



USS Valuation outcome

Member consultation presentation



welcome to brighter

Confidentiality

Our clients' industries are extremely competitive. The confidentiality of companies' and universities' plans and data is obviously critical. Mercer will protect the confidentiality of any such client information.

Similarly, consulting is a competitive business. We view our approaches and insights as proprietary and therefore look to our clients to protect Mercer's interests in our proposals, presentations, methodologies and analytical techniques.

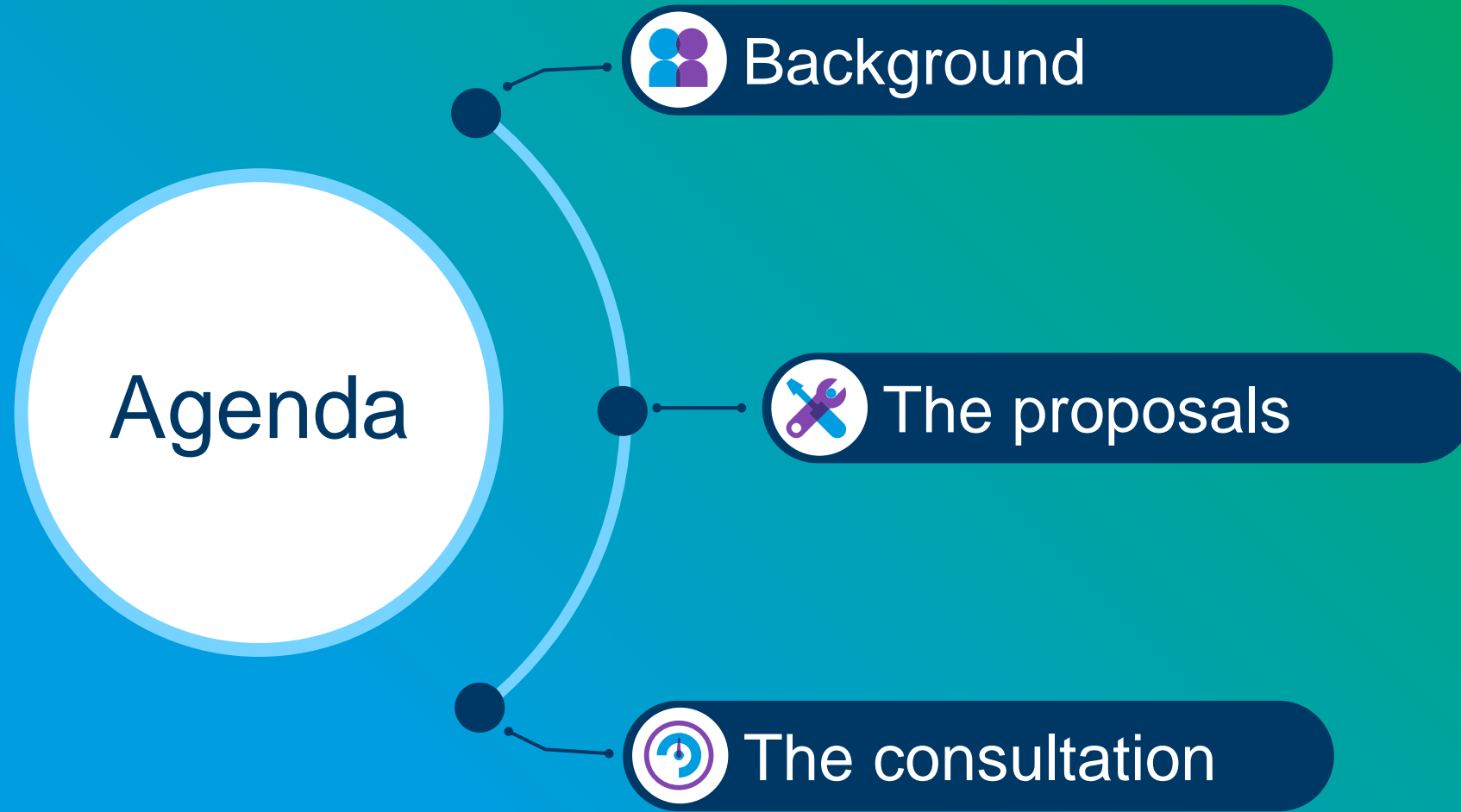
Under no circumstances should this material be shared with any third party without the written consent of Mercer.

Mercer retains all copyright and other intellectual property rights in this presentation.

Warning

The material that follows is our interpretation of the proposals.

If there is a discrepancy between the information in this presentation and that provided by USS, the USS information is correct.





Overview of benefits in USS

Pension and cash on retirement



Flexibility of when and type



Additional contributions



Death and ill-health benefits



Tax relief on contributions



Paid in addition to State Benefits



Contributions to USS

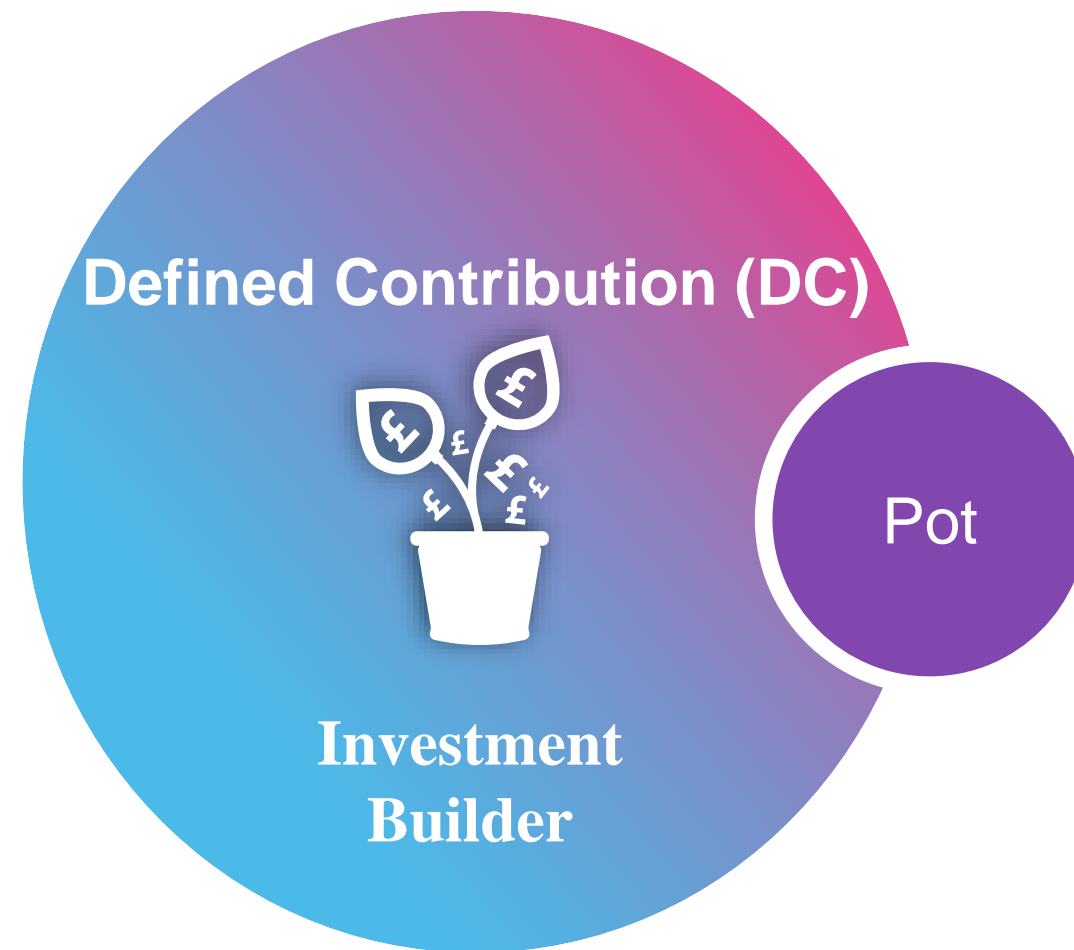
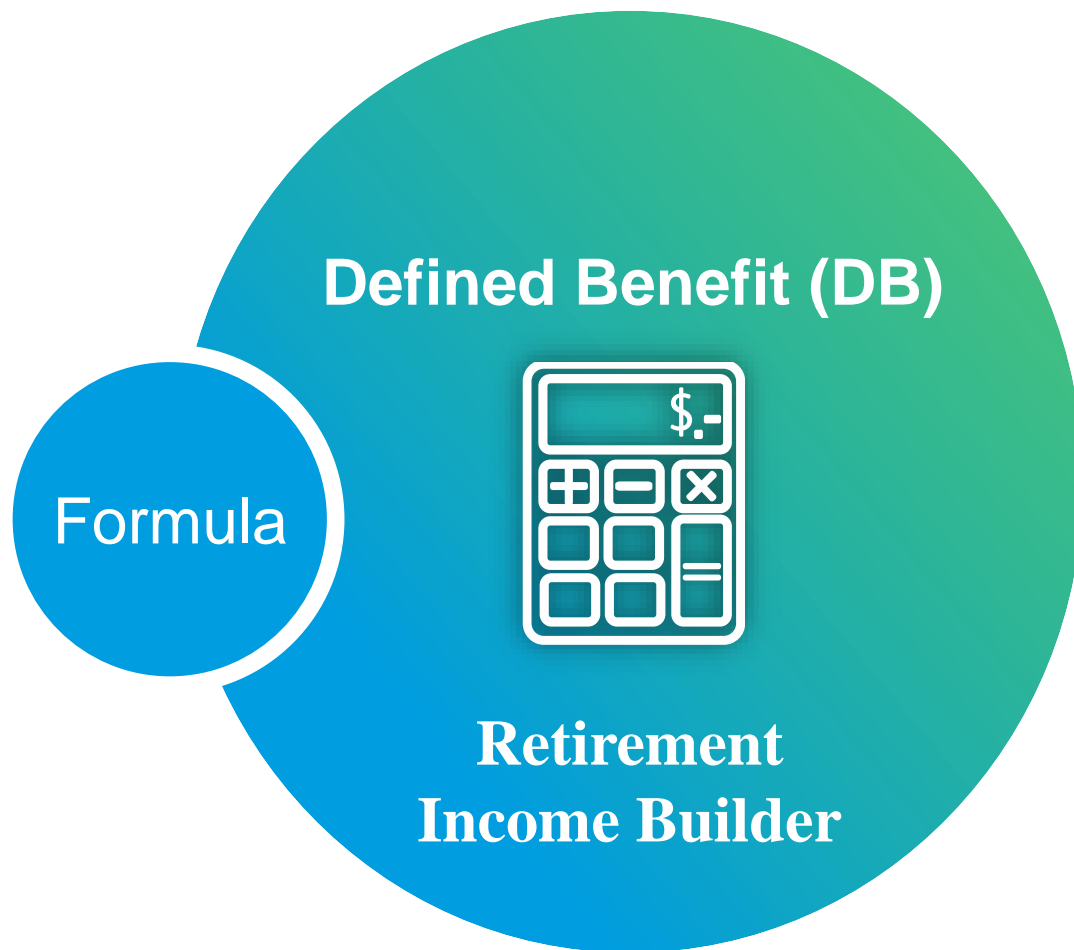


of your salary from
YOU

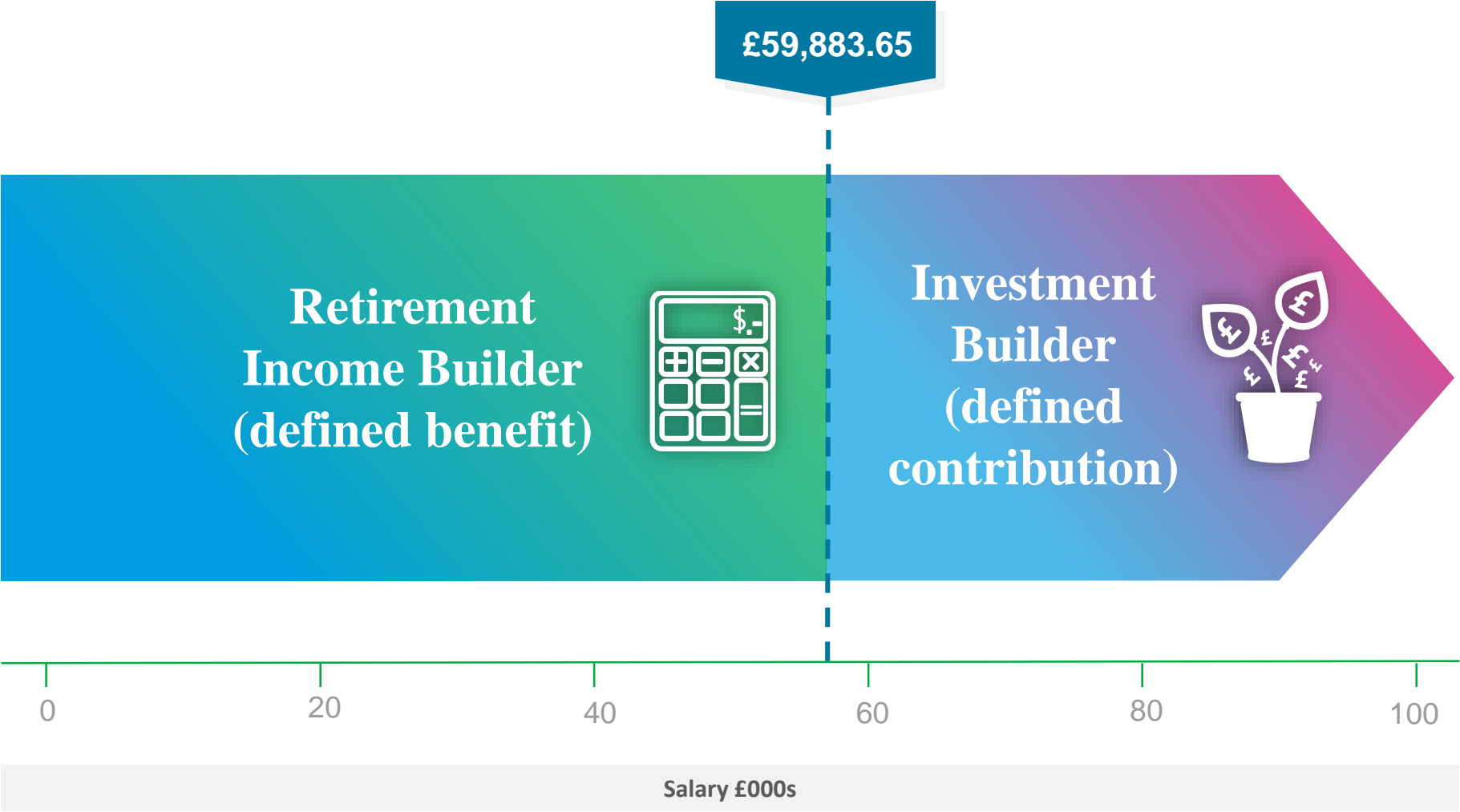


of your salary from your
EMPLOYER

Benefits in USS



Benefits in USS



Retirement Income Builder – defined benefit



Build up
rate

X

£

Salary (up to threshold)
EVERY year - £59,883.65

X



Annual increases
CPI up to certain limits

=



Pension

+



Pension

X

3

=



Tax-free cash

Investment Builder – defined contribution



**Above salary
threshold of
£59,883.65**



of your salary above the
salary threshold from
YOU

+



of your salary above the
salary threshold from the
UNIVERSITY

= 20%

Contributions

9.8% members

Current benefits in USS

£59,883.65

Retirement Income Builder
(Defined Benefit)



75ths

Investment Builder
(Defined Contribution)



20%

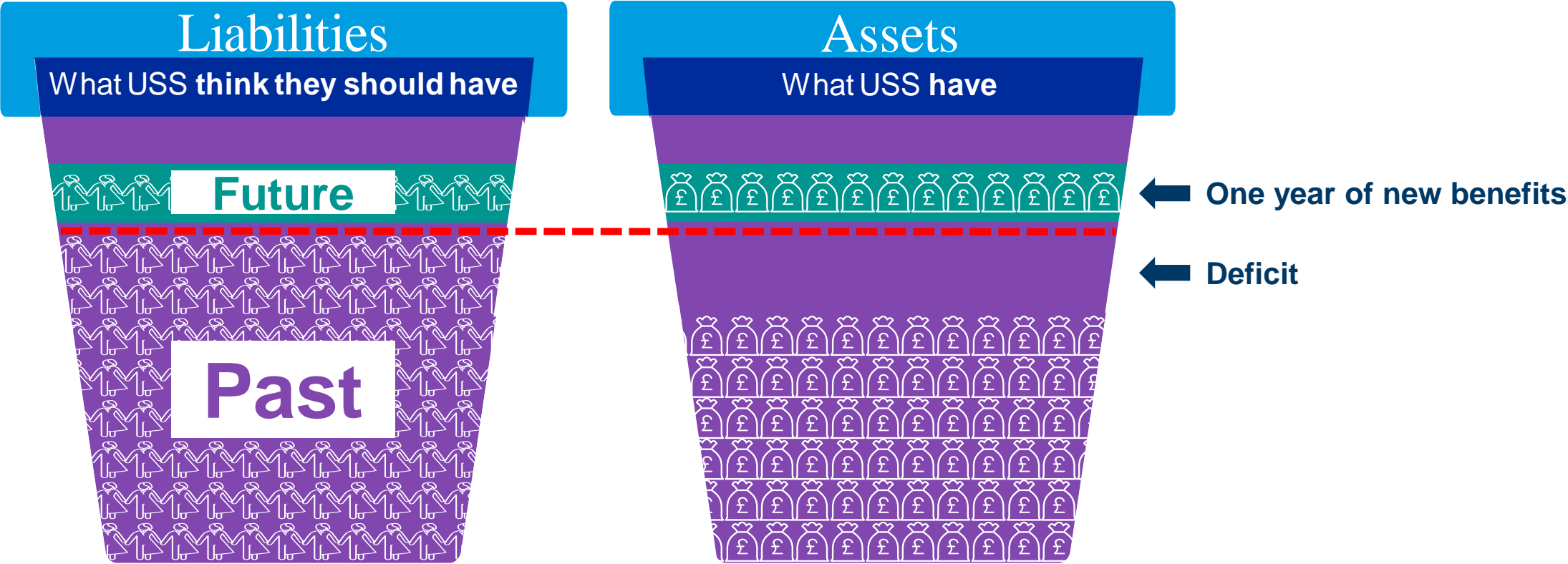
Annual increases

Plus tax free cash
(3 times pension)

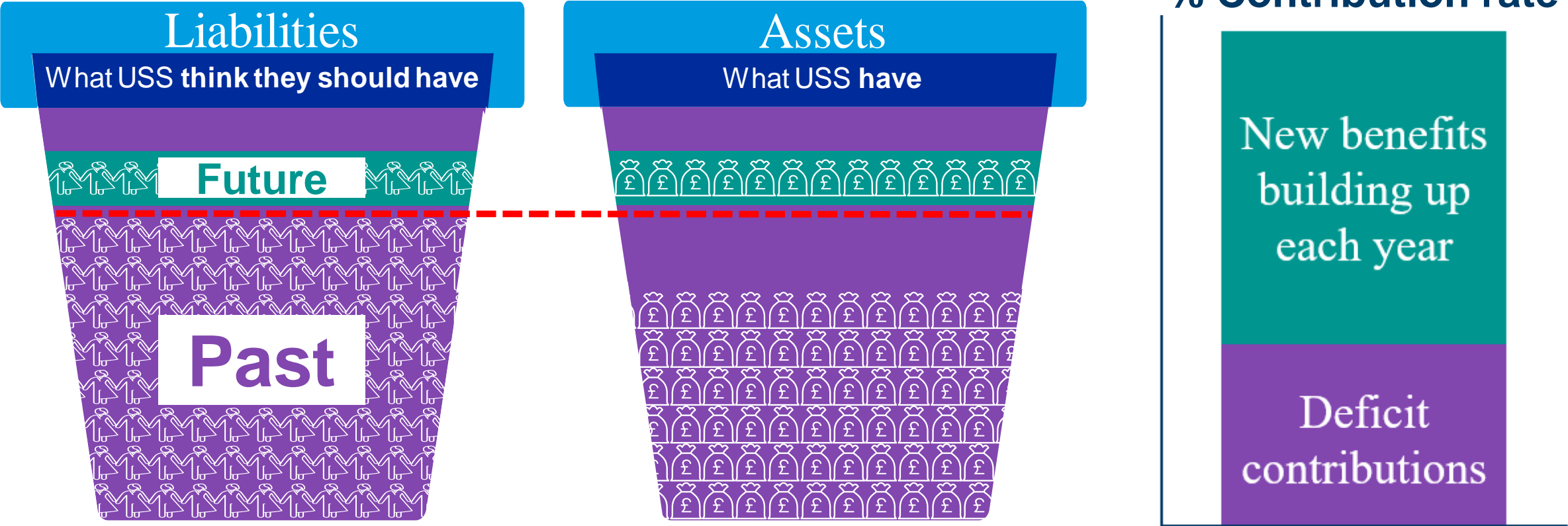
CPI up to certain limits

Salary £000s

Valuation

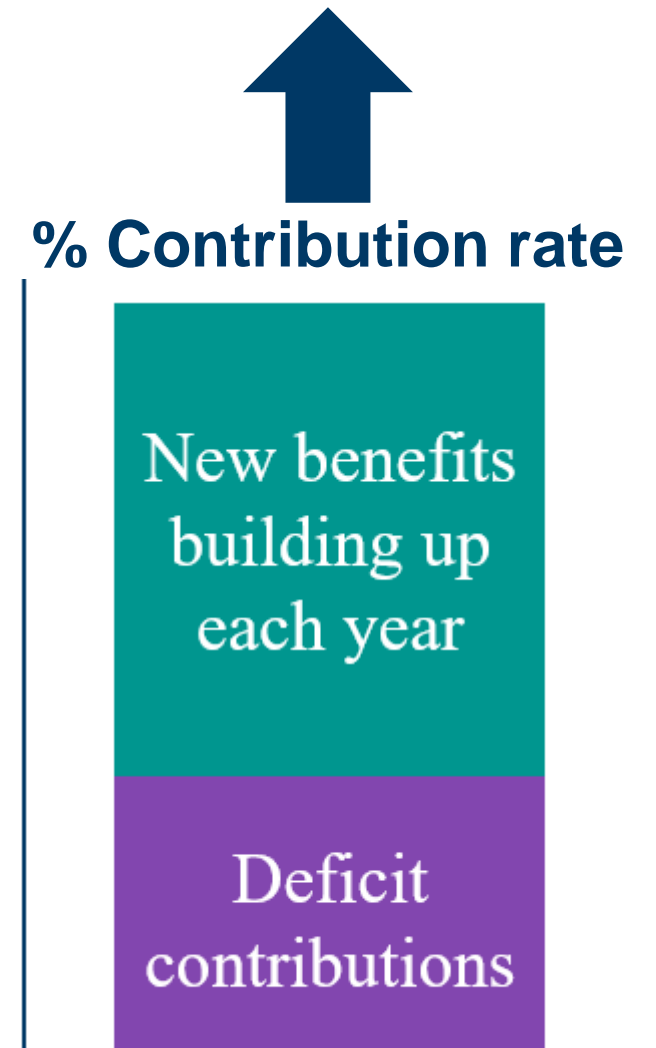
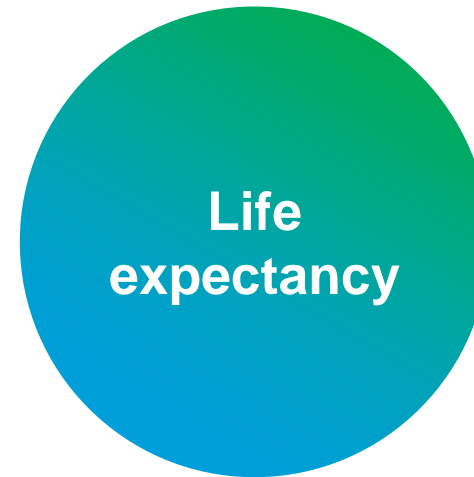


Valuation



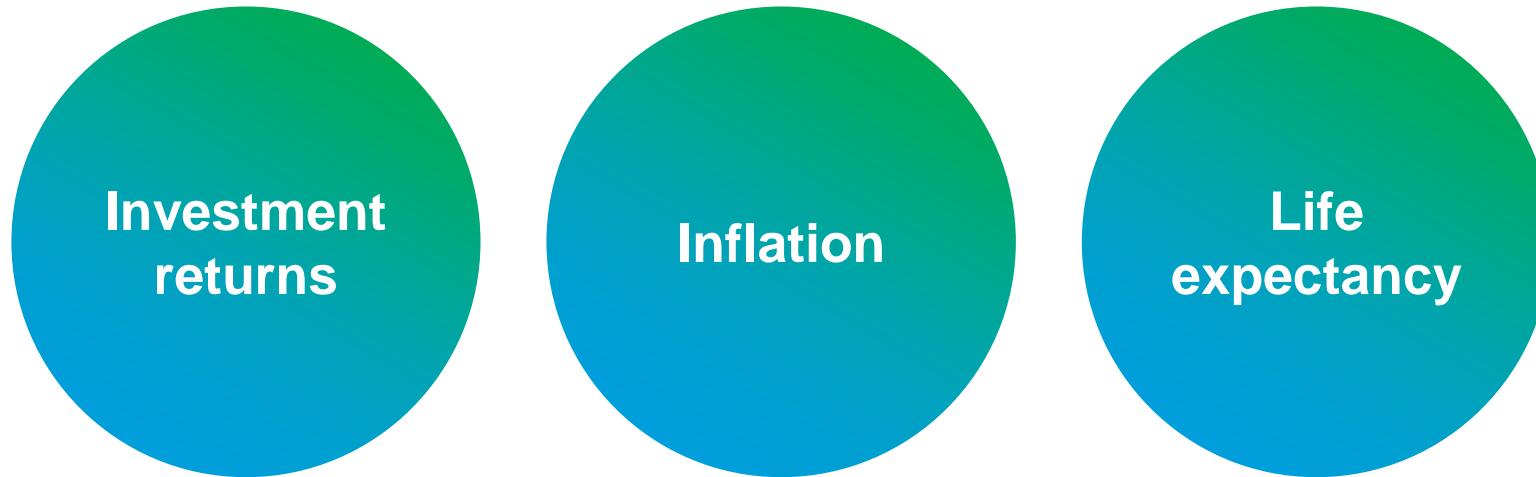
Valuation

↑ Prudent



Valuation

↓ Prudent



↓
% Contribution rate



Different parties involved



Ensures benefits paid
and does
calculations



On behalf of
employers



On behalf of
members

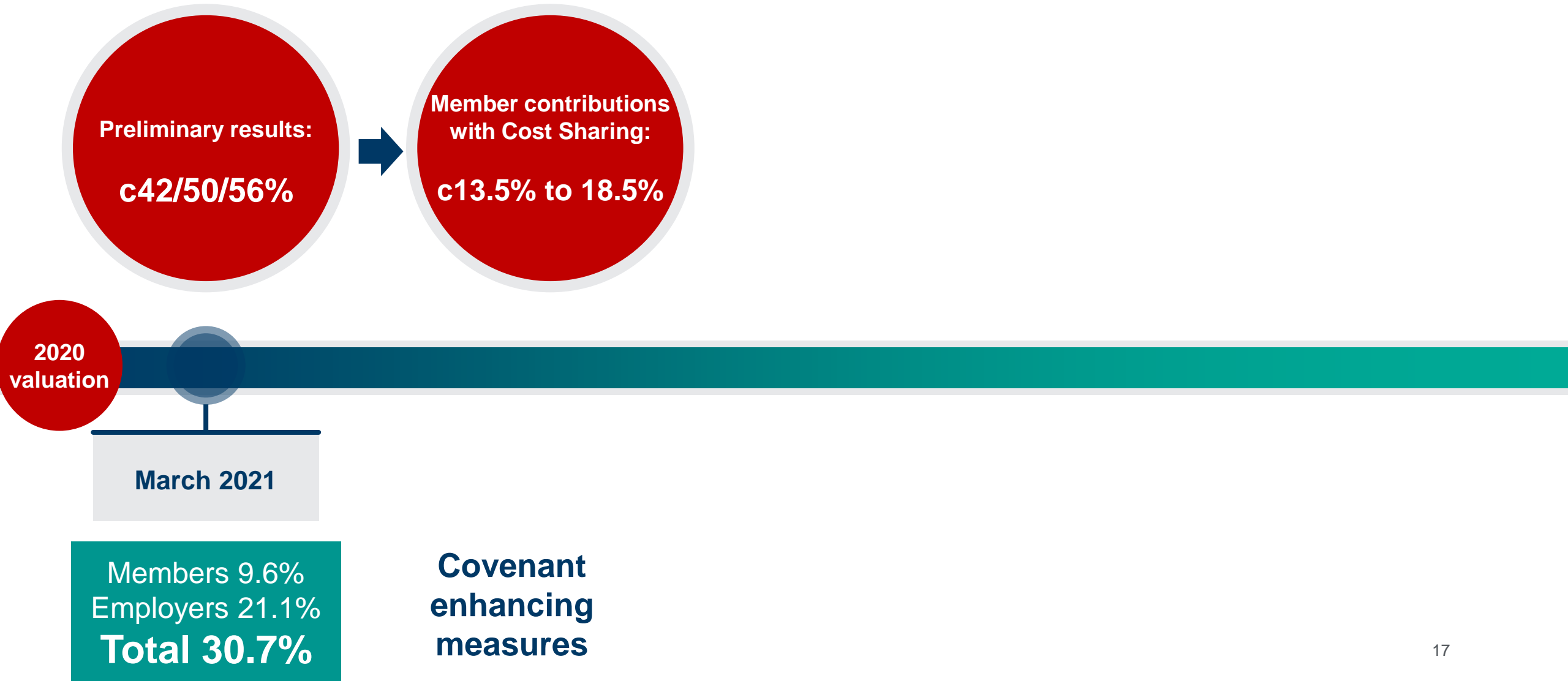


Requires schemes
funded properly

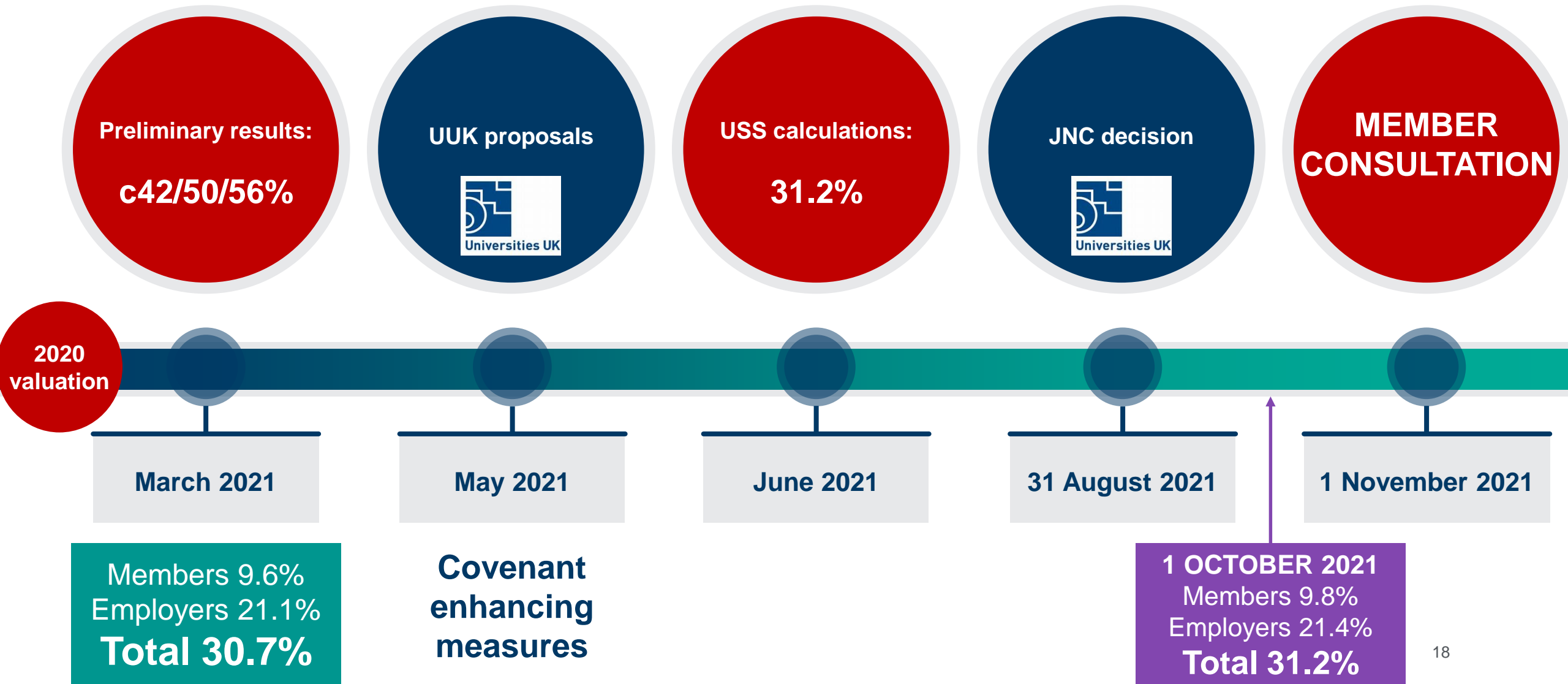


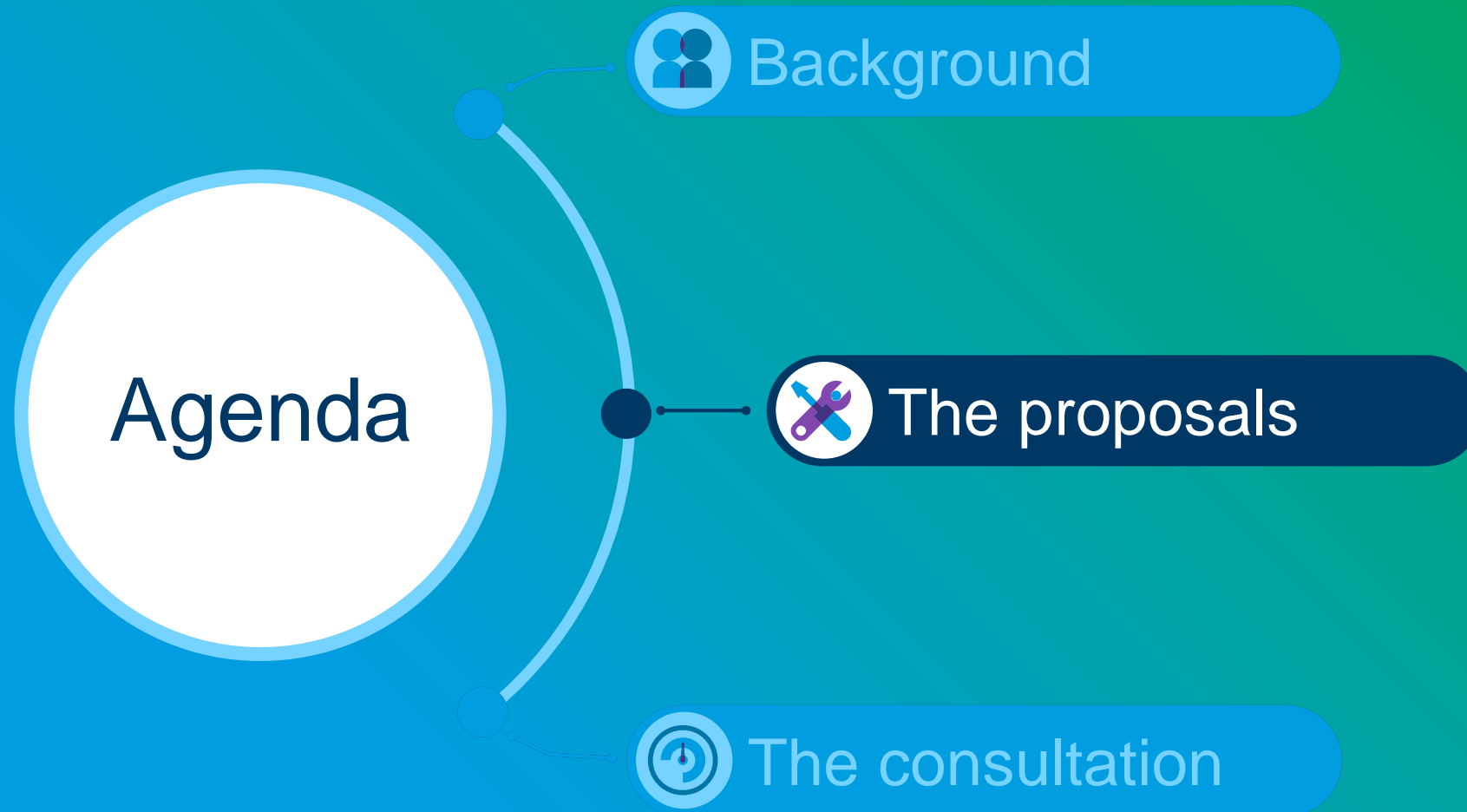
Makes decisions

The 31 March 2020 valuation



The 31 March 2020 valuation






The proposed changes

USS EMPLOYER CONSULTATION

Employer

[Home](#) | [Summary](#) | [Proposals](#) | [Modeller](#) | [Supporting Information](#) | [FAQs](#) | [Respond](#) | [Glossary](#)


Welcome to [ussconsultation2021.co.uk](#)
See how the proposed scheme changes may affect you. Find out about the consultation process and submit your response to the proposals.





Existing/active member ?
Use the modeller and/or leave your response to the proposed changes.
[Log in](#)


If you aren't a current USS member, or can't log in ?
Register to use the modeller and/or leave your response to the proposed changes.
[Register](#)


If you are a deferred or pensioner member [please click here](#).



Summary
Find out more about the employer consultation and the proposed changes.
[Read more](#)


Proposals
Read about the benefit/contribution proposals in more detail.
[Read more](#)


Modeller
See how the proposed changes may affect your benefits and contributions.
[Read more](#)


Supporting Information
View and download supporting information and documents on the proposed changes.
[View documents](#)


FAQs
See answers to the most frequently asked questions.
[Go to the FAQs](#)

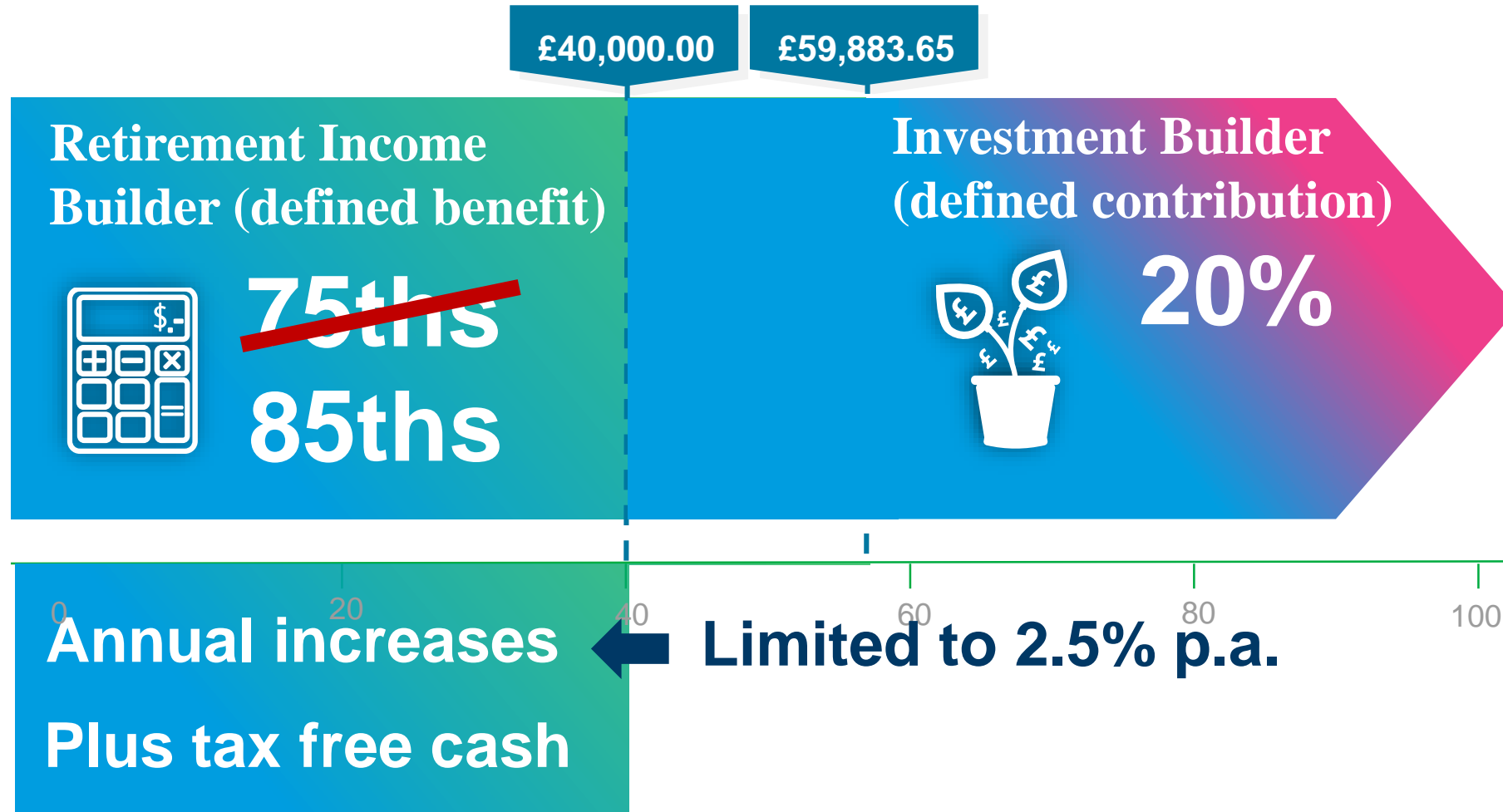

Respond
Log in/register above to leave your response to the proposed changes to USS.
[Respond](#)

WARNING

The material that follows is our interpretation of the proposals.

If there is a discrepancy between the information in this presentation and that provided by USS, the USS information is correct.

Proposed package of benefit changes from 1 April 2022



Retirement Income Builder – proposed from 1 April 2022



Build up
rate

X

£

Salary (up to threshold)
EVERY year - £40,000

X



=



Pension

Annual increases
CPI Maximum 2.5% p.a.

+



Pension

X

3

=



Tax-free cash

Investment Builder – proposed from 1 April 2022



**Above salary
threshold of
£40,000**



of your salary above the
salary threshold from
YOU

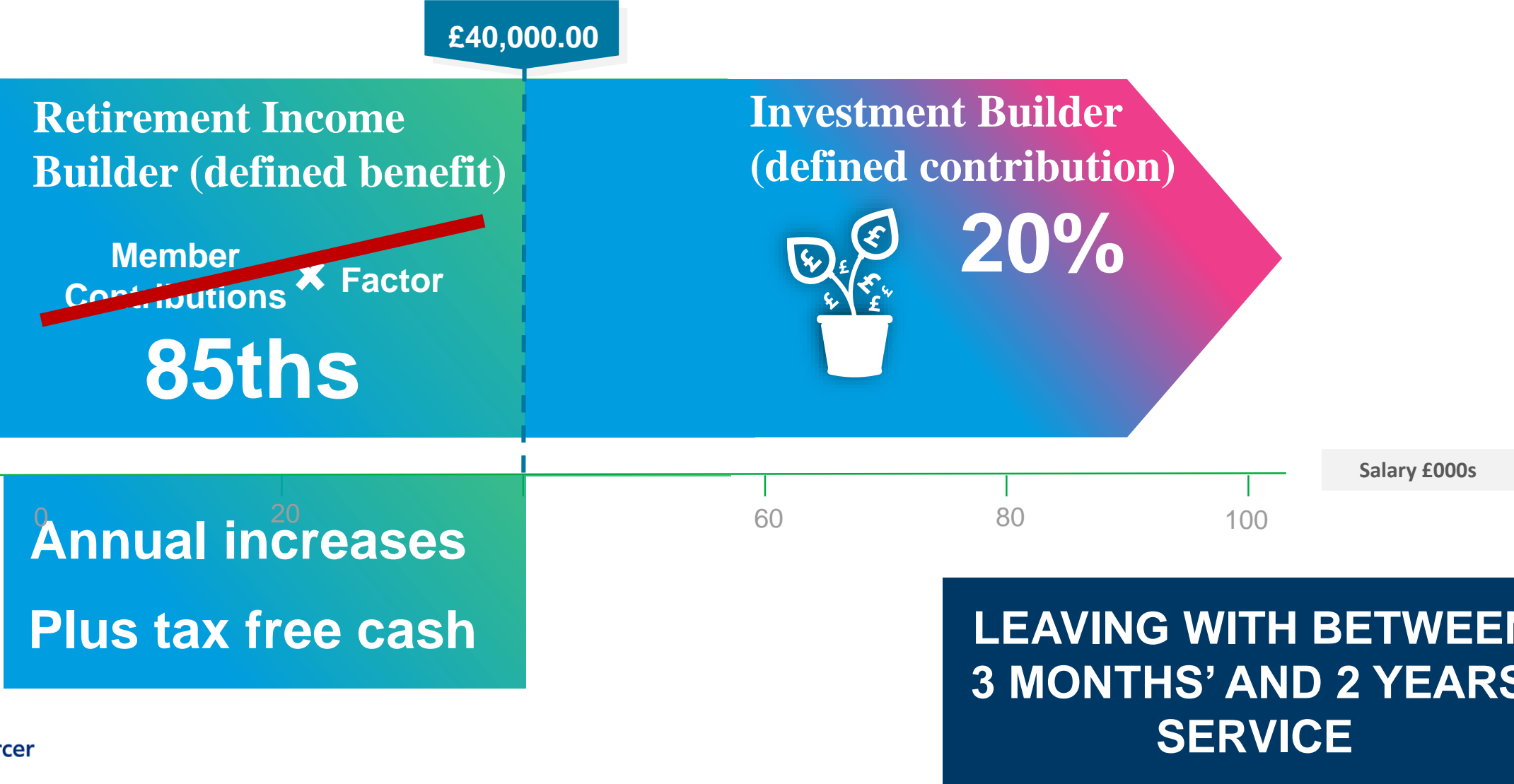
+



of your salary above the
salary threshold from the
UNIVERSITY

= 20%

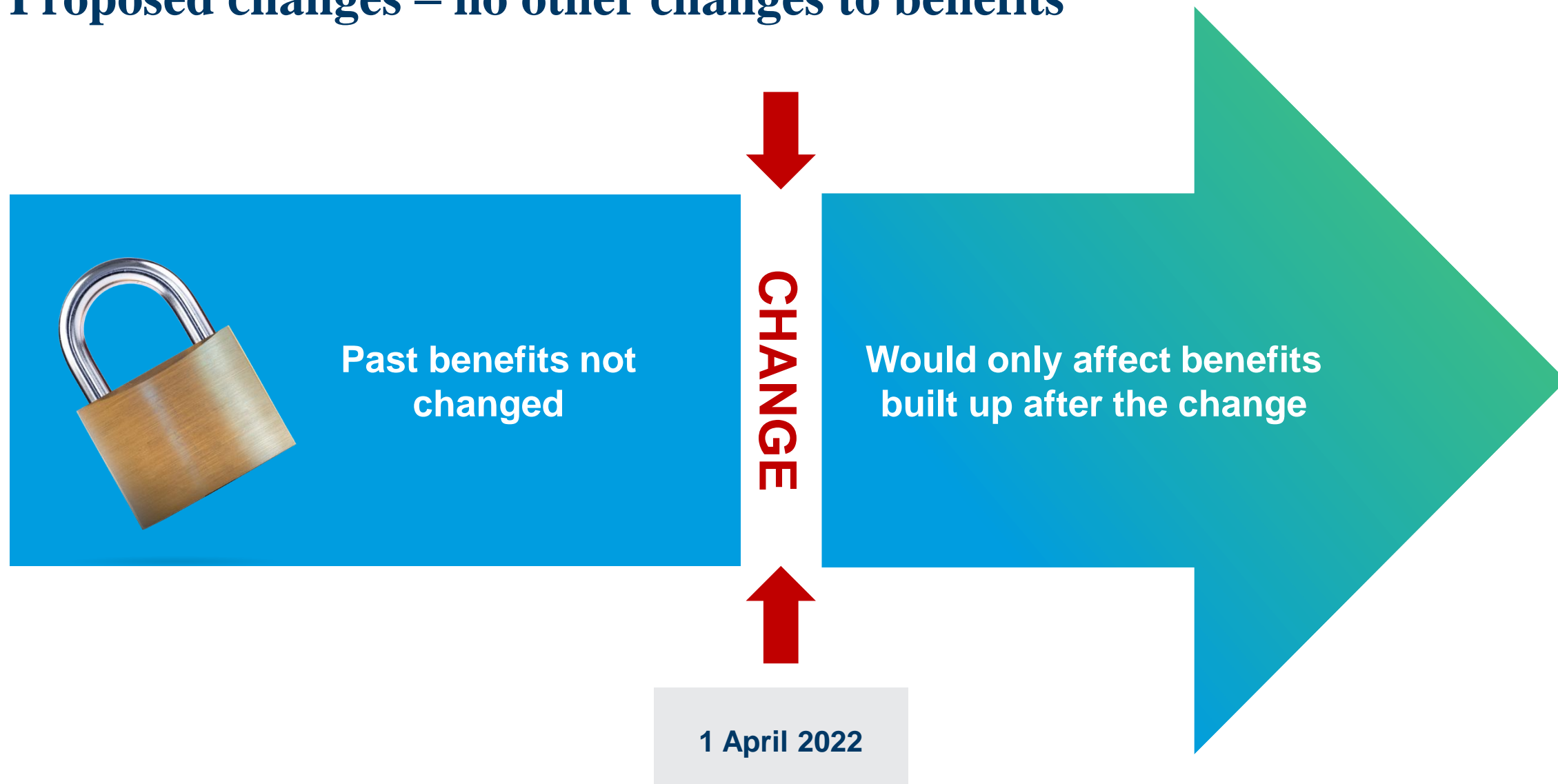
Proposed package of benefit changes from 1 April 2022 – short service



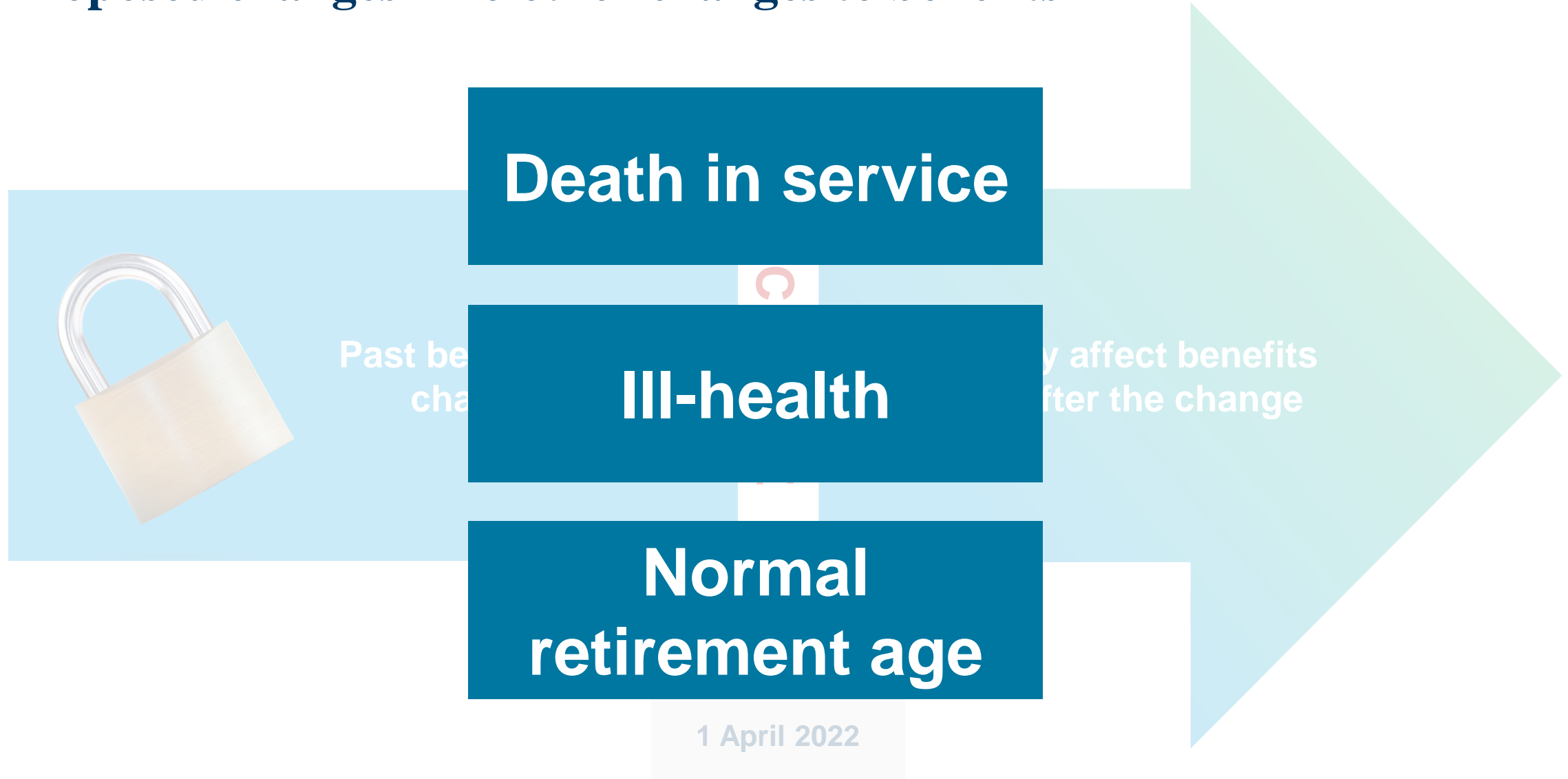
The fall-back position if no changes are made to the scheme

	Members (% of salary)	Employers (% of salary)
From 1 April 2022	11.0%	23.7%
From 1 October 2022	12.9%	27.1%
From 1 April 2023	13.9%	29.1%
From 1 October 2023	15.0%	31.0%
From 1 April 2024	16.0%	33.0%
From 1 October 2024	17.1%	34.9%
From 1 April 2025	18.1%	36.9%
From 1 October 2025	18.8%	38.2%

Proposed changes – no other changes to benefits

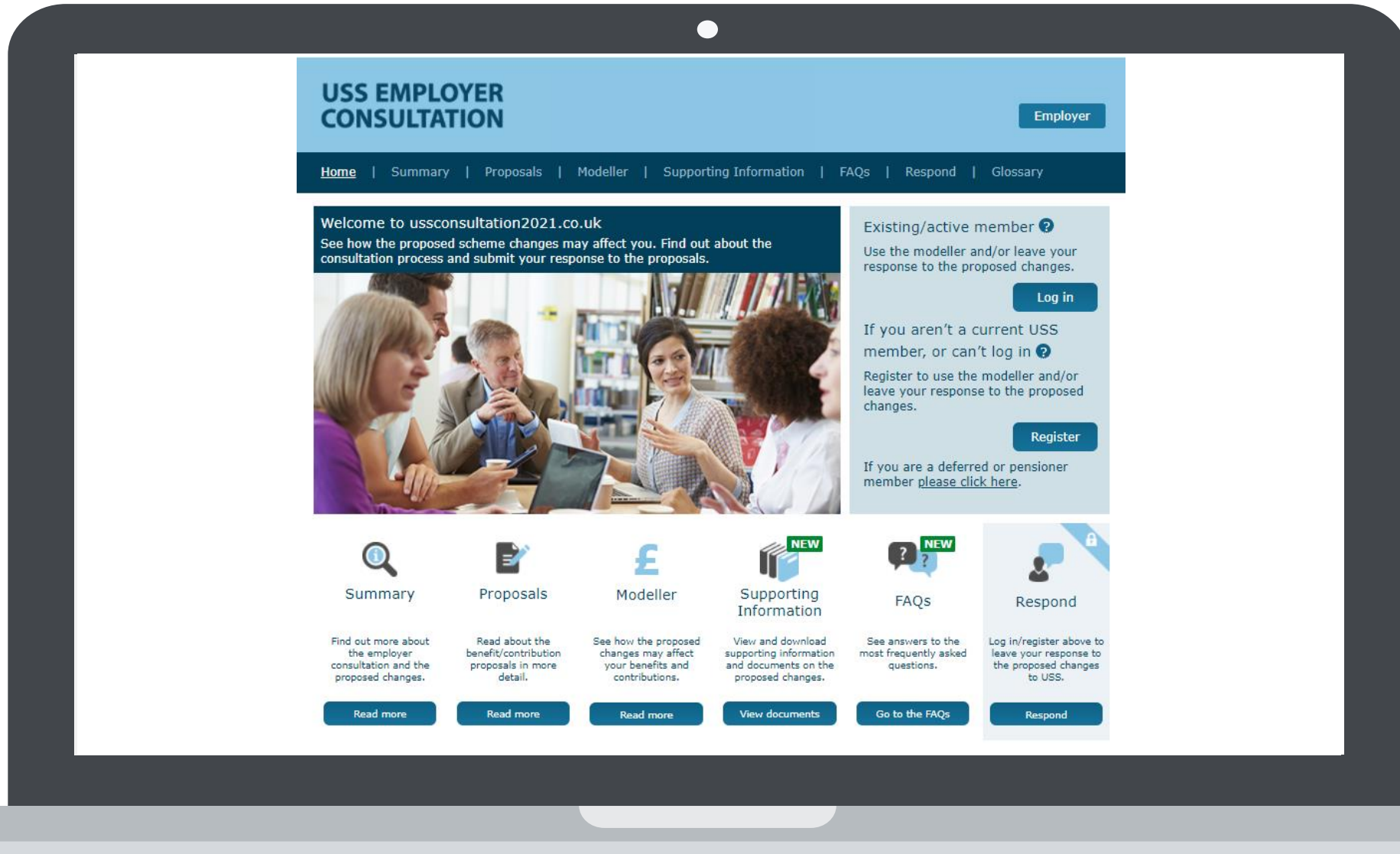


Proposed changes – no other changes to benefits

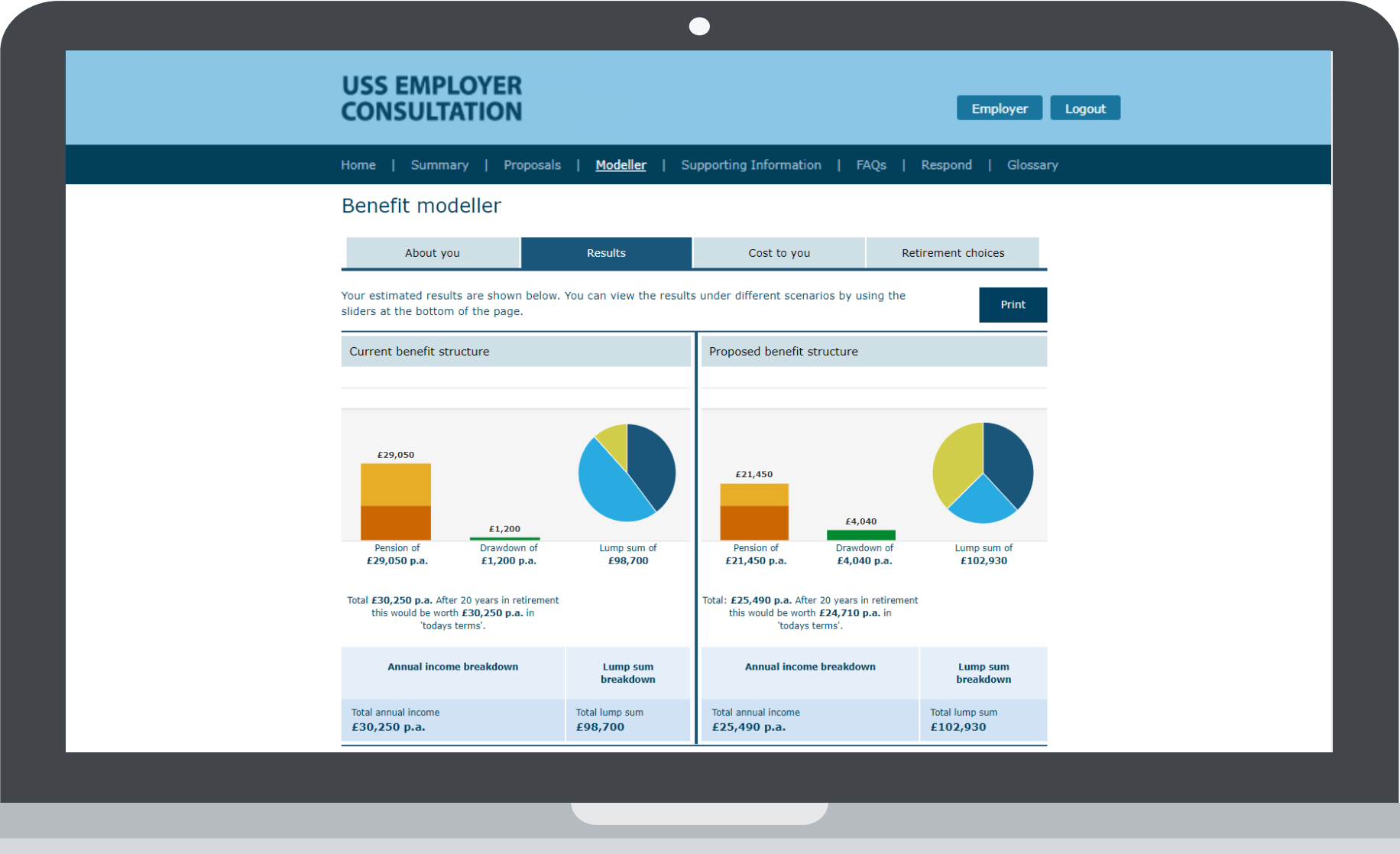




Consultation website



Consultation website – Modeller



Consultation website – Modeller

The screenshot shows the 'USS EMPLOYER CONSULTATION' website. The 'Modeller' tab is selected in the top navigation bar. A red rectangle highlights the top navigation bar and the sub-tabs: 'Retirement options', 'Salary increases', 'Contributions', 'Investment returns', and 'Inflation'. A red oval highlights the 'Retirement age' slider, which is set to '66 years, 0 months'. Another red oval highlights the 'Comparison options for USS Investment Builder funds' section, which includes radio buttons for 'Annuity', 'Drawdown' (selected), and 'Cash'. A third red oval highlights the 'State Pension' section, which includes radio buttons for 'Include State Pension' and 'Don't include State Pension' (selected). The 'USS Investment Builder drawdown options' section shows a 'Choose a drawdown rate' dropdown set to '3.5% a year'. At the bottom, there are buttons for '< About you section' and 'Cost to you >'. The interface is clean and professional, with a blue header and a white main content area.

USS EMPLOYER CONSULTATION

Employer Logout

Home | Summary | Proposals | **Modeller** | Supporting Information | FAQs | Respond | Glossary

Retirement options | Salary increases | Contributions | Investment returns | Inflation

? Retirement age:

66 years, 0 months

Comparison options for USS Investment Builder funds:

Choose how you want to see your USS Investment Builder benefits treated for this comparison:

☐ Annuity ?

☒ Drawdown ?

☐ Cash ?

State Pension

Show results that:

☐ Include State Pension

☒ Don't include State Pension

If you include State Pension the summary above will show the current Annual State Pension in addition to your illustrated figures, so you can gauge how much you might get from the state in addition to your USS pension. If you want an accurate figure you can get a State Pension forecast at <https://www.gov.uk/check-state-pension>.

USS Investment Builder drawdown options

Choose a drawdown rate: 3.5% a year

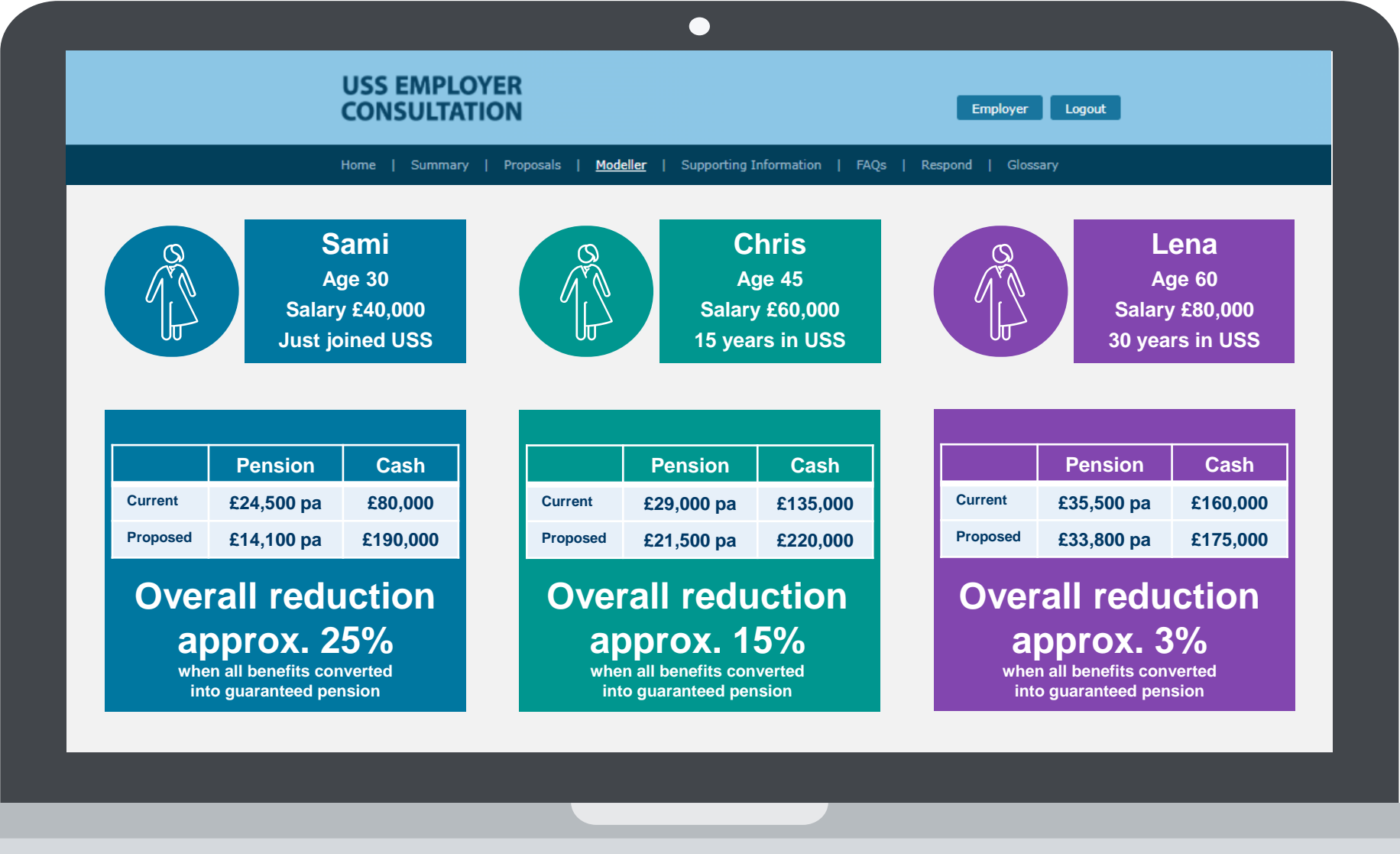
You have chosen 3.5% per year as your initial drawdown rate to be illustrated. Based on this rate of drawdown we would expect your USS Investment Builder fund to last 32 years from retirement.

Note we have estimated how long your fund would last (above) – be aware that if these assumptions are not borne out in practice your fund could run out more quickly than this.

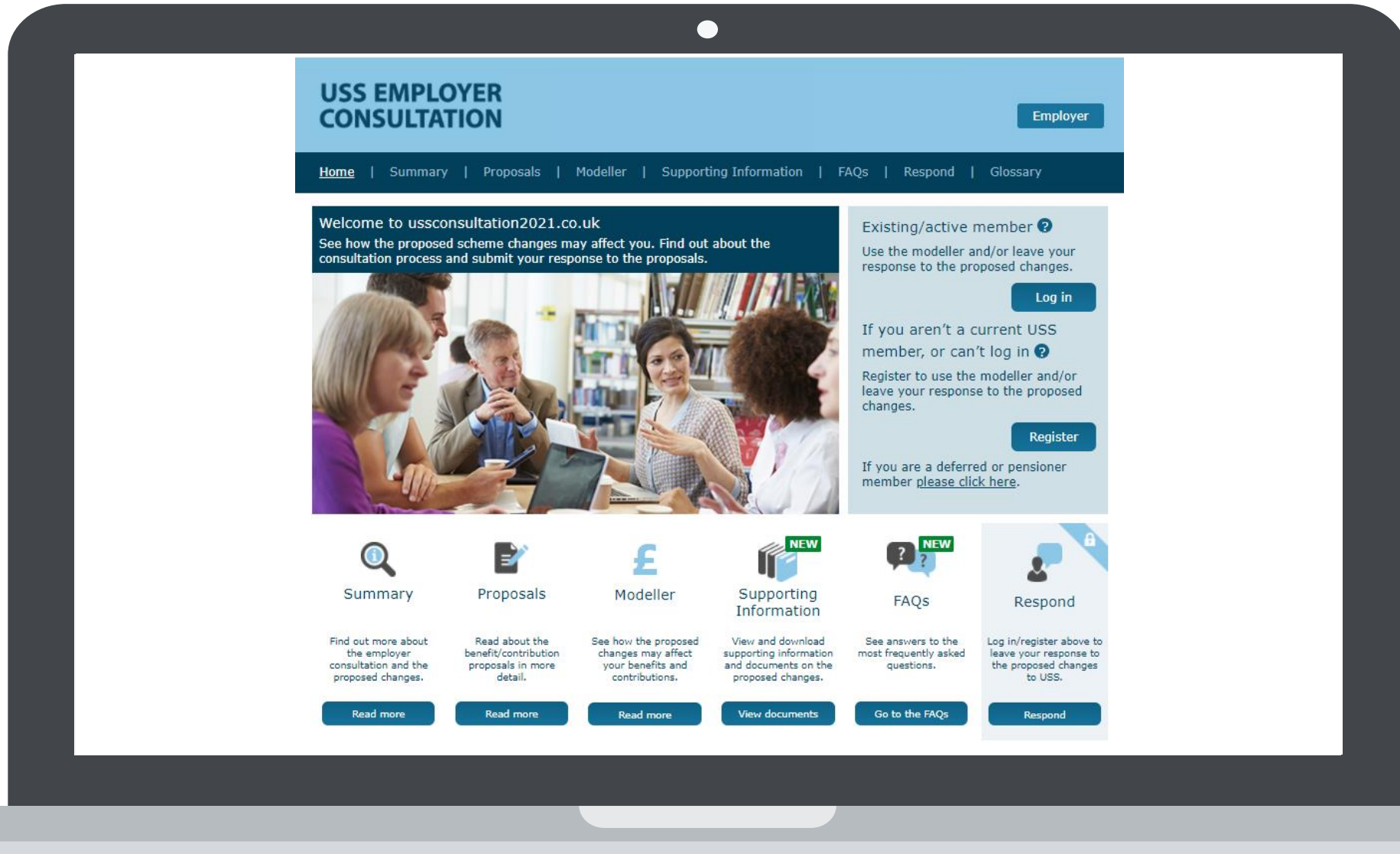
< About you section

Cost to you >

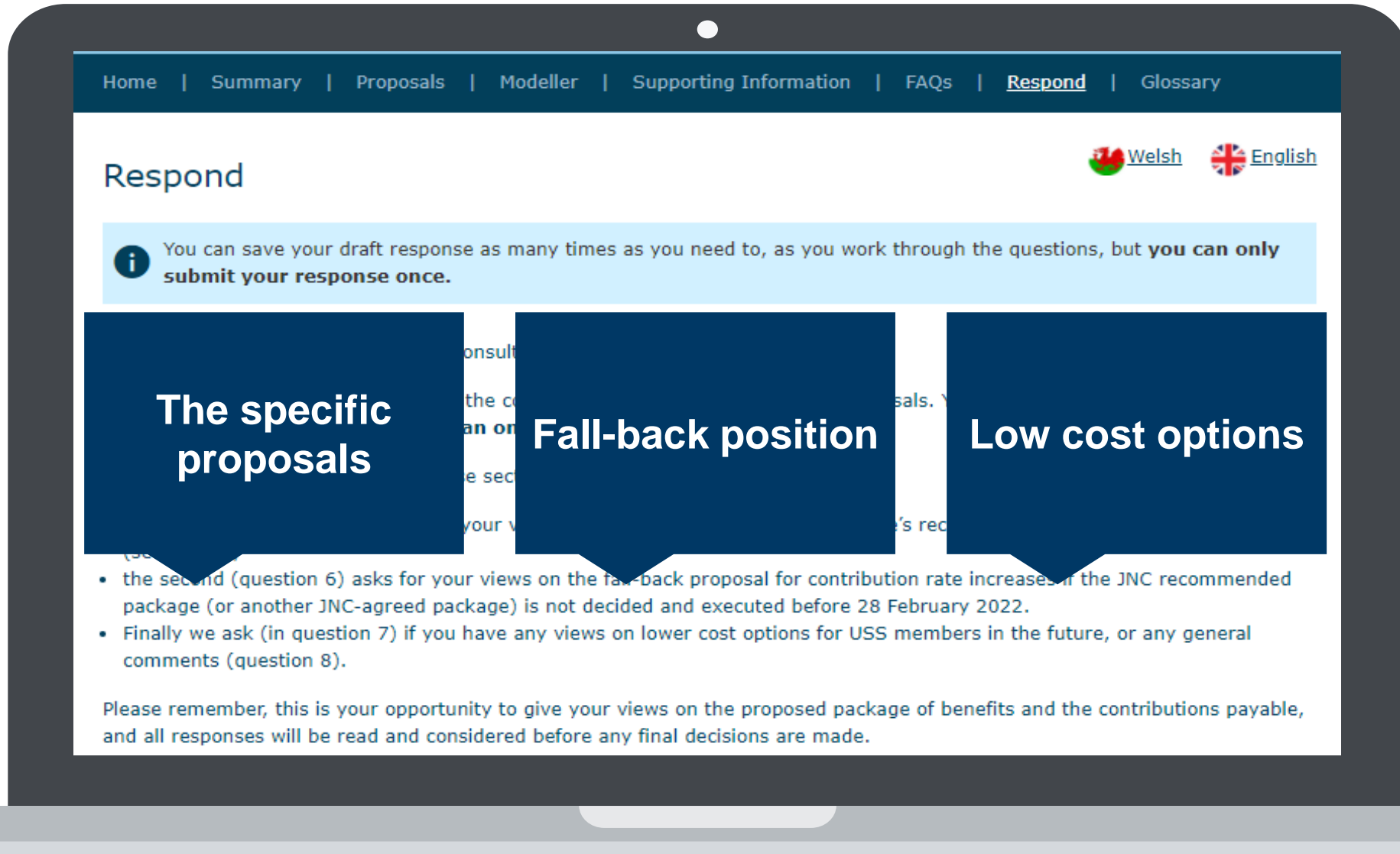
Consultation website – Modeller



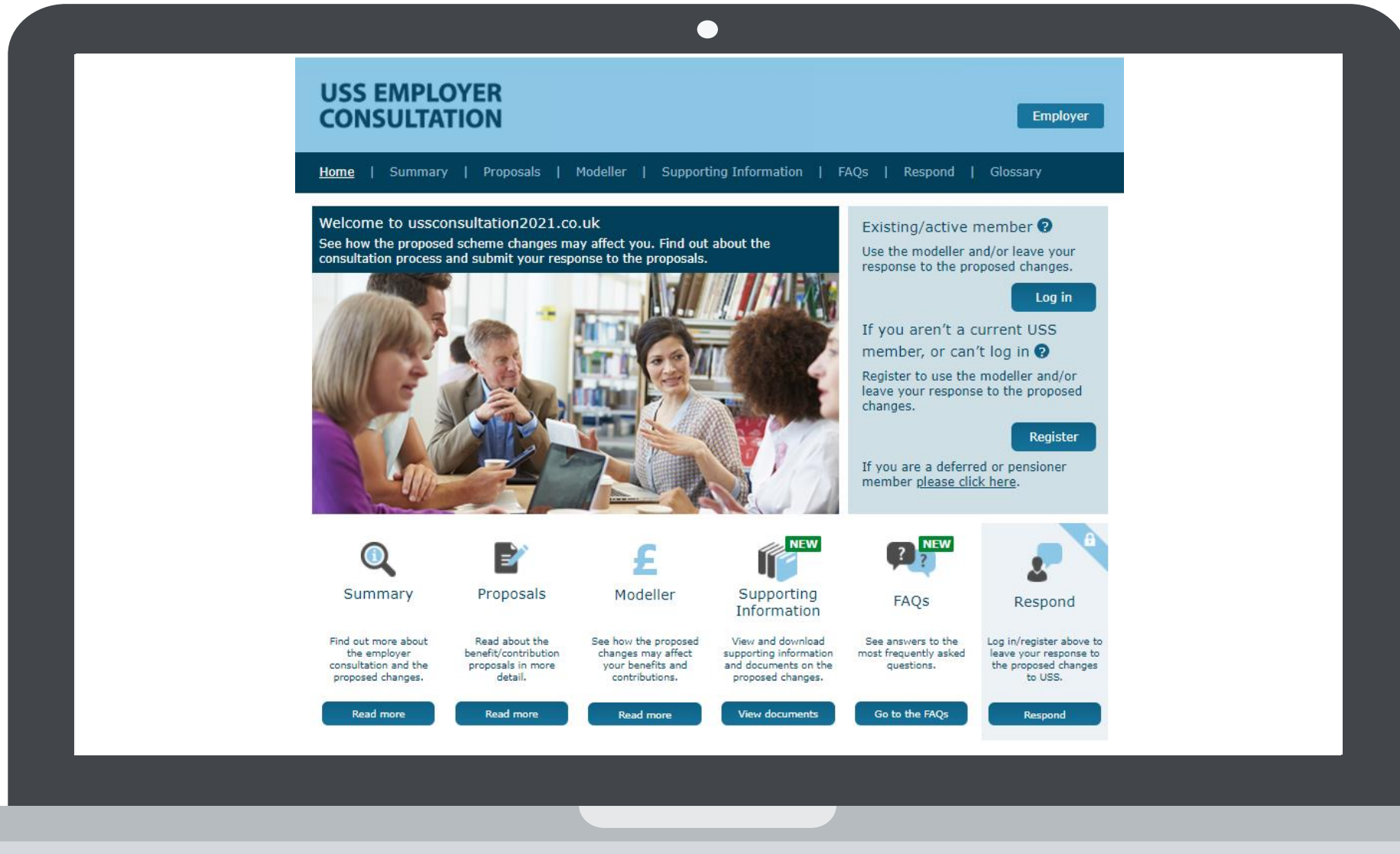
Consultation website – Responding to the consultation



Consultation website – Responding to the consultation



Consultation website – Questions



Questions or feedback via the University

A stylized illustration of a laptop with a dark grey frame and a light grey base. The screen is white and displays the email address **hrussconsultation@kent.ac.uk** in a dark blue, sans-serif font.

hrussconsultation@kent.ac.uk

Timeline



