USS Pension Scheme – Latest Position

As you will be aware from recent communications national negotiations have been taking place about USS. A decision has now been taken on the scheme changes to allow for consultation with scheme members to take place. UCU have also now confirmed that they will be taking strike action at 61 Universities, including Newcastle, as a result of the proposed changes.

USS SCHEME EMPLOYERS

Newcastle University are one of 400 employers who are members of USS. The scheme is governed by a clear set of scheme rules. Any changes to these rules need to be decided on through the JNC. The JNC brings together an equal number of representatives from Universities UK and the University and College Union. The JNC has an independent chair who oversees discussions between employer and member representatives, and can choose to cast a deciding vote if agreement between both parties cannot be reached.

KEY FACTS

The key facts you need to know about the USS scheme changes are as follows:

- The 2017 USS valuation has confirmed that the scheme deficit is £7.5bn, an increase from £5.3bn as at March 2014.

- Given the valuation, either the contribution rates need to increase or the Defined Benefit (or guaranteed benefits) part of the scheme need to reduce or a combination of the two.

- To secure the same defined benefits provided currently to members’ employee contributions would need to increase from 8% to 13% and employer contributions from 18% to 27%.

- UUK representatives on behalf of all USS member institutions have met with UCU representatives over 30 times during 2017 to seek to find a way forward which would minimize the impact on both employers and employees. This engagement was through the Joint Negotiating Committee, as well as other formal and informal meetings.

- UCU provided an alternative option during the negotiations on the 19th December. Details of the proposal they tabled can be found at www.ucu.org.uk. Their proposal would have required an increase in employer contributions to 23.5% and member contributions to 10.9% of salaries as well as reducing benefits by increasing the annual income builder from 1/75th to 1/80th.
The Proposal and What it means for you

Universities Superannuation Scheme

<table>
<thead>
<tr>
<th>Scheme Element</th>
<th>Current Benefits</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Contributions</td>
<td>18% of salary for all USS members</td>
<td>18% for all USS members</td>
</tr>
<tr>
<td>Member Contributions</td>
<td>8% of salary (Savings on NI contributions if paid through Pensions Plus)</td>
<td>8% will remain the standard contribution. A new option is proposed which would allow members to contribute only 4% of their salary whilst still benefitting from the full employer contribution. This is intended to help lower paid staff but it would reduce the total pension pot.</td>
</tr>
<tr>
<td>Defined Benefit Salary Threshold</td>
<td>£55,550 (linked to CPI)</td>
<td>£0 with possibility to go back to DB at later stage if the financial health of the scheme improves</td>
</tr>
<tr>
<td>Employer Contribution to Defined Contribution above the salary threshold</td>
<td>12%</td>
<td>13.25% (Significantly better than comparably sized private sector employers)</td>
</tr>
<tr>
<td>Death and Incapacity Benefits</td>
<td>Lump sum equivalent to 3 x salary</td>
<td>As at present</td>
</tr>
<tr>
<td></td>
<td>Spouse or partner pension</td>
<td></td>
</tr>
<tr>
<td>1% DC Match</td>
<td>1% DC Match</td>
<td>No longer available</td>
</tr>
</tbody>
</table>

Why the proposal represents excellent value to you as a USS Member

- The Defined Contribution offer proposed would represent exceptional pension provision, containing important and valuable enhancements, and all delivered using the USS investment Builder.

- Employer contributions directly to members’ Defined Contribution accounts is proposed to be 13.25% of salaries. (This is subject to the Trustee’s confirmation of the deficit recovery contribution rate.) To put this into context, a Defined Contribution payment of 13.25% is significantly higher than comparably sized private sector employers.

- USS employers would fully subsidise investment changes - meaning that more of your money is invested to grow your pension savings.
One of the most attractive features of the Joint Negotiating Committee’s (JNC) proposal is that it opens up new choices for members on how they might use their pension savings, and when savings can be drawn. Defined Contribution pension savings offers greater freedom and choice and employers want to give members greater flexibility, and control, over their financial options as they move from work into retirement.

Key Dates

- **23rd January: JNC decision on future benefit reform to address scheme funding challenges.**
- **19th March: 18th May** (precise dates to be confirmed): Minimum 60 day member consultation period starts and workshops will take place across campus. It is expected that by this date more detailed information on the specific impact of the proposed changes will be available.
- **End of May/Early June:** Analysis of consultation responses and finalisation of any agreed modifications.
- **April 2019:** Scheme changes take effect.

**UCU Industrial Action**

UCU balloted 68 Universities including Newcastle. Overall 88% of UCU members voted in favour of strike action and 93% voted in favour of action short of a strike. At Newcastle, of the 642 staff who voted, 90% voted in favour of strike action and 93.9% for action short of a strike.

**Strike Action Proposed**

UCU’s Higher Education Committee have confirmed that the following action is proposed:

- 14 days of escalating strikes to begin in 61 universities on 22 February
- Strikes to start with two days a week, rising incrementally to five days a week over an initial four week period
- Members to be asked to work to contract, refuse to cover classes or reschedule those lost to strike action

Any strike action will have a detrimental effect on students. In view of this the Vice-Chancellor and President has asked that the group responsible for mitigating the impact of industrial action is reformed. More information will be shared once available.