

## **Important: Notice of statutory consultation in relation to the Universities Superannuation Scheme**

If you are not an active member of USS, an employee eligible to join USS or a recognised employee representative, please ignore this notice. If you are unsure whether you are eligible to join USS, please contact the Pensions Office.

This is formal notice of a statutory consultation in relation to the Universities Superannuation Scheme (USS). It contains the following:

- Details about a proposed change to USS
- The background to this proposed change
- Key dates for the consultation
- How you can respond to the consultation
- Information about accessibility and different formats
- Frequently asked questions

### **The proposed change**

From 1 April 2020, that the salary threshold, currently £58,589.70 pa, will increase each year in line with Consumer Prices Index (CPI) inflation (subject to a cap, which means the maximum increase in any year will be 10%\*) until 31 March 2025 unless it is reviewed earlier by the Joint Negotiating Committee (JNC) of USS.

This means that, subject to consultation, the salary threshold will continue to increase in the same way it has since the USS Investment Builder was introduced in 2016.

- It will rise in line with CPI inflation every 1 April until 31 March 2025.
- The rise will be capped at a maximum of 10%\* each year.
- The JNC can review the salary threshold at any time before 31 March 2025, with a view to changing this arrangement.
- In the absence of any changes to the USS rules by 1 April 2025, the revaluation of the salary threshold would cease at that point.
- Any subsequent changes to the salary threshold, either as a result of a JNC review or from 31 March 2025, will be subject to consultation with USS members, eligible employees and their representatives.

\* The 'cap' operates so that the rate of increase in official pensions will be applied in full, so long as it is up to 5% a year. If such increase in official pensions is more than 5% in a year, the increase to the salary threshold would also include one half of that year's increase above 5%, up to an overall maximum of 10%.

If this proposal is not introduced, the salary threshold would no longer rise annually from 31 March 2020.

### **Background**

- In 2016, the USS Retirement Income Builder and the USS Investment Builder were introduced, following a decision by the JNC:
  - The USS Retirement Income Builder is the Defined Benefit part of the scheme, where all members paying contributions build up benefits based on their salary up to the salary threshold.
  - The USS Investment Builder is the Defined Contribution part of the scheme. Members earning above the salary threshold also build savings here.
  - The salary threshold was initially set at £55,000 pa.
- Under the USS rules, the salary threshold increased each 1 April in line with CPI inflation (subject to a cap, as detailed above), until 31 March 2020 or until the conclusion of a review by the JNC before that date:
  - The JNC is part of the USS governance structure. It is made up of equal numbers of members from the University and College Union and Universities UK (representing USS members and employers respectively) and an independent chair.

- The JNC has reviewed the salary threshold and recommended to the trustee that it continues to increase in line with CPI inflation (subject to a cap, as detailed above) until 31 March 2025 or until it concludes another review before that date.
  - The JNC's proposal, subject to consultation, will prevent the salary threshold from remaining static at the current level of £58,589.70 pa from 1 April 2020.
- As this proposal, subject to the outcome of a consultation, would result in a listed change to USS, as a USS employer we are required by law to consult with those affected and their representatives. This includes:
    - active members of USS – all members making contributions to USS;
    - employees eligible to join USS;
    - recognised representatives of USS members and employees eligible to join USS.

### Key dates

- The consultation will run from Friday 24 January 2020 for 60 days, until 5:00pm on Monday 23 March 2020.
- All responses must be received by 5:00pm on Monday 23 March 2020.

### How you can respond to the consultation

You can respond to this consultation by:

- emailing [EmployerConsultation@uss.co.uk](mailto:EmployerConsultation@uss.co.uk);
- sending your response to [uss@manchester.ac.uk](mailto:uss@manchester.ac.uk);
- giving a verbal response to Heather Mawson or Helen Scott in the Pensions Office on 0161 275 2043; or
- sending your response to your recognised trade union representative.

**Please note:** Your response to the consultation can be anonymous and does not have to include your name or USS member number, but if sending it to [EmployerConsultation@uss.co.uk](mailto:EmployerConsultation@uss.co.uk) you must include the name of the institution at which you are employed. If you work for more than one USS eligible employer, please make a note of each institution.

### Accessibility and different formats

Please let us know if you would like a hard copy of this notice.

The content of this email will be available in Welsh, braille and large print format on request from [EmployerConsultation@uss.co.uk](mailto:EmployerConsultation@uss.co.uk).

**Please note:** The statutory consultation will begin on Friday 24 January 2020 and not from the time you receive this information in a different format.

### Frequently asked questions

#### 1. Will I be affected?

All active members of USS who earn above the current salary threshold, or who may in future earn above the relevant salary threshold, may be affected, as implementing the proposal would increase over the period the maximum salary on which these members can build up benefits in the USS Retirement Income Builder and affect the level of contributions they save in the USS Investment Builder.

If you are a retired member or are no longer paying contributions to USS, your pension benefits would not be affected, unless you have taken flexible retirement and are still contributing to the scheme or you are working in a role which means you are eligible to re-join USS.

#### 2. What exactly am I being consulted on?

You are being consulted on the proposal that the salary threshold continues to rise in line with CPI inflation (subject to a cap as detailed above), as per the current arrangement, from 1 April 2020 to 31

March 2025 or until the conclusion of a review by the JNC before that date. If the proposed change is not introduced by 1 April 2020, the salary threshold will cease to be revalued and will remain at the current amount of £58,589.70 pa from 1 April 2020.

Your response will be read and considered by your employer and/or the trustee (Universities Superannuation Scheme Limited).

**3. When does the consultation start and end?**

The consultation will start on Friday 24 January 2020 and close 60 days later, on Monday 23 March 2020 (responses must be received no later than 5:00pm on 23 March 2020).

**4. Will this affect any pension benefits I have already built up?**

No. All USS Retirement Income Builder benefits you have already built up are protected by law.

**5. Why does there have to be a consultation?**

Under pensions law, certain changes to occupational pension schemes are defined as 'listed changes'. Before a 'listed change' can be made, the law requires employers to undertake a consultation with affected employees (active scheme members and those eligible to join the scheme) and their representatives. The JNC's proposal would require a listed change to be made to the USS rules, so the law says that employers must consult with USS members, employees eligible to join USS and recognised employee representatives. Only after the consultation is complete can the USS rules be amended to incorporate a listed change.

**More information**

If you have any questions or would like more information about this consultation, please contact Heather Mawson or Helen Scott in the Pensions Office.

Heather Mawson  
Head of Pensions

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