

# The state of USS

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USS

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- 2017 valuation: Major industrial dispute; Joint Expert Panel
- 2018 valuation: Contribution hike? Strike action? Other?





# REPORT OF THE JOINT EXPERT PANEL

September 2018

Link: [Report of the Joint Expert Panel, September 2018](#)

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- 2017 to be filed with phased contribution rises; 2018 valuation to intercept the worst;
- JNC shown figures: JEP recommendations applied to 2018 data lead to surplus and reduced contributions (25.5% total);
- Employer support secured, then... USS executive team recommend dropping 2 of 3 main JEP recommendations, linking the third to 'trigger contributions'.



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Main justification for rejecting JEP recommendations? They would send the 'discount rate' above the regulator's internal benchmarks, but... these benchmarks don't exist!

*We do not assess the appropriateness of schemes' TPs or discount rates based on predetermined relationships to gilt yields or other indices. (p. 5)*

Here tPR flatly contradicts the following statement in USS's 2018 Actuarial Valuation, which they issued to employers for consultation on 2 January:

*the final discount rate adopted for the 2017 valuation of gilts + 1.20% is still above the level the Regulator views as appropriate for a "tending-to-strong" covenant (p.13)*

## **1. Employers and scheme members are owed answers to the following questions**

It is therefore essential that USS provide employers and scheme members with answers to the following two questions:

*Is this the first you have heard from tPR regarding your misrepresentation of their views about the appropriate level of a scheme's discount rate, measured as a margin above the gilt yield?*

*If not, when did tPR inform you of your misrepresentation and why did you not publicly correct the record at that point?*

From: [On the significance of USS's misrepresentation of tPR](#),  
Mike Otsuka, 6 March 2019

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- Option 3: first two years at 30.7%, next two at 34.7%, but 2020 valuation to intercept the higher rate;
- JEP publishes second report in the autumn into governance and valuation. Can this help?



What happens from here?



# More information

- The outcome of the USS 2018 valuation, Jo Grady and Sam Marsh, 13 May 2019
- USS UPDATE!, Sheffield UCU on twitter, 3 June 2019
- USSbriefs: <https://medium.com/ussbriefs>
- Twitter: [https://twitter.com/Sam\\_Marsh101](https://twitter.com/Sam_Marsh101)