Survey questions

1. (a) Name of respondent Phil Harding
(b) Position of respondent Director of Finance
(c) Email address of respondent philip.harding@ucl.ac.uk
(d) Name of USS employer UCL

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 Yes
• No (comment)

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 Yes (see comment below)
• My institution wants less risk to be taken, acknowledging the implications this might have for benefits and/or costs

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

We believe that the level of risk proposed by the USS trustee is at the outer edge of our appetite. We would prefer to see a less riskier position adopted but are able to accept the trustee's proposal. The assumption that interest rates will rise by more than is priced into markets is a particular concern.

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 Yes (see comment)
• My institution's position would depend on the outcome of the 2017 valuation Yes, potentially
Please note that any action would be in addition to measures taken to meet the funding shortfall identified at the 2017 valuation

Comment: Our preference would be to maintain contributions at their current level and to divert a larger proportion to reduce the scale of short-term reliance. We understand that this would involve a change to future service benefits, albeit hopefully temporary.

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 Yes
• Moderately oppose – my institution might be willing to pay more than 18% in specific circumstances (please specify these circumstances in question 5(b)

below). No

- 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)) No

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

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 Yes
- No

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

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 Yes

(b) We would welcome any further comments to support your answer above.
Our preference would to be to retain some element of DB provision in the scheme. We had hoped, like others I'm sure, that the hybrid model would offer sufficient flexibility to endure but we accept that the scale of DB benefit that could realistically be afforded and sustained is too small for this to remain a credible solution.

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 Yes, though see answer above
- No preference

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.

We would hope that a DC-only scheme could offer as attractive a set of benefits as can be afforded. We would also like to preserve the hope that DB could be re-introduced at some point in the future when circumstances permit.
We have a particular concern about the potential impact that further perceived diminution of the attractiveness of the scheme will impact upon our ability to attract top international talent from around the world, in particular the US. We would like to see more analysis undertaken by USS on

international comparisons, focussing particularly on those countries from which leading academics would be typically be sourced.

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

Please see comment above regarding international comparisons.

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.** For example, you may wish to comment on:

- 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

We have no further comments.