Survey questions

1. **Identifiers**

(a) Name of respondent:	Margaret Monckton
(**b) Position of respondent:**	Chief Financial Officer
(c) Email address of respondent:	Margaret.monckton@nottingham.ac.uk
(d) Name of USS employer	University of Nottingham

2. **Please confirm that the content of this questionnaire (and related documents) has been discussed such that the views expressed can be considered to be the authorised view of the institution.**

- Yes
- No

__Risk and Reliance__

The questions in this section should be considered alongside the USS Technical Provisions consultation and the Aon commentary. Issues that employers should consider in relation to risk are also summarised in section 1, paragraphs 7 to 15, in the UUK paper.

3.

(a) Does your institution support the level of risk (i.e. level of reliance being placed on the employer covenant) being proposed by the USS trustee for this valuation?

• My institution believes it would be appropriate to take more risk
• My institution accepts the level of risk being proposed by the trustee
• My institution wants less risk to be taken, acknowledging the implications this might have for benefits and/or costs

(b) Do you have any additional views or concerns regarding the level of risk being proposed?

Our share of USS's underlying liabilities and deficit, and the level of financial risk USS represents is very large for us, and for all universities. We believe strongly that this should be managed and reduced.

4. **If the USS trustee decides to take action between valuations because short-term reliance on the employers has become too great, what action do you believe should be taken (potentially temporarily)33?**
• Additional contributions to the scheme to alleviate risk (not towards benefits)
• Changes to future service benefits
• My institution's position would depend on the outcome of the 2017 valuation

5.
(a) **Over recent months UUK has compiled a view from institutions that 18% is the maximum level of regular contributions that employers are willing to pay towards USS benefits. We need to affirm this view for the 2017 actuarial valuation.**

Please indicate your institution's view on the statement that regular employer contributions should be no more than 18% of salary.

• Support – 18% is the maximum my institution is willing to pay
• Moderately oppose – my institution might be willing to pay more than 18% in specific circumstances (please specify these circumstances in question 5(b) below).
• Strongly oppose – my institution would be willing to pay more than 18% to reduce impact on benefits (please specify the maximum your institution would be willing to pay in question 5(b))

(b) Please add any additional comments in support of your response to this question.

We have allowed for a small increase in the contribution rates within our medium term financial plan but if the student fee levels are cut, we would need to revisit whether this could still be afforded.

Any increase on this contribution would need to be paid for by reducing the amount of investment in the student offer. Given that these students that will ultimately be paying for the cost of USS, are unlikely themselves to benefit from a Defined Benefit pension scheme, it does not seem fair or reasonable that they should be paying for other people to receive this benefit.

Universities have a responsibility to ensure value for money – USS already in our view does not demonstrate value for money so an increase in the cost would only make this worse.

We also note that 2.1 per cent of the 10 per cent annual contribution is a deficit contribution, not a contribution to meet the cost of new pension promises.
The 18 per cent would be the maximum for regular and deficit contributions combined..

6.
(a) **Does your institution believe that increasing member contributions beyond the current 8% of salary is likely to lead to more scheme members opting out?**
• Yes
• No

(b**) We would welcome any further comments to support your answer above.**

Benefits

The questions on this page relate to section 1, paragraphs 22 to 63, in the UUK paper.

7.
(a) **Does your institution prefer maintaining a level of DB accrual for future service at this valuation or moving to a DC-only solution (either temporarily or permanently)?**
• Maintaining some DB
• Moving to DC

(b) **We would welcome any further comments to support your answer above.**

We see this as the only way to manage the cost of USS enabling us in turn to offer value for money for our students. In addition we consider it to be fairer versus the offer of the alternative pensions schemes that we run for other groups of staff, more comparable with pension schemes that are offered elsewhere (in particular in the commercial sector) and offers more flexibility to its members.

8. **If a level of reduced DB accrual is maintained in the future, do you have any initial thoughts on which of the following approaches would have your institution's preference?**

• Reducing the salary threshold
• Reducing the accrual rate
• A combination of both
• No preference

We believe in reducing the salary threshold which reduces risk more than reducing the accrual rate.

9**. If the outcome for employers at this valuation is a mandate to seek a DC-only solution to future service benefits, do you have any comments you wish to be taken into account as to how best to achieve a DC offer optimised and tailored to the needs of USS institutions?**

For example, you may wish to comment on whether the move to DC should be permanent, what the minimum employer contribution should be, whether there should be greater flexibility in terms of member contributions and which ancillary benefits should be offered.

The move to DC should be permanent and should be implemented as soon as possible – accepting that this would have to be managed very carefully with members. Offering members as much flexibility as possible would be desirable, allowing them to select the level of risk they wish to take..

Final remarks

10. **What additional support can UUK or the USS trustee offer to support your institution in the valuation process?**

The issues are clear and pressing. We hope both UUK and USS will provide appropriate support for all universities.

11. **Please add any further comments your institution has on the USS valuation, for example you may wish to comment further on the following pertinent to your exposure to USS.**

- The proposed valuation assumptions
- Any areas of concern related to cost or risk
- Any further comments on future benefit design (including core benefits, as well as ancillary benefits) or the consequences of benefit change
- Any wider views on scheme structure, including mutuality and exclusivity
- Issues relating to section 75 debt