prioritise for legal advice (paper)
9. Other options – alternative compensation for loss of expected future pension (paper to follow)
10. Possible scenarios for modelling DC type top up (paper)
11. USS Pensions internal communication outline (paper)
12. Remuneration and pension scheme comparisons (oral update and information paper)
13. Any other business.

Date of next meeting – Thursday 30 August 2018, 11.00 to 12.30, venue tbc

Attendees:
Professor Richard Hobbs (Chair)
Mr Charles Alexander
Professor Gordon Clark
Professor Danny Dorling
Mr Julian Duxfield
Professor Fabian Essler
Professor Cecile Fabre
Professor Sam Howison
Mr Jaya John
Mr Giles Kerr

Apologies:
Sir Andrew Dilnot
Professor Jane Humphries
Sir David Norgrove

Ms Judith Finch, Conference of Colleges

In attendance:
Ms Jan Killick
Mr Stephen Rouse
Mr Russell Powles, Aon

COUNCIL

USS Review Working Group

Meeting room 4, University Offices, Wellington Square, 1.30pm – 3.00pm

Minutes of the meeting of 19 June 2018

Present: Professor Richard Hobbs (Chair), Mr Charles Alexander, Sir Andrew Dilnot, Professor Danny Dorling, Mr Julian Duxfield, Professor Fabian Essler, Professor Cecile Fabre, Mr Giles Kerr, Sir David Norgrove (by phone)

In attendance: Ms Jan Killick, Ms Judith Finch (Conference of Colleges), Mr Russell Powles (Aon), Ms Julia Paolitto

Apologies: Professor Gordon Clark, Professor Jane Humphries, Professor Sam Howison

1. **Welcome**

The Chair welcomed the new members to the group. A member from the Oxford Research Society would be appointed to the group ahead of the next meeting.

2. **Conflicts of interest**

All except three members of the group present and the Aon representative, were members of USS. One member's partner was also a member of USS.

There were no other conflicts of interest declared.

3. **Minutes of the previous meeting**

The group confirmed its previous decision that the minutes would be published under Single Sign On as it wanted its work to be transparent and open. Subject to including the exact wording of the Council commitment on USS pensions, the minutes were agreed. For future minutes it was noted that some attachments for the group minutes might contain information labelled confidential and this might need redaction in part or whole before it was made public.

4. **Matters arising from the minutes**

The papers prepared covering the information requested at the previous meeting were noted.

5. **Revised terms of reference**

The group noted the revised terms of reference agreed by Council. Previously its focus had been providing responses to external requests for information and now it had an additional role in investigating and developing options for Council for future pension provision for USS members.

Mr Alexander asked that the group also bear in mind what the options may look like through the lens of the Colleges. He would communicate the group's work to Colleges by reporting via the Estates Bursars' Committee.

The group confirmed that it would not interpret the meaning of the Council's statement but it would investigate and develop options for delivering pension provision for USS members that is of the same standard as currently available, nor would it consider the question of how to pay for any options.

6. Feedback from the 12 June Open Forum

The group noted that over 100 people had attending the event and that a recording of the session would be made available online. It was agreed more sessions should be held. The information on the historic contribution rates paid by employers and employees was noted.

The open forum event was helpful in covering the impact following the triggering by the USS trustee of Rule 76.4. Mr Duxfield noted that two statutory consultations were likely: one on contributions increases under the cost sharing rule and one as a result of any benefit changes having considering the findings of the Joint Expert Panel.

Prof Fabre recognised that the open forum was one channel for members to have this say and other sessions needed to allow sufficient time for members to give their feedback and ask questions. 30 minutes was set aside for open questions from the floor at the end of the first meeting. It was noted that the online pension forum was available but not well used but this could change as matters developed.

Sir Andrew suggested that output from the group should be communicated via Council, reflecting the governance structure but that it raise substantive, not procedural points. Noting the importance of communication, Mr Duxfield agreed to bring an outline communication strategy to the next meeting.

Action JD

Prof Dorling queried if the mortality changes recently reported by the Office of National Statistics would be considered by USS. Mr Kerr said that he understood the Joint Expert Panel to consider mortality experience and also other post valuation events.

The group noted the difficulty in making comparisons with other pensions arrangements. Prof Essler said that it was important not to look at pensions in isolation and other factors such as taxation and tenure needed to be taken into account. It was agreed that the information presented to Council on other UK schemes eg NHS, Teachers Pension Scheme would be circulated and that information available on remuneration packages as a whole would be helpful.

Action JK

Prof Hobbs noted that comparison with other pension arrangements was of interest to the extent that it could help in identifying possibilities of delivering options but it was not the intention to attempt to replicate other arrangements. This work would provide information on the context of pension arrangements.

7. Update and review of events since the previous meeting

The group noted the papers.

Prof Essler noted that the comparison of Defined Benefits and Defined Contributions was helpful in providing background information but did not go into the detail of what outcomes were likely with each type of arrangement for different career paths. For current members of USS there were modelers available to find outcomes for individual’s own circumstances and for any benefit changes modelers would also be available.

8. Key options to investigate in more detail

It was noted from the paper by Aon that the options available were likely to be constrained by the USS exclusivity rule. Mr Duxfield reported that preliminary legal advice had confirmed that the USS rules were tightly worded and the initial interpretation limiting options was not unreasonable. Sir David noted that Unfunded Unapproved Retirement Benefits Schemes (UURBS) were no longer available and that Employer-financed Retirement Benefit Schemes

(EFBS), were they permitted by the USS exclusivity rule, could be a mechanism for topping up USS benefits.

Sir Andrew noted that the cost of buying out benefits if the University ceased to participate in USS and then establish a new pension arrangement was in the region of £2.7bn. He did not think that this was optimal but it would be helpful to rule it out as an option.

Action JK

Mr Kerr thought that it would be more useful and practical to use USS as a vehicle for topping up benefits on a defined contribution basis. It was agreed to ascertain whether additional employer contributions could be made to USS on an ongoing basis and in addition also provide some type of matching arrangement. This had the advantage of being within the existing USS arrangements and could readily be understood in the context of overall remuneration. In addition it would be helpful to understand what level of DC contributions would deliver when looking to make a comparison with defined benefits. It was thought that one Oxford College may already have such a DC top up arrangement in place.

Action JK/RP

The group wanted to better understand the range of opportunities available and prioritise feasible solutions and once these had been narrowed down take formal legal advice so that a report may be submitted to Council. It was noted that it may not be possible to present a final view until the position on USS is clearer but that preparatory work could be done.

Action JD/JK

Given the implementation of the cost sharing under Rule 76.4 is likely from April 2019, although the phasing of any increase is not known, it was agreed to understand the cost to the University, including any National Insurance contributions costs, of this change.

Although the cost sharing rule had been agreed by stakeholders via the JNC and it had been in place since 2011 with some modification following the 2014 valuation, it was suggested that the group should explore the University meeting the increase in employee contribution rates above 8%. The Group agreed it would not interpret the meaning of Council's phrase the 'same standard of pension provision' but would provide options, including this option, for consideration by Council.

Action GK/JK

9. Agree timescales and next steps

The timeline of activities for the University, the Joint Expert Panel and the USS Trustee was noted.

10. Any other business

There was no other business.

11. Future meetings

The next monthly meeting: Tuesday 17 July 2018, 11.00 – 12.30 Primary Care Building, Woodstock Road, Meeting Room 1 - Ground floor

The meeting closed at 15.00

Item 5
USS RWG 0718

USS

An update on cost sharing and what it means for you

Useful links

- Valuation overview
- Valuation updates
- Questions and answers *Updated*
- Reference materials
- Views from USS
- Contact Us

Our most recent update on the 2017 valuation looks at the establishment of the Joint Expert Panel (JEP) by our stakeholders, and the separate 'cost sharing' process that is being followed at the same time.

The Joint Expert Panel

Members may be aware that University and College Union (UCU) and Universities UK (UUK) have established a Joint Expert Panel (JEP) to assess the scheme's latest valuation.

Joanne Segars OBE has been appointed as Chair, and UCU and UUK have both appointed three members each.

We are engaging constructively with the panel, which is expected to report back to UCU and UUK in September 2018. UUK and UCU will then consider the panel's recommendations in the scheme's formal negotiating forum, the Joint Negotiating Committee (JNC), before deciding on any changes to benefits and/or contributions.

The cost sharing process

As we explained to members last month, the trustee must complete the current valuation process as set out under the scheme rules, which provide for the 'cost sharing' process (Rule 76.4-8) to take effect.

Under cost sharing, any increase to the contribution rate required by the trustee (that cannot otherwise be addressed by a JNC decision on benefit and/or contributions changes*) is split 35:65 between members and employers respectively.

Why cost sharing?

The cost sharing process will run in parallel with the work of the JEP and the implementation of any subsequent JNC decision. There are several reasons why this is being done at the same time, rather than after the JEP has reported back to UCU and UUK, as follows:

1. The law

Universities Superannuation Scheme Limited, as the trustee, has a statutory obligation to complete the 2017 valuation and the deadline for doing so will pass on 30th June 2018. We will not meet this deadline and the Pensions Regulator has made clear to USS and its stakeholders that the trustee is expected to present a credible plan for completing the process as soon as reasonably possible.

2. The scheme rules

The cost sharing process is set out under the scheme rules as a pre-determined process for dealing with the JNC not reaching a decision on benefit and/or contribution changes. The concept was first introduced into the rules following the 2011 valuation and the current wording was introduced after the 2014 valuation – both at the request of stakeholders (via the JNC).

3. The timescales

Depending on the complexity, implementing scheme changes typically takes up to 12 months to complete from the point of a JNC decision (due to the consultative procedures and technical processes involved). The JEP is expected to produce a report to UCU and UUK in September 2018, which is expected to inform subsequent JNC discussions in autumn/winter. Any changes to benefits and/or contributions arising from a JNC decision would be implemented by USS as soon as practically possible, but would most likely take up to 12 months to introduce. This would be well beyond 1 April 2019, which is the timescale required to complete the current valuation (see point 1) under the cost sharing process (see point 2).

4. The cost

Based on an extensive assessment, and the feedback it received from stakeholders, the trustee has concluded that the combined contribution rate (required to repair deficits in funding for pensions already earned and offer the current level of benefits in future) has increased from 26% of payroll today to 37.4%. The longer this is left unaddressed, the greater the potential funding challenge could be for employers and members in the future.

What happens next?

As we explained to members last month, the rules dictate that the offer of the match will automatically end from 1 April 2019. This would reduce the combined contribution rate required from 37.4% to 36.6%**. However, the trustee and its stakeholders are actively considering the actual changes that will be applied from 1 April 2019, and there will be a consultation with affected employees and their representatives on these matters in late summer this year.

A further update to members on the expected impact on contributions from 1 April 2019 is expected in late July.

What has happened?

- Six things you should know about the 2017 valuation
- Addressing the facts of the USS valuation

The pension landscape has shifted dramatically in recent years: in 2006, there were almost 3,500 defined benefit (DB) pension schemes in the private sector still open to new members.

Fast forward 10 years, and USS is one of fewer than 700 private, funded schemes that remain open.

In its recent White Paper, Protecting defined benefit pension schemes, the Government acknowledged that ‘increasing longevity, a prolonged period of low interest rates, and expected low future investment returns’ means that defined benefit schemes are currently ‘more expensive to maintain than was anticipated when they were set up’.

We’ve seen the cost – that is, the level of contributions which, along with expected investment returns, is needed to fund a set level of benefits – change significantly.

For any open defined benefit pension scheme to be demonstrably sustainable (as is required, by law, with a valuation), its contributions, investments and benefits need to be in balance with the financial support the sponsoring employers can provide.

More information on the 2017 valuation – including updates, blogs, Q&As, video guides, and official documents – is available on our website.

For a glossary of our terms please see more information on our important terms page.

* To the extent that this is not addressed by a decision of the JNC to reduce employer contributions into the USS Investment Builder above the salary threshold, among other potential changes.

** Subject to any decision of the JNC on the rate of employer contributions above the threshold, among other potential changes.

Published date: 22 June 2018

USS review working group

UUK – information on USS Trustee's proposal under Rule 76.4

UUK has issued more detail about the USS Trustee's proposal under Rule 76.4 (see attached). It is seeking views from employers on the matters raised by 19 July 2018. Responding to this document falls within the Group's responsibilities. The Group's remit says:

"As has been the case to date the Group will continue to report to Council and respond to consultations from Universities UK"

The UUK note details the phasing of increased contributions for employees and employers. It is seeking feedback on the affordability of these increases from an employer perspective and for employees the impact of increased contributions and also removal of the employer contribution above the salary threshold. Over the year April 2019 to March 2020 employee contributions would increase from 8% to 9.6% and employer contributions from 18% to 21%.

Overall cost with USS valuation assumptions would increase to 36.6% with the removal of the match. The employer portion (0.65) of the increase from the current overall cost of 26% would result in an employer cost of 24.9%.

The Group is asked to consider the UUK briefing note and discuss suitable responses to the points raised.

The areas to consider are:

1. Ability to make higher contributions ***Views on USS trustee's emerging position that employers could increase contributions to 21%, and increasing to 24.9% is more challenging.***
2. Phasing of contribution increases – 21% 2019/20, then 24.9% in 2020/21
3. Phasing of employer contributions in 2019 /20– 19.5% for six months, 22..5% from October UUK would welcome ***views, comments and preferences on the step increase***
4. Impact of higher contributions on members: 2019/20 8.8% for six months, 10.4% from October, followed by 11.7% from April 2020 ***Views on concerns of material increase in members opting-out or choosing not to join***
5. Removal of employer contribution on salary above the threshold ***Views on UUK's view that such a change may disproportionately affect a specific group, set an unhelpful precedent and undermine the JEP***
6. Broader implication of materially higher contributions ***Thoughts and comments on employers' sense of the risks in this area***
7. 12 month implementation period ***Views on timings of future reforms and willingness of institutions to take steps to ensure readiness***

USS review working group

Option – cease participation and pay buy out costs

At the previous meeting it was noted that the cost of buying out benefits if the University ceased to participate in USS and then establish a new pension arrangement was in the region of £2.7bn.

By paying the £2.7bn deficit the University would be settling the liabilities (accrued to date) for its USS membership on a very cautious basis (i.e. an insurer's prudent buyout terms).

This would be equivalent to the University investing its share of the USS assets in investments with very low expected returns (e.g. government bonds) and crystallising a very large shortfall which would otherwise be met by future investment returns.

The University does not believe that investing its share of the USS assets in this manner would be appropriate as it would materially inflate the cost of pension provision.

Investing in return-seeking assets is an integral part of pension provision and one which the University expects to be adopted going forward given the strength of the University's covenant (which allows it to be a long-term investor).

Even if the University did pay £2.7bn to USS there is no guarantee that this would be earmarked for Oxford University staff as the Scheme operates as a multi-employer arrangement.

The Group is asked to consider if ceasing participation in USS should not be explored further at this stage.

USS review working group

Options for increasing pension provision

Before obtaining formal legal advice on the effect of the USS exclusivity clause, the Group agreed to prioritise the options to investigate that would be considered most appropriate.

The USS exclusivity clause restricts the ability of employers to “maintain or contribute to any other *pension scheme*” other than USS.

Set out below are a range of options that the Group is asked to consider and agree if any should be put forward for further legal opinion.

Option 1

Continue to participate in USS and set up a new pension arrangement which tops up members’ benefits to the desired level – using a **defined benefit occupational pension scheme**.

Type of arrangement	Contributor
Defined benefit occupational pension scheme	University and employees contribute to

As previously noted, this type of arrangement is likely to breach the USS exclusivity clause. In addition it would be difficult to define the additional benefits needed, administer and explain to members.

Option 2

Continue to participate in USS and set up a new pension arrangement which tops up members’ benefits to the desired level – **using a Funded Employer Financed Retirement Benefits Scheme (funded EFBS).**

Type of arrangement	Contributor
Funded Employer-Financed Retirement Benefits Scheme (funded EFBS)	University and employees contribute to.

This would provide benefits to employees on retirement using the contributions that had been put into trust. It is likely to breach the USS exclusivity clause.

Option 3

Continue to participate in USS and set up a new pension arrangement which tops up members’ benefits to the desired level – using a **defined contribution occupational pension scheme or personal pension plan (eg group personal pension plan)**.

Type of arrangement	Contributor
Defined contribution occupational pension scheme	University and employees contribute to
Defined contribution personal pension scheme eg group personal pension plan	University and employee contribute to

These types of arrangements are likely to breach the USS exclusivity clause. One challenge with a defined contribution top up is in setting the contribution rate at an appropriate level.

Option 4

Continue to participate in USS and set up a new pension arrangement which tops up members' benefits to the desired level – using a **defined contribution occupational pension scheme or personal pension plan (eg group personal pension plan)**.

Type of arrangement	Contributor
Defined contribution occupational pension scheme	Employees only contribute to
Defined contribution personal pension scheme eg group personal pension plan	Employees only contribute to

This is a variation on option 3, but here the University provides additional pay to individuals to cover the cost of contributions. The individual is then given access to a pension vehicle to save for retirement and can elect to contribute to the arrangement or not.

As the employer is not contributing in this scenario, it may not breach the exclusivity clause although it could be argued that the employer is "maintaining" the arrangement as so could breach the clause.

Providing additional compensation, with no pension arrangement in parallel, is considered in a separate paper.

Option 5

Continue to participate in USS and set up an unfunded benefit promise which tops up members' benefits to the desired level – using an **Unfunded Employer-Financed Retirement Benefits Scheme (unfunded EFBS).**

Type of arrangement	Contributor
Unfunded Employer-Financed Retirement Benefits Scheme (unfunded EFBS)	None

Under this arrangement the University pays benefits directly to members when they retire (or, when they die, to their dependants). The benefit promise can be difficult to define (as in option 1). It is not tax-efficient for the majority and it is less secure as there are usually no funds specifically set aside. The University would include a provision for these liabilities in its financial statements.

It is likely to breach the USS exclusivity clause as the University as it may be deemed a "pension scheme" under the relevant USS definition.

USS review working group

Possible scenarios for modelling DC top up

The Group wanted to understand what level of benefits defined contribution (DC) contributions could deliver to offset a change to the benefits currently provided by USS. Below is an outline of possible scenarios that could be modelled to illustrate this.

The Group is asked to:

> **note the various limitations, assumptions and sensitivity when undertaking this type of work:**
>
> **consider at an appropriate time if such work would be helpful.**

At this stage there are no changes to future benefits under consideration. Given the current position, one starting place would be to look at the rejected ACAS proposal and run a scenario where the salary threshold is reduced to £42K (i.e. ignore all other proposed changes for now). In additional a scenario where the salary threshold is reduced to £50K so that the Group can understand how sensitive a DC top up could be to changes in the cap. Set out below are two example scenarios below that might give a useful insight into the potential impact of a change to the salary threshold.

Example 1: Assumed member aged 50	**Base**	**Scenario 1**	**Scenario 2**
DB Salary cap	£57K	£42K	£50K
DC investment return	3%/5%/7% pa	3%/5%/7% pa	3%/5%/7% pa
Salary	£72K	£72K	£72K

Example 2: Assumed member aged 40	**Base**	**Scenario 1**	**Scenario 2**
DB Salary cap	£57K	£42K	£50K
DC investment return	3%/5%/7% pa	3%/5%/7% pa	3%/5%/7% pa
Salary	£52K	£52K	£52K

Other assumptions include:

- All past service ignored
- Salary increases set at 2% pa
- CPI increases set at 2% pa
- DB Salary cap increases set at 2% pa
- DC funds used to provide tax-free cash (up to level provided in Base calculation) with the remainder used to buy an annuity (i.e. ignoring drawdown)

- Pension increases on annuity purchased by DC pot chosen to most closely match that from USS (subject to readily available annuity rates)
- Members remain in service until normal retirement age
- DC contributions set at 8% employee and 12% employer across all ages (above DB Salary cap)

The output could be to show for scenarios 1 and 2 (with the various DC investment return assumptions):

1. The estimated pension benefits payable at normal retirement age based on the current benefit structure
2. The expected pension benefits payable under each salary threshold scenario at normal retirement age
3. How much additional money (if any) is needed at retirement to replicate (as closely as possible) the benefits under (1)
4. Work out the % of salary required to be paid every year to meet the cost in (3)

There are a number of assumptions that need to be made – particularly around the level of DC investment returns that could be achieved. As such any DC top up will change materially depending on the agreed benefit level and how the assumptions are borne out in practice.

Aon were asked if there would be any issues providing different DC contribution rates across different ages. There is nothing specifically set out within the Myners principles on setting different contribution rates across different ages of the DC population. DC pension schemes in the UK are able to apply different contribution rates according to the age of the member so long as they are able to justify why they are applying them. Typically a scheme that would do this would evidence that it has modelled the costs across different ages to justify why different rates have been applied. For this reason a number of DC schemes simply apply the same contribution rates across all ages.

An employer regular voluntary contribution to a member's USS Investment Builder is permitted under USS rules. It is worth noting that there is nothing within the scheme rules to stop an employer introducing a policy for voluntary employer contributions which makes them contingent on a matching voluntary member contribution.

USS Pensions – internal communications channels and timeline

Aims

1. Timely and clear updates for USS members and other University staff on national-level developments (principally USS and the JEP)
2. Clear communication for USS members and other University staff of the Working Group's consideration of options and constraints
3. Open routes for USS member feedback to national consultations and to the Working Group

Channels

The Staff Gateway: The staff section of the University website now has a dedicated microsite, The USS and Oxford. It contains overviews of the main issues, membership of the key groups (including JEP and this Working Group), news updates and a video of the most recent open forum. It also links to relevant pages on the USS, UUK and UCU sites. The microsite is intended to be the prime information resource for staff and will be regularly updated with full explanations of developments and further background features (for example, a comparison of DB and DC schemes)

Staff emails: These are now in regular use to alert University employees who are USS members to fresh news about the scheme and upcoming events, such as the forums. Emails are sent to the USS member list when information is relevant only to scheme members. When an update has implications for the wider University community, an all-staff email list is available.

Blueprint Bulletin: The first e-newsletter for University staff circulated last Friday, containing a short reminder and link to the pensions microsite. At present, the intention is to publish the newsletter monthly, on the first Friday of the month, although this may increase to fortnightly. News items are short, so pensions updates will largely be brief recaps of the previous month's developments.

Open forums: Three more forums are planned for the Michaelmas term, to be hosted by this Working Group and following the model of the first, held at the Said Business School on June 12. These will be panel meetings, hosted by the Working Group, open to all staff and discussing all aspects of the Pensions Issue, including the JEP and the Working Group's own work. All will be recorded for the Staff Gateway.

Consultation forums: These will be for USS members specifically to respond to the USS proposals under Rule 76.4-8, which we expect later this month. HR will host six or seven forums in September, complemented by an online consultation, which will feed views back to USS. A separate sequence of consultations may be necessary for the proposals coming from JEP/JNC later in the autumn. Invitations to all forums will need to be carefully worded so staff understand the distinctions between them.

Pensions Discussion forum: This online forum was established in May at https://sharepoint.nexus.ox.ac.uk/sites/discussion/forum/SitePages/Community%20Home.aspx to allow direct and informal communication between staff, council members and the HR team on pensions issues. Use has been sporadic so far – five discussion threads with a total of 21 replies. We will however, continue to promote the forum through the other channels.

Social media: This is a poor means of internal communication. The University's social media feeds have a wide external following whose primary interest is our academic output. Discussions on social media can also swiftly become adversarial and unproductive. However, colleagues do frequently voice concerns via Twitter. The Public Affairs Directorate will monitor this and flag any issues relating to pensions which are causing concern among staff.

Provisional timeline

Additional communications, including updates on the Working Group's own findings, will be necessary up to April 1 and possibly beyond if alternative arrangements arise from JEP/JNC.

Date	Event	Channels
Late July	USS announcement on Rule 76.4-8	USS members email Full article on Staff Gateway Reminder in August Blueprint Bulletin
September 18	Open forum, Goss Lecture Theatre, South Parks Road	Working Group Open Forum Video on Staff Gateway
September (start)	Sequence of consultations forums on 76.4-8	Consultation forums Complementary online consultation
September	JEP report?	USS members email Full article on Staff Gateway
October 23	Open forum, Lecture Theatre 1, John Radcliffe Hospital	Working Group Open Forum Video on Staff Gateway
October-November?	Consultation forums on JEP/JNC proposals?	Consultation forums Complementary online consultation
November 26	Open Forum, St Catherine's College	Working Group Open Forum Video on Staff Gateway
April 1, 2018	Deadline for changes under USS valuation	Reminder USS members emails one month before Full explanation of changes, linking to USS website on Staff Gateway

From: USS Review Working Group <internal.communications@admin.ox.ac.uk>
Sent: 09 July 2018 11:52
To:
Subject: USS pension consultation

View newsletter online

USS pension consultation

Book your place on the next open forum

Dear Colleagues

You will shortly be asked for your views on changes to contributions to the USS pension scheme, to be put forward by the USS scheme trustees.

We expect full details from the trustees later this month but we know they will be proposing phased increased contributions from April next year. Universities UK and the Universities and College Union are still discussing an alternative valuation for the USS scheme but in the meantime, the USS trustees are legally obliged to put forward proposals based on the existing valuation. You can find more information on the University's pensions area.

Once we have full details from USS, we will make sure all scheme members are updated. A series of consultation forums, starting in September, will be arranged so your views can be relayed back to the trustees.

Separately, we have arranged more open forums for the autumn where all pension issues can be discussed, including the work of the University's own USS Review Working Group. These follow the forum held on Tuesday 12 June where the Working Group presented the background to the issues and USS members had the chance to ask questions and express views. A recording on the forum can be found on YouTube.

To continue this conversation you are now invited to attend the following sessions:

- **12.30pm - 2pm, Tuesday 18 September, Goss Lecture Theatre, Medical Sciences Teaching Centre, South Parks Road, OX1 3PL**
- **12.30pm - 2pm, Tuesday 23 October, Lecture Theatre 1, Level 2, John Radcliffe Hospital, Headley Way, Headington, OX3 9DU**
- **12.30pm - 2pm, Monday 26 November, Bernard Sunley Lecture Theatre, St Catherine's College, Manor Road, OX1 3UJ**

Please note, this forum is for USS Pension members only, you can reserve one ticket per person and all attendees are expected to bring their registration confirmation form along with their University staff card. Please provide your work email address when registering as this information is needed for future communications regarding these sessions.

Each session will be filmed in order to make the panel discussions available to those USS members who are not able to attend in person. As an attendee you may appear in this video footage, and any images of you may be personal data. The focus will be on the panel but voices will be recorded during the Q&A segment, if you wish to avoid being captured please submit any questions at registration or to the below address. If you have any questions about the events, please email internal.communications@admin.ox.ac.uk.

We will continue to update all USS members regularly as we receive more information and the USS consultation progresses. In the meantime, if you have any questions or comments, please do raise them for discussion on the University's online pensions forum.

To register, please use the button below.

Best wishes,
USS Review Working Group

Register here

UK Pension scheme comparisons **Item 12 USS RWG 0718**

<table>
<tr><th></th><th>USS (grades 6 and above)</th><th>OSPS (grades 1- 5)</th><th>NHS pension scheme</th><th>Teachers’ Pension Scheme</th><th>Civil service pension scheme</th></tr>
<tr><td></td><td>Funded</td><td>Funded</td><td>Unfunded</td><td>Unfunded</td><td>Unfunded</td></tr>
<tr><td>Benefits for new entrants</td><td>Career average (1/75th) up to salary threshold, with 3x pension cash lump sum. DC above threshold</td><td>DC for new entrants</td><td>Career average, 1/54th. No lump sum as standard.</td><td>Career Average arrangement and with a 1/57th accrual rate. As standard it does not provide a three times cash lump sum at retirement</td><td>Members’ choice
Career average 2.32% (approx. 1/43th)
or DC.</td></tr>
<tr><td>Employer contribution rate</td><td>18%</td><td>19%</td><td>14.38%</td><td>16.48%</td><td>Career average – depends on members’ age (20.0% to 24.5%, average c21%)
DC from 8% to 14.75%</td></tr>
<tr><td>Employee contribution rate</td><td>8%</td><td>Defined benefit section

Lower 5.6% (6.6%)
Standard 6.6% (8.0%)
Higher 7.8% (9.6%)
Figure in bracket applies from April 2018

Defined contribution section
<table><tr><th>Tier</th><th>e’ee</th><th>e’er</th></tr><tr><td>1</td><td>4%</td><td>6%</td></tr><tr><td>2</td><td>6%</td><td>8%</td></tr><tr><td>3</td><td>8%</td><td>10%</td></tr></table>
The balance of the 19% employer contributions pays for deficit recovery contributions and auxiliary benefits</td><td><table><tr><th>Annual Salary Rate</th><th>Member Contribution</th></tr><tr><td>Up to £15,431</td><td>5.0%</td></tr><tr><td>£15,432 to £21,477</td><td>5.6%</td></tr><tr><td>£21,478 to £26,823</td><td>7.1%</td></tr><tr><td>£26,824 to £47,845</td><td>9.3%</td></tr><tr><td>£47,846 to £70,631</td><td>12.5%</td></tr><tr><td>£70,631,to £111,376</td><td>13.5%</td></tr><tr><td>£111,377 and above</td><td>14.5%</td></tr></table></td><td><table><tr><th>Annual Salary Rate</th><th>Member Contribution</th></tr><tr><td>Up to £25,999.99</td><td>7.4%</td></tr><tr><td>£26,000 to £34,999.99</td><td>8.6%</td></tr><tr><td>£35,000 to £41,499.99</td><td>9.6%</td></tr><tr><td>£41,500 to £54,999.99</td><td>10.2%</td></tr><tr><td>£55,000 to £74,999.99</td><td>11.3%</td></tr><tr><td>£75,000 and above</td><td>11.7%</td></tr></table></td><td>Career Average<table><tr><th>Annual Salary Rate</th><th>Member Contribution</th></tr><tr><td>Up to £15,000</td><td>4.6%</td></tr><tr><td>£15,000 to £21,422</td><td>4.6%</td></tr><tr><td>£21,423 to 51,005</td><td>5.45%</td></tr><tr><td>£51,006 to £150,000</td><td>7.35%</td></tr><tr><td>£150,001 and above</td><td>8.05%</td></tr></table>
DC section<table><tr><th>Age</th><th>Employer Contribution</th></tr><tr><td>Under 31</td><td>8%</td></tr><tr><td>31 - 35</td><td>9%</td></tr><tr><td>36 - 40</td><td>11%</td></tr><tr><td>41 to 45</td><td>13.5%</td></tr><tr><td>46 or over</td><td>14.75%</td></tr></table></td></tr>
</table>