Dear colleague

As most of you know, the Trustee of the Universities Superannuation Scheme (USS) has been discussing a reform of its pension offer, after the most recent valuation (in March 2017) concluded that the USS pension scheme now has a much higher deficit than it had in the last valuation (in 2014).

In the words of a Universities UK (UUK) briefing paper:

‘The USS Trustee has indicated that to afford current benefits, total contributions to the scheme would need to rise by 11.4% of salaries. This equates to an annual increase of around £1 billion in contributions.’

In order to reduce the risk to staff pensions, UUK is proposing to switch to defined contributions for all members of the USS scheme – a move that many companies and third-sector organisations have already made for their own pension schemes. The exact terms of these defined contributions are still to be discussed, but it is important to remember that pension benefits earned up to the date of any future change are protected by law.

**The University’s position**

We understand the concern and uncertainty many of you may be feeling over the prospect of any changes to the current scheme. But providing a defined benefit pension scheme in the current climate is a challenge that few, if any, organisations can realistically commit to without backing from the government (as is the case with the Teacher’s Pension Scheme). We have already switched to a defined-contribution model for the University of Bristol Pension and Assurance Scheme (UBPAS).

We are determined to ensure that all our staff have access to the best possible pension scheme, bearing in mind the need to make it affordable and sustainable for the foreseeable future. We are continuing to work with UUK and the Universities and Colleges Union (UCU) to achieve this.

We recognise that the existing USS pension scheme plays an important role in attracting and retaining the best staff. Our peers are facing the same issues, and we need to determine the best way forward collectively. It is also crucial that we arrive at an outcome that safeguards our ability to fund the things that the
University of Bristol was established to provide: a first-class education, world-leading research and, to deliver this, the employment of outstanding staff. This is enshrined in our Pensions Strategy (PDF, 164kB).

**What happens next?**

Universities UK, on behalf of the 350 institutions that it represents, will continue to work with UCU and the USS Trustees to negotiate a way forward. USS must demonstrate to the Pensions Regulator by 30 June 2018 that the USS pension scheme is sustainable and fit for purpose. To allow time for the valuation process, agreement between UUK, USS and UCU over any changes to future pension benefits needs to be reached by the end of 2017.

Ultimately, the decision on funding and valuation methodology will be taken by the USS Trustee (a body that includes representatives from UCU and UUK) and by independent trustees.

We will keep you informed of any developments and, if you are a USS member, we will consult you further about the proposed changes to your pension scheme. We will also offer support to ensure that you can make informed choices about your retirement savings.

In the meantime, you can read a [Q&A document about the USS valuation (PDF, 383kB)](https://www.universitiesuk.ac.uk) produced by Universities UK.