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## Concluding the 2017 valuation

### The recent cost-sharing consultation

Members currently paying in to USS were recently consulted on [the proposed outcome of the scheme's latest valuation](#), which was influenced in part by the amount of financial risk our sponsoring employers told us they were willing to underwrite.

We have carefully considered the responses – most notably, concerns around the affordability of the latter phases of the cost-sharing contribution increases that were consulted upon\*. These concerns were taken into account, to the degree possible, in the phasing of the contribution increases.

We do not propose to make any changes to the cost-sharing arrangements and will now consult with UUK (on behalf of the employers) before they are finalised. We will also be sharing a summary of the consultation responses with the scheme's formal stakeholders through the [Joint Negotiating Committee](#).

### Alternative proposals

You may have read about alternative funding [proposals](#) that have been put forward by [a panel assembled by](#)

UCU and UUK which could result in lower contributions than you were consulted upon.

The panel's proposals would require employers to take on greater risk, and both members and employers paying higher contributions, than we were advised they were originally willing to support.

UUK consulted employers on the stakeholder panel's proposals and subsequently announced that employers are willing to support them, subject to us providing more information on the additional financial risks involved – and if and how they could be managed, and mitigated.

## A 2018 valuation

To make sure we consider the implications of this development in line with the laws governing pension schemes, we'll carry out an new valuation of the scheme's funding position – as at 31 March 2018.

As the last valuation was a thorough and robust review, much of the information we need is already available but we will update things like market data, forecasted investment returns and life expectancy, and we will also be able to incorporate actual investment experience since the date of the last valuation (which was as at 31 March 2017).

We'll work through this in the next few weeks and will formally consult UUK (on behalf of employers) on our updated funding assumptions over December and January.

This is when we will assess the proposals put forward by the stakeholders' panel and consider the scale of the additional financial risks involved, and the ways and means by which employers are willing and able to fund the risks that the Trustee could contemplate taking.

## When will contribution rates be confirmed?

We plan to finalise the updated contribution rates based on this new valuation in early February and the Joint Negotiating Committee will then consider how to address the outcome.

Given the timescales of the processes involved, we can't now avoid the proposed April 2019 contribution increase – but we hope an alternative way forward will be agreed before the significantly higher cost-sharing increases are planned to come into effect from 1 October 2019 onwards.

Our objective throughout this process will remain the same: to ensure that the defined pension benefits members earn are secure and can be paid as they fall due.

\*As member and employer representatives on the Joint Negotiating Committee could not agree on an alternative outcome to the 2017 valuation, the default cost-sharing rules (76.4-8), were triggered and member and employer contributions into the scheme will be increasing from 1 April 2019 as a result (and further increases are planned in October 2019 and April 2020). It also proposed that your employer's portion of 'the match' will also be discontinued from 1 April 2019.

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Useful links



› Valuation overview

› Valuation updates

› Questions and answers  
*\*Updated\**

› Reference materials

› Views from USS

› Contact Us