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USS 2017 valuation

Cover note

1 / 8

13%

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

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, a 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

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.

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@universitiesuk.ac.uk.

Thank you for your help in completing this survey.

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Identifiers

2 / 8 25%

Identifiers will be used to structure analysis of the responses and will not be shared with any third party.

*** 1. Please provide the following details**Name of institution Name of respondent Position of respondent **2. 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

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Overview

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38%

3. What are your institution's views on current pension provision?

Please select whether you agree or disagree with the following statements

My institution highly values pensions as an important recruitment tool and benefit to employees

☐ Strongly agree

The risks associated with DB pension provision represent a significant financial uncertainty for my institution

☐ Strongly agree

My institution wants to avoid further divergence of pension provision within the higher education sector (e.g. in terms of benefit provision or cost)

☐ Neither agree or disagree

My institution wants greater flexibility in the pension options available to employees

☐ Strongly agree

My institution wants to stabilise pension costs in order to offer a more diverse package of non-salary benefits to employees

☐ Somewhat agree**4. To what extent do you think that employees value the pension schemes that your institution currently provides?**

Please select whether you agree or disagree with the following statements

The pension schemes that my institution currently offers are highly valued by employees

☐ Strongly agree

My institution would like to enhance the pensions benefits offered to employees

☐ Somewhat disagree

Please select whether you agree or disagree with the following statements

Pension provision does not represent a significant part of employees' considerations around reward

Strongly agree

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Overview

3 / 8

38%

3. What are your institution's views on current pension provision?

Please select whether you agree or disagree with the following statements

My institution highly values pensions as an important recruitment tool and benefit to employees

The risks associated with DB pension provision represent a significant financial uncertainty for my institution

My institution wants to avoid further divergence of pension provision within the higher education sector (e.g. in terms of benefit provision or cost)

My institution wants greater flexibility in the pension options available to employees

My institution wants to stabilise pension costs in order to offer a more diverse package of non-salary benefits to employees

4. To what extent do you think that employees value the pension schemes that your institution currently provides?

Please select whether you agree or disagree with the following statements

The pension schemes that my institution currently offers are highly valued by employees

My institution would like to enhance the pensions benefits offered to employees

Please select whether you agree or disagree with the following statements

Pension provision does not represent a significant part of employees' considerations around reward

Strongly disagree

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Contributions

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50%

The questions on this page relate to paragraphs 8 to 11 in the supplementary document

5. How has the rise in USS employer contributions from 16% to 18% in 2016 impacted your institution? Please select the statement that best describes your institution's position.

- ☐ The increased expenditure on staff pensions was sufficiently offset by, for example, increased income or reserves
- ☐ The financial impact was considerable, but manageable through cost savings that will not impact significantly on the ambitions of my institution
- ☐ The additional pension costs are a barrier to my institution's longer term sustainable growth

Please add any additional comments

6. 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%.

- ☐ Headcount reductions
- ☐ Restraint in other areas of employee reward and development
- ☐ Delays or reductions to capital projects
- ☐ Reductions in operational costs and other non-academic activities
- ☐ Other (please specify)

7. What is the maximum level of contributions that you could sustainably afford to pay, without causing material financial strain to your institution?

Please select whether you agree or disagree that the following is affordable

Current contribution levels (18%)

Somewhat agree

An increase of 2% (to 20%)

Somewhat disagree

An increase of 4% (to 22%)

Strongly disagree

An increase of 6% (to 24%)

Strongly disagree

An increase of 8% (to 26%)

Strongly disagree

An increase of more than 8%

Strongly disagree

Any additional comments on the future level of employer contributions

8. Do you think that employees would be willing to contribute more to their pension alongside employers if required?

Please select whether you agree or disagree that employees would pay the following

Higher contributions for the same benefits

Somewhat disagree

The same contributions for reduced benefits

Somewhat disagree

Higher contributions with some benefit reductions

Strongly disagree

Not all my employees can afford the contributions required for the current level of benefits

Strongly disagree

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Pension benefits

5 / 8

63%

The questions on this page relate to paragraphs 12 to 17 in the supplementary document

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

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

10. If needed, would you support the following changes to future benefits in order to keep contributions affordable?

Please select whether you agree or disagree that the following options should be considered

Changing the salary threshold (from £55,000)

Strongly agree

Changing the DC contribution above threshold (from 12%)

Neither agree nor disagree

Changing accrual rate (from 1/75)

Strongly agree

Changing the DC match (from 1%)

Strongly agree

Please select whether you agree or disagree that the following options should be considered

Offer staff the choice to move to a DC only section of USS

Somewhat agree

Transition USS to a DC-only scheme

Strongly agree

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

Please select whether you agree or disagree that these matters are a concern

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

Somewhat disagree

The divergence within institutions in the pension benefits offered to staff (e.g. academics in USS and support staff in other schemes)

Somewhat disagree

The possibility of staff opting out of pensions altogether

Neither agree or disagree

Please indicate any further concerns that your institution may have

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USS 2017 valuation

The structure of USS

6 / 8

75%

The questions on this page relate to paragraphs 18 to 23 in the supplementary document

12. What is your institution's view on the way current contributions are set and assets and liabilities are calculated?

Please select whether you agree or disagree with the following positions

My institution would support taking financial control of its own liabilities both past and future

My institution would support the legal separation of each institution's assets and liabilities and the negative effect this may have on mutuality

13. What is your institution's view of increased benefit choices being available?

Please select whether you agree or disagree with allowing more benefit choices for the following

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

to employees – e.g. with a "core" USS benefit, and "supplementary" option for employees to pay more to receive higher benefits

14. 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
- ☐ No strong preference

15. Are there any particular categories of employees that your institution wishes it could provide alternative pension benefits to?

- ☐ Internationally mobile employees
- ☐ Long serving, senior employees
- ☐ Visiting academics
- ☐ Employees on short/fixed term contracts
- ☐ Employees with affordability concerns

Other (please specify)

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USS 2017 valuation

Valuation methodology

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88%

The questions on this page relate to paragraphs 3 to 7 in the supplementary document

16. 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?

- ☐ My institution believes that USS should follow a similar approach as it did for the 2014 valuation
- ☐ My institution believes that USS should focus on being flexible, within reason, to mitigate the need to change contributions/benefits at this valuation
- ☐ 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
- ☐ Other (please specify)

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USS 2017 valuation

Final comments

8 / 8 100%

17. Please provide any comments that you would like to add

e.g. additional views on contributions, benefits, USS structure, wider reward in higher education, pledging assets, managing liabilities etc. - views from all employers are welcome as they may differ for larger and smaller USS employers

It is important for this review to result in a sustainable outcome for the scheme, for members and employers

18. Thank you for your time. Are you happy to be contacted by email in the future with queries about your response?

- ☐ No
- ☐ Yes, please provide your email address

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Done (once submitted, this survey can no longer be edited)

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