

YOUR QUESTIONS ANSWERED **USSEmployers**

What is happening with USS - the universities pension scheme?

The universities pension scheme, USS, is currently going through a **valuation**.

What is a valuation?

A valuation is an assessment of a pension scheme's financial health, carried out at least once every three years.

When a scheme has a deficit, additional contributions are needed to get the funding back on track or the benefits on offer need to change.

USS currently estimates the deficit of the scheme is as high as £18 billion.

Staff pensions are safe: members' pensions built up before the valuation date are protected by law and won't be affected by any changes.

What are the challenges of the valuation?

The universities pension scheme, USS, is one of the UK's very best pensions.

The average USS pensioner receives almost three times the amount in retirement than the average for private pensions in the UK. For many members - those who have spent their entire career as an academic and in the scheme - the pension can be much higher.

In recent years, the cost of providing pensions in the UK has risen because people are living longer, and the economic environment has been challenging with long-term low interest rates and a weak outlook for investments, generally, in the future.

Covid-19 has made the financial outlook worse for pension schemes.

Employers' commitment

We really value our staff. We want them to have a market leading pension and the secure retirement they deserve.

That's why the employer contribution rate has risen in recent years to 21.4% of salary for each member of staff in USS - more than two and half times the average contribution rate for FTSE 100 companies.

Universities use your tuition fees and government grants to pay staff and their pensions. The more money spent on pensions means less for teaching, student welfare, and facilities.

Employers would like to offer members flexibility with their pensions. Currently, all members must contribute 9.8% of pay and employers realise that many staff have other spending priorities. This contribution rate is making the scheme unaffordable for many staff, particularly early on in their careers.

We want to offer a lower cost option so all members can benefit from the valuable employer contributions - even if they are also paying off student debts, saving for a house, or simply want the flexibility offered by most other pension schemes. It would also be fairer for younger members of staff.

USS employers want to work with all staff to create a valuable, affordable, and sustainable scheme.