

Consultation by employers on proposed changes to Universities Superannuation Scheme

Important information

Universities UK and the University and College Union (as the representative bodies of scheme employers and scheme members respectively) have for some months been discussing potential responses to the funding challenges within Universities Superannuation Scheme (USS).

In January 2015 the USS Joint Negotiating Committee (JNC) – which is responsible for decisions on scheme changes – decided on a package of proposed changes to USS. The trustee has confirmed its intention to make the proposed changes and the next step is for employers to undertake a consultation.

Employers are required to carry out a formal consultation with affected employees (active members and employees who are eligible to join USS or who become eligible during the consultation period) and their representatives.

As you are an affected employee, you should read the information in this leaflet and the full consultation document which is available on the employer consultation website at **www.ussconsultation.co.uk**, as the proposed changes could affect your future USS benefits. You may wish to provide a response to the consultation which you can also submit through the consultation website.

Summary of the proposed changes

Final Salary section members

FS

If you are a member of the current final salary section, the benefits you have built up – your accrued benefits – will be calculated using your pensionable salary and pensionable service immediately prior to the implementation date. Going forward, those accrued benefits will be revalued in line with increases in official pensions* (currently the Consumer Prices Index – CPI) each April, up to the point of retirement or leaving the scheme.

Career Revalued Benefits (CRB) section members

CRB

If you are a member of the current CRB section, the benefits you have built up immediately prior to the implementation date will be revalued in line with increases in official pensions* (currently CPI) each April, up to the point of retirement or leaving the scheme.

Proposed future CRB benefits for all members

75^{THS}

All members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary for each year of service in respect of salary up to and including a salary threshold of £55,000 a year.

Salary threshold

The salary threshold will be automatically revalued each year in line with increases in official pensions* (currently CPI), until the outcome of a review of the salary threshold to be completed by the Joint Negotiating Committee by 31 March 2020.

*In USS these increases are subject to certain caps in relation to rights earned from October 2011. Further detail can be found on the employer consultation website. Benefits built up to 30 September 2011 will be increased fully in line with increases in official pensions.

Proposed new section of the scheme – Defined Contribution

DC

All members will have access to a new defined contribution section which will be made up of individual defined contribution accounts.

Member contributions to increase to 8% of salary

8%

Member contributions will increase to 8% of salary (from 6.5% for CRB section members and 7.5% for final salary section members). This includes salary above and below the salary threshold. Member contributions made in respect of salary above the salary threshold will go into a member's individual account within the proposed defined contribution section.

Employer contributions

18%

Employers will, until 31 March 2020, pay 18% of salary above and below the salary threshold for all members (increased from 16%), with the employer contribution of 12% of salary above the salary threshold going into the individual accounts of members of the defined contribution section. This is further explained in the full consultation document.

Optional additional contribution into the Defined Contribution section for all members

1% 1%

All members will be able to choose to contribute more to build up extra benefits. Any additional contributions will go into the member's defined contribution account. Any additional contributions made will apply to all salary (ie. salary above and below the salary threshold). The first 1% of additional contributions will be matched by the member's employer.

The proposed implementation date for the changes is 1 April 2016 at the earliest (further details on this will be in the full consultation document, available from 13 March 2015 at www.usconsultation.co.uk).

Key dates

The proposed changes are not yet decided and an employer consultation will now take place on the proposals. The key dates are:

**13
March
2015**

Consultation website becomes available at www.ussconsultation.co.uk

**16
March
2015**

Planned consultation start date

**22
May
2015**

Planned consultation end date

**June/
July
2015**

Trustee considers consultation responses and refers any suggested modifications to the Joint Negotiating Committee

**Autumn
2015**

Any agreed changes will be communicated

**1 April
2016
at the
earliest**

The earliest implementation date for any agreed changes (further details will be available in the full consultation document)

What to do next?

- Go to the employer consultation website to view further information about the proposed changes.
- Use the consultation modeller to estimate the impact on your future benefits from the scheme.
- Provide a response on the proposed changes.

The consultation website will be available from 13 March 2015 at:

www.ussconsultation.co.uk

