

Pension Principles

The success of the UK's universities is down to the hard work and dedication of the people who work in them. It is why the sector invests more in staff than in anything else. It is also why we are determined to offer a pension that is attractive, fair and sustainable to provide long term security and peace of mind for employees.

We are currently in the middle of a consultation on proposals to put the sector's main private pension scheme – the USS – on a more sustainable footing. Proposals have been put forward by the trustee that are unaffordable for individuals, as well as employers, and risk driving more people out of the scheme.

In response to the consultation, the Russell Group of universities believes the following principles are key to any future discussions around the USS pension scheme.

- We support the principles of the proposals put forward by USS Employers in its consultation, including the proposal for an appropriate rolling moratorium on institutions leaving.
- We agree the sector should seek to maintain a hybrid DB/DC scheme, and explore options for a lower threshold for defined benefits to keep contributions affordable for all.
- We agree there should be a lower cost, more flexible alternative as part of USS to give the 1 in 5 employees currently opting out a more attractive option and the security of a pension and associated benefits.
- We agree as employers to the principle of debt monitoring, however more information is needed on how these proposals would apply in practice and a guarantee that they are only applied to future debt.
- We agree as employers that we must avoid further rises in contribution rates by agreeing a more sustainable solution for the sector. Both we and individual members believe the current contribution rates should be sufficient to support an attractive pension for our employees.
- We agree with Universities UK's call for an independent governance review of USS. We would like the scheme to work in a way that is more accountable, transparent and collaborative with the sector.

Changes are needed now to address the scheme's deficit, put it on a more stable long-term footing and address the fact that around 1 in 5 employees have chosen not to sign up for USS membership.

Our members will respond to the consultation individually reflecting each institution's individual circumstances, but these principles will be at the heart of any response.

As a sector we must now also start urgently to explore if other options could be viable in the longer-term (beyond this valuation exercise) to ensure we get best value for our staff from the significant contribution both they and we make to the USS.