

## USS Consultation Q&A from talk 005/10/2023

<p>The wording of the documents is technical. Is this good for us?</p>	<p>In developing the <a href="#">USS Consultation 2023</a> website, USS have sought to make the information as accessible as possible, while ensuring that the consultation document meets legal requirements. To assess the impact of the proposed changes benefits and contribution rates to your personal circumstances, you are encouraged to look at the modeller on the <a href="#">USS Consultation 2023</a> website. You will also find a lot more information explaining the changes.</p>
<p>Will USS restore the option to purchase additional benefits in the DB element of USS</p>	<p>The changes under consideration in this consultation do not include the opportunity to purchase additional “Defined Benefits” through Additional Voluntary Contributions (AVCs). This opportunity was withdrawn prior to the 2020 valuation. This consultation is seeking your views on restoring benefits to the level they were at before the changes introduced after the 2020 valuation. Colleagues can continue to pay AVCs to the Investment Builder (Defined Contribution) part of the scheme..</p>
<p>Is the University considering bringing back the 1% match for the investment builder as their costs will reduce significantly in April?</p>	<p>The 1% match for Additional Voluntary Contributions (where the employer contributed an additional Investment Builder (Defined Contribution) to “match” a 1% AVC from the member) ceased in 2018. The matched contribution had been built into the standard employer contribution rate at that time. The proposed contribution rates do not include the additional cost of this option being reintroduced. This is not included as part of the changes under consideration in this consultation. There are no plans to reintroduce this.</p>
<p>Are the changes affecting past benefits?</p>	<p>The changes under consideration in the consultation will only apply to benefits you will accrue from April 2024. However UUK and UCU have recently made a joint statement which states <i>Subject to appropriate consultation processes by both UCU and UUK, we jointly propose that a one-off DB pension augmentation of £215 will be applied for all eligible members [ie a member who was active at any time during the period 1 April 2022 and 31 March 2024], with an associated £645 retirement lump sum for active and deferred members. Pensioner members should receive an additional DB pension augmentation of £26, due to HMRC regulations concerning the payment of tax-free lump sums at retirement. These augmentation proposals will be effective as at 1 April 2024 and will be implemented as soon as possible thereafter.</i> Please see <a href="#">A joint statement on UUK and UCU collaboration towards scheme stability, USS benefit improvements and reduced contribution rates   USS Employers</a></p>
<p>Was the University response to the technical assumptions not to reduce the contribution rate?</p>	<p>That is not correct. Our response to the UUK consultation with employers on the USS technical assumptions for the 2023 valuation can be found here. <a href="#">USS scheme - Pensions Office - University of Exeter</a></p>
<p>It feels like progress on low cost entry options and other equality measures has been particularly slow.</p>	<p>Consideration of developing more flexible (low cost) options within the scheme to encourage colleagues facing many other cost pressures to save for a pension with a valuable employer contribution, which has been under discussion since the 2020 valuation, has not been forgotten and further work on this is</p>

	<p>expected. The outcome of the 2023 valuation is expected to lead to a reduction in contributions rates which should help colleagues who are struggling to meet the cost of scheme membership</p>
<p>What impact does the salary threshold change have on us?</p>	<p>By increasing the salary cap it will mean that more of your benefits will be based in the Defined Benefits (Income Builder) element of the scheme, if your salary is below the new salary cap you will cease to accrue funds in the Defined Contribution (Investment Builder) element and any funds you do have will remain within that part of the scheme, where they will continue to be managed by USS following your investment choices.</p>
<p>What is proposed to happen to the small pots of DC that have already been built up for salary of &gt;£40k but &lt;£66k?</p>	<p>Any funds you currently have in the Defined Contribution (Investment Builder) element of will remain within that part of the scheme, where they will continue to be managed by USS following your investment choices, and be available as part of your retirement benefits package.</p>
<p>The university ERSS scheme offers a number of choices regarding the level of contributions individuals (and respectively the employer) would like to make. Is this planned for the USS scheme too or will contributions be fixed at the current/proposed rate?</p>	<p>This ERSS arrangement is a defined contribution (DC) scheme. The nature of DC schemes means that it is possible to offer members a menu of employee contribution rates so that they can choose the contribution level most appropriate to them (and change that contribution level, up or down, over time). Since USS has a defined benefits element as part of the hybrid arrangement it is not possible to offer similar options. Since the 2020 valuation, consideration has been given to developing lower cost options within the scheme to encourage colleagues facing many other cost pressures to save for a pension with a valuable employer contribution, and further work on this is expected. However, the outcome of the 2023 valuation is expected to lead to a reduction in contributions rates which should help colleagues who are struggling to meet the cost of scheme membership.</p>
<p>Will there be an Equality Impact Assessment conducted.</p>	<p>Yes this will be made available on our USS web pages once completed.</p>
<p>The university will benefit substantially financially from a reduction in contribution rates - how much of that saving does Exeter plan to continue spending on staff (e.g., salaries, above and beyond, wellbeing)?</p>	<p>This will be picked up through the planning process overseen by UEB. There are many factors at play here, for example the static UG fee means that we have to absorb the impact of pay awards and inflation ourselves. We also want to invest in 2030 programmes – both from a revenue (day-to-day spend) perspective and capital (long term investment in assets) perspective. We have reconvened regular liaison meetings with Union colleagues and will keep colleagues briefed on developments.</p>