

**Communication from USS on Cost Sharing**

Dear Colleague

I am writing to you with an important update in developments which may affect the USS pension scheme, of which you are a member.

As you may already be aware, Universities UK and the University and College Union have established a Joint Expert Panel (JEP) to review the USS valuation, processes, and assumptions. The JEP is due to report in September. You can read more about the work of the JEP on the websites of Universities UK and UCU.

The JEP sits outside the normal USS structures. It is thus important that you are aware that, separately from the JEP process, the Trustees of the USS scheme have decided to go ahead with the introduction of cost-sharing increases in contributions from members and institutions from next April under Rule 76.4 of the USS scheme. They have requested that institutions convey these decisions to members of the scheme.

In the absence of a currently agreed way forward for the scheme valuation, USS Trustees have said they are under a legal obligation to recover the costs they believe to be necessary for the maintenance of existing levels of benefits.

The USS Trustees intend to phase the introduction of these increases over a 12 month period from 1 April 2019. This means that member contributions will increase to 8.8% of salary from that date, and employer contributions to 19.5%. The 1% match will also cease to apply. The Trustees plan to introduce further increases from 1 October 2019 and 1 April 2020.

It is our sincere hope that the JEP will make rapid progress on establishing a sustainable way forward for the scheme that will avoid the full impact of these increases.

Whilst recognising the legal obligations on USS, the University of St Andrews has formally expressed our disappointment, through Universities UK, that the USS Trustees have chosen to phase the 76.4 increases over such a short period of time and while staff and employers are working jointly to determine an alternative solution via the JEP.

The proposed USS increases have very significant financial implications for members and institutions, and it is important you are aware of these developments, and their potential impact on you and your pension.

Further information from USS about these increases can be found here, and USS will begin a statutory 60 day consultation period, via employers, in September. We recommend that you read the attached note from USS thoroughly.

In the meantime, the University will continue to provide updates on the pensions webpage and we shall shortly be announcing the dates for the independent pensions background
briefings by an external expert that are planned for the end of August/beginning of September.

Yours sincerely,

Alastair Merrill
Vice-Principal Governance
25 July 2018