**Valuation related questions**

**Q1**. What is the assumed opt-out rate based on the proposed increase of contributions?

**A1**. UUK’s alternative proposal maintains the current contribution level but would reform scheme benefits for future service by:

* Increasing the accrual rate from a factor of 75 to 85. This factor divided by pensionable earnings within a tax year (up to the salary threshold) defines how much annual pension can be secured within the Retirement Income Builder section of USS.
* Reducing the current salary threshold of £59,883.65 to £40,000.
* Applying an annual cap of 2.5% on the growth of future pension benefits.

USS report a current opt out level of between 15% to 20% (at UCL it is below 13%) and it is foreseen than the levels may increase if there are further changes to the scheme and in the absence of an affordable, lower cost alternative scheme section of USS.

**Q2.** Trinity College Cambridge has opted out of USS. Is it likely that other universities would want to/ could afford to do the same?

**A2**. The exit of Trinity led to the introduction of a temporary moratorium which prevented an employer from exiting USS. USS included moratoriums of varying length within their 2020 Valuation pricing-scenarios and UUK’s alternative proposal included an extension of the moratorium for a 20-year period. It’s probable that a moratorium will remain in place and it is therefore unlikely that an employer will have an opportunity to exit USS even if they would want to or could afford it.

**Q3**. How can we trust the valuation given USS contributions in have been consistently much larger than benefits paid out even in past crises?

**A3.** The Pension Regulator requires USS to be prudent with its estimation of the future growth of the schemes fund in order to meet its commitment to pay the future benefits due to its membership. For the 2020 valuation, UUK and its actuarial advisor (Aon) have accepted that the cost of funding the scheme in the future has increased but felt that USS had been overly prudent with its estimation of the pre-retirement discount rate and its future salary assumptions. UUK have sought to address this directly with the Scheme Trustee.

UCL has confirmed to UUK that we would be supportive of a scheme governance review following this valuation.

**Q4.** What is the current valuation of the schemes-assets and how much have they gone up over the last 5 years?

**A4.** The current asset position for USS is £83.4bn compared to £63.7bn in March 2018 and £49.8bn In March 2015.

**Q5**. Paying half my salary to get 1/75th return seems a lot. How much is protecting my pension, and how much is paying for other pensions (e.g. final salary scheme)?

**A5.** Currently, part of your employee and employer contribution above the salary threshold (£59883.65) is supporting the schemes defined benefits. For the employee contribution of 9.6%, 8% is payable to the USS Investment Builder leaving 1.6% to support defined benefits. The employer contribution of 21.1% is split by 12% to the Investment Builder with the remainder supporting defined benefits. Overall, a contribution representing 20% of pensionable earnings above the salary threshold is payable to the USS Investment Builder. It should also be noted that tax relief at your highest rate of tax is applied to your USS contribution.

**Q6.** If the on-going discussions result in increases to contributions being less than 11% after Oct 21, what will happen to the 11% contributions made after Oct 21?

**A6.** If contributions increase in October 2021, then they will remain within the scheme for the period that they apply even if there is a subsequent decrease in the contribution level.

**Q7**. What about the new contribution increases for those on levels 6B and below who currently pay in 6%?

**A7**. The Grade 6B applies to Research Assistant posts and are USS applicable. Staff employed on a Grade 6 position or below pay into the Superannuation Arrangements for the University of London (SAUL). The current employee contribution rate for the scheme is 6%.

**Q8**. If you were with SAUL, but can now change to USS, should you? Which is better? What benefits does USS have over SAUL apart from contributions

**A8.** We strongly recommend that staff who are currently SAUL members but are regraded from a SAUL applicable grade to a USS applicable grade should seek Independent Financial Advice before deciding on whether to retain their SAUL membership or join USS.

**General Pension Questions**

**Q1.** What happens to your pension if you die before you retire or reach retirement age?

**A1.** A lump sum of 3 x your annual pensionable salary is payable if you were to [die in service](https://www.uss.co.uk/for-members/life-events/what-happens-when-you-die). There are also benefits payable to a partner and children.

**Q2**. Is all of the money I put into my pension, mine?

**A2**. The contributions you pay into the USS [Retirement Income Builder](https://www.uss.co.uk/for-members/your-pension-explained/retirement-income-builder) currently secures a benefit based on your pensionable earnings and an accrual factor of 75 (where annual pensionable salary is divided by 75 to calculate the annual growth of benefit). The contribution of 9.6% of earnings above the current salary cap (£59883.65) is split with 8% paid into the USS Investment Builder and the remaining 1.6% used to support the schemes defined benefits.

**Q3**. Does USS provide a pension to my partner (not spouse) on my death?

Answered in question 1.

**Q4**. Can I transfer my USS contributions from another university to my new UCL USS?

**A4.** There is no need to instigate a transfer between institution as USS will recognise your membership from your previous USS related employment and it will be included with your current membership.

**Q5**. Is there a halal pension scheme?

**A5**. For the [USS Investment Builder](https://www.uss.co.uk/for-members/your-pension-explained/investment-builder), there is an option for members to pay into a [Sharia Fund](https://www.uss.co.uk/for-members/your-pension-explained/investment-builder). This does not apply to the [USS Retirement Income Builder](https://www.uss.co.uk/for-members/your-pension-explained/retirement-income-builder).

**Q6**. Is USS going to make all its investments 'green' / sustainable / responsible?

**A6**. USS have made a commitment to [Responsible Investment](https://www.uss.co.uk/how-we-invest/responsible-investment) and have recently announced its [ambition to be net zero](https://www.uss.co.uk/news-and-views/latest-news/2021/04/05042021_uss-announces-net-zero-ambition) for carbon by 2050.

**Q7**. How much should an independent financial advisor cost for a one-off advice on my pension, how should I find one?

**A7**. The cost of Independent Financial Advice varies depending on what advice is being provided in relation to your pension. An Independent Financial Advisor should detail the cost of the advice before it is provided. UCL has signed contracts with [4 Independent Financial Advisory Services](https://www.ucl.ac.uk/human-resources/pay-benefits/pension-services/independent-financial-advice) as they have particular knowledge of university schemes. Alternatively, you could conduct a search for a local Independent Financial Advisor.

**Q8**. If you would like to add money now, can you add in contributions somewhere to compensate for very few years worked in the scheme? How best to do this?

**A8.** You can make additional contributions to the [USS Investment Builder](https://www.uss.co.uk/for-members/your-pension-explained/investment-builder) via your [MyUSS](https://www.uss.co.uk/login) account.

**Q9**. If you opt out after a few years, do you get anything back?

**A9.** Pension Contributions are non-refundable after 2 years membership. You can then access your scheme benefits from age 55. However, a reduction would apply as you would be retiring earlier than your state pension age.

A refund of contributions is only available within the first 3 months of scheme membership if you participate in [Pensions Exchange](https://www.ucl.ac.uk/human-resources/pay-benefits/pension-services/pension-schemes/pensionsexchange) (a Salary Sacrifice arrangement).

A refund is available within the first 2 years of scheme membership (providing 28 days-notice at the end of month 22) if you do not participate in Pensions Exchange. Please note that you are entered into Pensions Exchange by default and would be required to opt out of Pensions Exchange at the commencement of your scheme membership in order to have a 2-year refund option.

**Q10**. Do I get my contribution when I opt out of the pension scheme or leave full time job before the retirement age?

Answered in question 9.