

# USS Valuation 2017



Universities UK (UUK) has developed this survey to inform the Employers Pensions Forum's long-term pension strategy and the development of an employer position on USS. This position will be critical in negotiations following USS's scheme valuation at 31 March 2017.

The survey has 18 questions. UUK is seeking responses that reflect the position of your institution or organisation as a whole. To ensure that respondents can discuss responses with colleagues, this PDF copy of the survey has been circulated to the heads of USS employers. Once a page of the survey is completed, responses are saved automatically and can be returned to. Only one response should be submitted per Institution.

The *survey* comprises *five* main sections:

1. Overview
2. Contribution rates
3. Pension benefits
4. The structure of USS
5. Valuation methodology

PDF version of  
UUK survey

Please submit responses  
online [here](#)

# USS Valuation 2017

The deadline for responses to this survey is **28 October 2016**

This survey is accompanied by a document with supplementary information that respondents may find helpful. The paragraphs of this document that each survey page corresponds to is noted in blue at the top of each page [in the web survey].

Although you will be asked for your name, position and institution, this information will only be used to structure analysis of the survey. It will not be shared with any third party. All data collected in this survey will be held securely. Cookies and personal data stored by your web browser are not used in this survey.

If you have queries about completing the survey, please contact Rosalind Lowe at [rosalind.lowe@universityofsheffield.ac.uk](mailto:rosalind.lowe@universityofsheffield.ac.uk).

Thank you for your help in completing this survey.

**PDF version of  
UUK survey**

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# identifiers

*The identifier will be used to structure analysis of the responses and it will not be shared with any third party*

Question 1	Response options
Name of institution	Oxford Cambridge and RSA
Name of respondent	Sue Curryer, Head of Pensions, on behalf of OCR
Position of respondent	
Question 2	Response options

What types of pension schemes are offered at your institution?

The main schemes we offer for academic and support staff are USS and other DB arrangements

The main schemes we offer for academic and support staff are USS and other schemes that include DC arrangements

# Overview

Question 3	Response options
<p>What are your institution's views on current pension provision?</p> <p>To what extent do you agree or disagree with the following statements? Select from:</p> <ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	<p>My institution highly values pensions as an important recruitment tool and benefit to employees <b>STRONGLY AGREE</b></p> <p>The risks associated with DB pension provision represent a significant financial uncertainty for my institution <b>STRONGLY AGREE</b></p> <p>My institution wants to avoid further divergence of pension provision within the higher education sector (e.g. in terms of benefit provision or cost) <b>NEITHER AGREE OR DISAGREE</b></p> <p>My institution wants greater flexibility in the pension options available to employees <b>STRONGLY AGREE</b></p> <p>My institution wants to stabilise pension costs in order to offer a more diverse package of non-salary benefits to employees <b>STRONGLY AGREE</b></p>

# Overview

Question 4	Response options
<p>To what extent do you think that employees value the pension schemes that your institution currently provides?</p>	<p>The pension schemes that my institution currently offers are highly valued by employees <b>STRONGLY AGREE</b></p>
<p>To what extent do you agree or disagree with the following statements? Select from:</p>	<p>My institution would like to enhance the pensions benefits offered to employees <b>STRONGLY DISAGREE</b></p>
<ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	<p>Pension provision does not represent a significant part of employee's considerations around reward <b>SOMEWHAT DISAGREE</b></p>

# Contributions

*Relates to paragraphs 8-11 in the supplementary document*

Question 5	Response options
<p>How has the rise in USS employer contributions from 16% to 18% in 2016 impacted your institution?</p> <p>Choose one of the following statements.</p> <p>Optional text box for further comments provided.</p>	<p>The increased expenditure on staff pensions was sufficiently offset by, for example, increased income or reserves <b>CHOSEN TEXT</b></p> <p>The financial impact was considerable, but manageable through cost savings that will not impact significantly on the ambitions of my institution</p> <p>The additional pension costs are a barrier to my institution's longer term sustainable growth</p>

**NO FURTHER COMMENTS**

# Contributions

*Relates to paragraphs 8-11 in the supplementary document*

Question 6	Response options
<p>If possible, please indicate where any cost savings had to be made that might not have been required had the USS contribution rate remained at 16%.</p> <p>Tick any that apply</p>	<p>Headcount reductions ✓✓</p> <p>Restraint in other areas of employee reward and development</p> <p>Delays or reductions to capital projects</p> <p>Reductions in operational costs and other non-academic activities <b>APPLY</b> -</p> <p>*Other (please specify)</p>

# Contributions *Relates to paragraphs 8-11 in the supplementary document*

Question 7	Response options
What is the maximum level of contributions that you could sustainably afford to pay, without causing material financial strain to your institution?	<p>Current contribution levels (18%)</p> <p>An increase of 2% (to 20%)</p> <p>An increase of 4% (to 22%)</p> <p>An increase of 6% (to 24%)</p> <p>An increase of 8% (to 26%)</p> <p>An increase of more than 8%</p>
<p>To what extent do you agree or disagree that the following levels would be affordable?</p> <p>Select from:</p> <ul style="list-style-type: none"> <li>strongly agree</li> <li>somewhat agree</li> <li>neither agree or disagree</li> <li>somewhat disagree</li> <li>strongly disagree</li> </ul>	<p>Strongly agree to only the first one. Strongly disagree to all others</p> <p><b>Anything in excess of 18% is not sustainably affordable. It is noted that after the 2014 valuation, institutions were advised that there would be no further increase in the employer contribution rate until after the 2020 valuation of the USS.</b></p>
Additional comments box provided	



# Contributions

*Relates to paragraphs 8-11 in the supplementary document*

Question 8	Response options
Do you think that employees would be willing to contribute more to their pension alongside employers if required?	Higher contributions for the same benefits <b>SOMEWHAT DISAGREE</b>
To what extent do you agree or disagree with the following statements? Select from:	The same contributions for reduced benefits <b>STRONGLY DISAGREE</b>
<ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	Higher contributions with some benefit reductions <b>STRONGLY DISAGREE</b>  Not all my employees can afford the contributions required for the current level of benefits <b>STRONGLY AGREE</b>

# Pension benefits

*Relates to paragraphs 12 to 17 in the supplementary*

## Question 9

Which of these statements best describes your institution's views on benefit reform if action is required to reduce the USS deficit?

Choose one of the following statements.

## Response options

Current benefits: Retain current benefits, even if this requires higher contributions.

Current contribution levels: Retain current contribution levels, regardless of the benefit changes this requires

Moderate revisions to benefits and contributions: Balanced approach involving reduced benefits, alongside increased employer and employee contributions

Flexible approach: Move to a reduced level of core pension benefits, with employers being able to choose to pay higher contributions to secure higher benefits for staff. **CHOSEN**

DC: Move to DC for future benefits, to reduce risk and to make future benefit changes less likely to be needed.

# Pension benefits

*Relates to paragraphs 12 to 17 in the supplementary document*

Question 10	Response options
<p>If needed, would you support the following changes to future benefits in order to keep contributions affordable?</p> <p>To what extent do you agree or disagree with the following statements? Select from:</p> <ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	<p>Changing salary threshold (from £55,000) <b>STRONGLY DISAGREE</b></p> <p>Changing the DC contribution above threshold (from 12%) <b>SOMEWHAT AGREE</b></p> <p>Changing accrual rate (from 1/75) <b>SOMEWHAT AGREE</b></p> <p>Changing the DC match (from 1%) <b>SOMEWHAT AGREE</b></p> <p>Offer staff the choice to move to a DC only section of USS <b>SOMEWHAT AGREE</b></p> <p>Transition USS to a DC-only scheme <b>SOMEWHAT DISAGREE</b></p>

# Pension benefits

*Relates to paragraphs 12 to 17 in the supplementary document*

## Question 11

If changes to USS benefits become necessary, to what extent are the following issues of concern to you?

To what extent do you agree or disagree that the following are a concern for your institution? Select from:

- strongly agree
- somewhat agree

- neither agree or disagree
- somewhat disagree
- strongly disagree

Additional comment box for any further concerns. **Cambridge Assessment competes with the teaching profession for staff and competitiveness is an issue**

## Response options

Competitiveness with other institutions whose staff can join DB public sector schemes

**STRONGLY AGREE**

The divergence within institutions in the pension benefits offered to staff (e.g. academics in USS and support staff in other schemes) **NEITHER AGREE OR**

**DISAGREE**

The possibility of staff opting out of pensions altogether **SOMEWHAT AGREE**

# The structure of USS

*Relates to paragraphs 18-23 in the supplementary document*

Question 12	Response options
<p>What is your institution's view on the way current contributions are set and assets and liabilities are calculated?</p> <p>To what extent do you agree or disagree with the following positions? Select from:</p> <ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	<p>My institution would support taking financial responsibility for its own liabilities both past and future. <b>STRONGLY AGREE</b></p> <p>My institution would support the legal separation of each institution's assets and liabilities and the negative effect this may have on mutuality. <b>STRONGLY AGREE</b></p> <p>\\c; e</p>

# The structure of USS

*Relates to paragraphs 18-23 in the supplementary document*

Question 13	Response options
<p>What is your institution's view of increased benefit choices being available?</p> <p>To what extent do you agree or disagree with allowing more benefit choice for the following? Select from:</p> <ul style="list-style-type: none"><li>• strongly agree</li><li>• somewhat agree</li><li>• neither agree or disagree</li><li>• somewhat disagree</li><li>• strongly disagree</li></ul>	<p>to institutions – e.g.with a "core" USS benefit, and "supplementary" option for employers to pay more to offer higher benefits to some or all employees.</p> <p><b>STRONGLY AGREE</b></p> <p>to employees –e.g.with a "core" USS benefit,and "supplementary" option for employees to pay more to receive higher benefits. <b>STRONGLY AGREE</b></p>

# The structure of USS

*Relates to paragraphs 18-23 in the supplementary document*

## Question 14

## Response options

If USS comprised a core benefit with supplementary benefits being available on top (whether funded by employers and/or employees), what should these supplementary benefits be?

DB

DC **CHOSEN**

No strong preference

Choose one of the following options

# The structure of USS

*Relates to paragraphs 18-23 in the supplementary document*

Question 15	Response options
<p>Are there any particular categories of employees that your institution wishes it could provide alternative benefits to?</p> <p>Tick any that apply</p> <p><b>ALL APART FROM VISITING ACADEMICS WHICH IS NOT APPLICABLE TO OCR</b></p>	<p>Internationally mobile employees ✓</p> <p>Long serving, senior employees</p> <p>Visiting academics</p> <p>Employees on short/ fixed term contracts</p> <p>Employees with affordability concerns</p> <p>*Other (please specify)</p>



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# Valuation methodology

*Relates to paragraphs 3-7 in the supplementary*

Question 16	Response options
<p>In terms of the overall prudence in the actuarial method and assumptions (to be decided by the trustee in consultation with scheme stakeholders), which best describes your institution's position?</p> <p>Choose one of the following options</p>	<p>My institution believes that USS should follow a similar approach to the 2014 valuation</p> <p>My institution believes that USS should focus on being flexible, within reason, to mitigate the need to change contributions/benefits at this valuation</p> <p>My institution is concerned about the possibility of a less prudent approach being taken and any potential increase in risk being underwritten by our institution. <b>CHOSEN</b></p> <p>*Other (please specify)</p>