

# Hands off our Pensions!

## USS Pensions Still Not Safe

### The story so far

In April 2018 UCU members voted to set up a joint expert panel (JEP) to look at the USS valuation. Following this agreement, Universities UK formally withdrew its proposal to replace the guaranteed pension with a pension that would have been based on stock market performance. UCU estimated that this proposal, if it were ever implemented, would have cost the average member around £200,000 in lost retirement income.

The JEP reported back in September 2018, and made a number of recommendations for changes to the 2017 USS valuation. JEP estimated that if all of these recommendations were implemented then current benefits could be retained at a combined cost to employers and members of 29.2%. This can be compared to current total contributions of 26% and to USS's original calculation that contributions would need to rise as high as 36.6% by April 2020 to protect benefits.

USS's response to JEP has been to propose a fresh scheme valuation based on data as at March 2018. As part of this process USS have agreed to implement some but not all JEP's recommendations. In a letter in December, the Pensions Regulator suggested 'contingent contributions' as an option if employers wanted - as had been indicated in their recent consultation - to take on more risk. Put simply, contingent contributions are further payments from the employers that would be triggered if the position of the fund worsens in line with jointly agreed parameters.

### USS's current position in a nutshell

USS's current position can be summarised as follows:

- the cumulative impact of implementing all the JEP's recommendations would be to create more risk than the Pensions Regulator (TPR) would accept
- based on their proposed partial implementation of JEP, total contributions would need to be 33.7%; but that
- they could fall to 29.7% if the employers were willing to reach agreement on 'contingent contributions'.
- It is for the employers to generate 'contingent contributions' proposals which will then be considered by the USS Board.

### What is the UCU position?

UCU's policy is for '**no detriment**' - meaning that benefits should not fall and members' contributions should not rise as a result of the 2018 valuation. UCU further believes that the JEP's unanimously agreed recommendations should be implemented in full. It is generally accepted that full implementation of the JEP report would mean a resulting contribution rate very close to the current 26%.

We are unconvinced by USS's argument that implementing the JEP in full would lead to too much risk for the scheme. With reference to the two key recommendations from JEP that USS does not like - the postponement of de-risking and the smoothing of future contributions - UCU wrote to USS to ask them to change their position last December and this remains our position. UCU branches are now pressing employers to implement the JEP in full in line with UCU policy. The union's national dispute committee (NDC) has produced a briefing for branches which members may also find useful.

### What about the employers?

UUK's own consultation confirmed that the vast majority of employers also support the JEP recommendations. UUK's position is that, in noting the strong support for JEP, "we need to find an overall outcome that is acceptable to the USS Trustee & which TPR would be content with." To that end, UUK's position is that USS's suggestion of 'contingent contributions' is worth considering.

### What happens next?

The USS Board and UUK are still discussing a 'contingent contributions' proposal as part of the current consultation on the 2018 valuation. UUK will no doubt need to agree a position with its members on this before it responds formally and the consultation has now been extended into mid-March to allow for this discussion.

UCU's position is straightforward. **We are campaigning for full implementation of the JEP outcomes and calling upon employers to join us.** We are also following the discussions between USS and UUK about contingency contributions closely. In any negotiations with the employers that follow we will press for 'no detriment' and do everything we can to protect your benefits and reduce overall contributions. It will ultimately be for members to decide whether further industrial action is required to achieve the union's aims.

The JEP is now also beginning the second phase of its work which is to look for an alternative approach to future valuations which might enjoy the support of the key stakeholders, and to look at how the governance of USS might be improved. Members with expertise in these areas are encouraged to submit their views.

**A year ago, we were facing a proposal which would have finished the guaranteed pension for USS members. The industrial action taken by members in the subsequent weeks unquestionably resulted in that proposal coming off the table. The JEP was created as a result of members' action, and we will continue to press for its recommendations to be implemented. One year on our primary objective remains to protect your hard-earned pension.**

**Support the call for employers to reject the proposed 'contingency contributions' and support the JEP recommendations, as they have previously agreed to do.**