

## #16

**COMPLETE**

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## Page 2: Identifiers

**Q1** Please provide the following information:

Institution	<b>The University of Manchester 2500 and Umist Ventures Ltd 7166</b>
Name of respondent	<b>Heather Mawson</b>
Position of respondent	<b>Head of Pensions</b>
Email address of respondent (optional)	<b>heather.mawson@manchester.ac.uk</b>

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**Q2** Please confirm whether the content of this questionnaire (and related documents) has been discussed such that the views expressed can be considered to be the authorised view of the institution. **Yes**

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## Page 3: Risk and reliance

**Q3** Does your institution support the level of risk (i.e. level of reliance being placed on the employer covenant) being proposed by the USS trustee for this valuation? **My institution accepts the level of risk being proposed by the trustee**

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**Q4** If the USS trustee decides to take action between valuations because short-term reliance on the employers has become too great, what action do you believe should be taken (potentially temporarily)? Please note that any action would be in addition to measures taken to meet the funding shortfall identified at the 2017 valuation. **My institution's position would depend on the outcome of the 2017 valuation**

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## Page 4: Contributions

**Q5** Over recent months UUK has compiled a view from institutions that 18% is the maximum level of regular contributions that employers are willing to pay towards USS benefits. We need to affirm this view for the 2017 actuarial valuation. Please indicate your institution's view on the statement that regular employer contributions should be no more than 18% of salary. Please note that the term "regular" contributions means those contributions payable by employers on an ongoing basis to maintain both the scheme's future service benefits and contributions to any deficit recovery plan contributions relating to the DB section. It also includes the employer's contribution to scheme running costs.

**Support – 18% is the maximum my institution is willing to pay**

**Q6** Does your institution believe that increasing member contributions beyond the current 8% of salary is likely to lead to more scheme members at your institution opting out?

**Yes,**  
We would welcome any further comments to support your answer above.:  
Affordability is one of the reasons for opting-out cited by employees; increasing contributions and reducing the future benefit promise at the same time may lead members/new hires to consider other forms of saving if they feel that USS does not offer value for money.

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Page 5: Pension benefits

**Q7** Does your institution prefer maintaining a level of DB accrual for future service at this valuation or moving to a DC-only solution (either temporarily or permanently)?

**Moving to , DC**  
We would welcome any further comments to support your answer above.:  
if some DB is retained, we are concerned that we may have to embark on a future round of changes which is destabilising for members. however we would support DB zero to keep this option open.

**Q8** If a level of reduced DB accrual is maintained in the future, do you have any initial thoughts on which of the following approaches would have your institution's preference? Please note that there are other measures that could be taken, such as reducing DC contributions above the salary threshold or reconsidering provision of ancillary benefits, however these measures are not sufficient to make up the funding shortfall

**Reducing the accrual rate**

**Q9** If the outcome for employers at this valuation is a mandate to seek a DC-only solution to future service benefits, do you have any comments you wish to be taken into account as to how best to achieve a DC offer optimised and tailored to the needs of USS institutions? For example, you may wish to comment on whether the move to DC should be permanent, what the minimum employer contribution should be, whether there should be greater flexibility in terms of member contributions and which ancillary benefits should be offered.

Members should be offered a range of contributions, starting at a lower level than 8%; consider building in automatic increase in rates on promotion to higher grade (from which members could opt-out); ill health benefits should continue to be provided; financial support/guidance for financial planning at different stages of membership and close to retirement is paramount in a DC scheme; improved benefit modellers.

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## Page 6: Final comments

**Q10** What additional support can UUK or the USS Trustee offer to support your institution in the valuation process?

Even before any consultation with affected employees commences, we need support for a communication programme with members; although we are at the employee consultation stage, members are asking questions about what this means.

Once changes are proposed, employers should be involved at an early stage to plan and deliver the consultation that we must run.

We need a clear communications strategy and materials that all employers can use - presentations, FAQs, online information etc.

We need USS to deliver all comms to employers, for use with their members, in a timely manner to an agreed timetable.

Please review lessons learned by USS and employers as part of the last round of changes for both consultation and implementation

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**Q11** Please add any further comments your institution has on the USS valuation. For example you may wish to comment further on the following pertinent to your exposure to USS: The proposed valuation assumptions Any areas of concern related to cost or risk Any further comments on future benefit design (including core benefits, as well as ancillary benefits) or the consequences of benefit change Any wider views on scheme structure, including mutuality and exclusivity Issues relating to section 75 debt

Although we broadly support the level of risk proposed by the trustee, as this is at the maximum supportable level, less risk would be preferable if it did not impact on costs or benefits.

For future benefit design, if DB is retained, one significant change which delivers an equivalent cost control/risk reduction compared to a combination of changes, would be preferable when considering the communication challenges for conveying changes to the membership.

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