

## USS pensions – overview of proposed changes

At the most recent three-yearly valuation on 31 March 2020, the Trustees of the USS assessed that the cost of pension provision has gone up and therefore member and university contributions need to increase substantially, unless changes are agreed.

Members are being formally consulted on the proposed changes, and an overview of what this means is set out below.

### What this means for members

If the change goes ahead, member contributions remain at their current level. However, USS benefits built up from April 2022 would change in three ways:

1. The accrual or build-up rate would change from 1/75 to 1/85, which means the rate at which future pension builds up would be around 12% less.
2. The Retirement Income Builder salary threshold would drop from £59,883.65 to £40,000. This means more people start to build up benefits in both the Retirement Income Builder and the Investment Builder, rather than just the Retirement Income Builder. If you are earning less than £40,000, you would not immediately be affected by this change
3. Annual increases on benefits earned in the Retirement Income builder, built up after April 2022, will be set to statutory levels, meaning they will increase in line with inflation up to 2.5%.

The pension you have built up before April 2022 would be unaffected by any proposed changes, and the effect of any change may be felt differently, depending on your circumstances.

The USS has provided several case studies to help members understand the potential impact of change ([link](#)). Further information is set out in the consultation material, and there are a number of other useful resource available in the public domain, including a future benefit modeller produced by UCU.

### What this means for universities

If the change goes ahead, university contributions remain at their current level. However, they will need to agree to a suite of covenant protection measures which add indirect costs through additional monitoring and further restrictions on how they operate. More detail on what this means can be found by watching the covenant protection measures video available here ([link](#)).

### What happens if change is not agreed?

If change isn't agreed, future benefits would continue to build up as they do currently, and no additional commitment would be made from universities. However, contributions would start to increase from April 2022.

For members, contributions would increase from 9.8% of salary to 11% from April 2022. This would then increase every 6 months by at least 0.7%, up to 18.8% of salary from October 2025.

Universities would also see contributions rise, increasing from their current level of 21.4% of salary to 23.7% from April 2022, and again increasing every 6 months to 38.2% of salary from October 2025 onwards.