

USS 2018 valuation

November 2019

Headline

At the time of writing on 5 November 2019, the University and College Union (UCU) has [announced](#) 8 days of strike action at 60 universities from Monday 25 November. 46 universities will be affected by strike action over summary

The University and College Union (UCU) has [been in dispute](#) with 69 universities in the pre-92 higher education sector over the latest valuation of the Universities Superannuation Scheme (USS) – the largest private sector pension scheme in the UK. Over 50,000 members of staff were balloted for strike action between by UCU in opposition to the outcome of the 2018 valuation, which determined that an increase in contributions is required by the scheme to ensure benefits can be maintained at their current level.

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UUK [supports](#) the outcome of the 2018 valuation. Following consultation, a majority of employers agreed to increase contributions to the level required by the USS Trustee (a total of 30.7% of salary) in order to keep benefits at their current level in the face of a challenging

and retains the

Since the dispute began in 2017 UCU have consistently demanded that defined benefits must be maintained at their current level. The solution to the 2018 valuation meets this demand – it proposes no changes to benefits but requires a rise in contributions to fund them: the employers have agreed to pay the majority of this increase.

Efforts employers have made to resolve the dispute

Since the strike action in 2018, the scheme employers have gone to great lengths to resolve the ongoing dispute. UUK proposed setting up the Joint Expert Panel to examine the valuation, and following consultation, supported the recommendations the panel made.

An extensive period of engagement with the USS Trustee followed, resulting in the 2018 valuation and a reduction in the overall rate from 35.6% of salary in 2017, to 30.7% in 2018.

UUK also spent considerable time and resource developing a credible [_____](#) proposal to bring the required rate down even further – to 29.7% – although the USS Trustee ultimately did not accept this proposal.

Following consultation by UUK, the scheme employers also [agreed to additional measures](#) or collective financial strength – continues to be

This involved agreeing to ongoing debt monitoring, prioritisation of USS as a creditor, and a moratorium on employers exiting the scheme.

benefit structure should be preserved, and in view of their demand for lower contributions, despite the prevailing economic conditions.

In recognition of the concerns raised by UCU over member contributions at 9.6% of salary, UUK [offered](#) to pay an additional 0.5% at the 2018 valuation – reducing the member contribution to 9.1% of salary – on the condition that UCU withdraw their current ballot for industrial action. The offer, if accepted, would have been subject to consultation with the [reject](#) the offer, without consulting the wider union membership.

UUK has created a new website www.ussemployers.org.uk, and Twitter feed [@USSEmployers](#), to increase transparency in the valuation process and to ensure both employers and scheme members are informed with the latest developments.

The JEP will [report again](#) in late 2019 with recommendations to reform scheme governance and future valuations. It will suggest options for the 2020 valuation and consider whether there are alternative medium-term options to reform USS to ensure benefits remain attractive and affordable for the long-term.

UUK looks forward to receiving the report and working with UCU to take it forward.

ANNEXE

Timeline of key developments

2017

The 2017 USS valuation shows that the deficit and cost of future pensions has grown to unsustainable levels, requiring much higher contributions.

Employers put forward a proposal to change USS from a defined benefit/defined contribution hybrid, to a wholly defined contribution scheme.

2018

February March: Unprecedented strike action in the pre-92 higher education sector, orchestrated by the University and College Union (UCU). Proposal withdrawn.

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Background on the scheme

[USS](#) is a pension scheme for academic and academic-related staff (including senior administrative staff) employed by 340 UK universities and registered charities (the employers), which consist mainly of institutions that were universities prior to 1992 (staff in the post-92 universities are mostly members of the separate Teachers Pension Scheme). USS is the largest workplace pension scheme in the UK by assets under management (£67.4bn as at 31 March 2019) and is also the largest by the number of members (439,572 as at 31 March 2019, including 202,165 employed active members).

USS

The proposed employer contribution arising from the 2018 valuation