

WANTED: SECURE PENSION

WANTED

Nearly all staff members at the OU are in USS, the Universities Superannuation Scheme. In 2018 USS planned to move from being a Defined Benefits plan (which provide a guaranteed pension income) to Defined Contributions (in which returns are not guaranteed, but instead at the mercy of stock-market performance).

A sustained strike by UCU in 2018 saved Defined Benefits and resulted in a Joint Expert Panel (JEP) appointed by employers and UCU. A key issue was the valuation approach. UCU argued this was inappropriate to the unique nature of USS, and therefore wrongly showed the scheme in deficit instead of surplus. The panel's findings vindicated the view that there were significant problems with the valuation methods. It made short-term recommendations to try to resolve the dispute over the 2017 valuation. Unfortunately most of the recommendations were ignored.

'Hey, This Ain't Affordable!'

Since April 2019 staff members have paid an extra 1.6% in contributions, for a total of 9.6% of annual salary. This has nearly wiped out the 1.8% below-inflation pay rise. Employers are also paying much more.

This isn't affordable for anyone and soon the employee contribution is scheduled to rise to 11%.

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There's a Critter In My Boot!

WANTED

Since 2011 a series of detrimental changes has been pushed through over the objections of UCU. A report looking at the effects of all these changes found that over the course of a career, pension expectations were as much as £240k lower on average than if those changes had not taken place—while the employee would pay £40k more.

https://www.ucu.org.uk/media/10433/First-Actuarial-analysis-of-USS-benefits-and-contributions-30-Aug-2019/pdf/firstactuarial_uss-benefits-contributions-analysis_30aug19.pdf

USS has also been accused of operating with a lack of transparency after a whistle-blower alleged Trustees were being prevented from obtaining vital information.

End the 'Wild West' Valuation

The second JEP report provides ideas for long-term solutions that maintain Defined Benefits using a more sensible valuation and investment approach. If adopted, these recommendations could finally resolve the disputes over the valuation and ensure the scheme's sustainability.

USS remains one of the strongest and best pensions, not least because of the action taken by UCU in 2018 to keep Defined Benefits. It needs to stay open and affordable for all OU staff. We need the employers to push to implement the JEP2 recommendations, which their own experts helped write. We also need something concrete to show this time the JEP report won't be ignored.

We need a fair and sustainable pension settlement.

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