

The state of USS

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Elected UCU negotiator

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USS

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- 2018 valuation: Contribution hike? Strike action? Other?



The
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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