USSEmployers

RESPONSE FORM

A CONSULTATION
ON THE USS TRUSTEE'S PROPOSED METHODOLOGY AND ASSUMPTIONS FOR THE SCHEME'S TECHNICAL PROVISIONS IN RELATION TO THE 2020VALUATION

CLOSING DATE: 30 OCTOBER 2020

REPLY TO: PENSIONS@UNIVERSITIESUK.AC.UK

MAKING YOUR RESPONSE TO THE CONSULTATION ON THE USS TRUSTEE'S PROPOSED METHODOLOGY AND ASSUMPTIONS FOR THE SCHEME'S TECHNICAL PROVISIONS

The USS Trustee is undertaking a valuation of USS as at 31 March 2020, and on 7 September 2020 the trustee published its consultation on the scheme's technical provisions.

USS sponsoring employers are invited to give feedback on the proposed approach, assumptions and conclusions. In other words, on the inputs and outputs of the assessment and the methodology. In particular, the USS trustee invite feedback on:

1. The inputs and assumptions
2. The methodology (this was the primary focus of the March 2020 Discussion Document)
3. The risk management framework
4. The figures for the Technical Provisions
5. Whether employers are willing to agree to debt monitoring and *pari passu* arrangements and the long-term rule change required to support a strong covenant.
6. Whether employers have any further feedback on the possibility of additional contingent support
7. The level of financial support employers are collectively able to give the Scheme, and their *affordable* risk capacity (and risk appetite, if different), specifically:
    a. the percentage of payroll available (USS assume 10%)
    b. the length of time over which that is available (USS assume 20 years under a tending-to-strong covenant, and 30 years under a strong covenant)
    c. the cost of future pension provision to employers acceptable to the sector in an adverse scenario (USS assume 15% of payroll. This is on top of the 10% of payroll available for deficit recovery contributions. This gives a total rate of employer contributions of 25% of payroll)
    d. the growth of the sector payroll over the longer term (CPI+2% has been used by USS before, but they have shown alternatives)
8. How USS should determine employers' collective risk appetite, and any alternatives if you don't think the approach based on *affordable* risk capacity is reasonable

We welcome responses to this consultation from each and every one of the scheme's participating employers.

We encourage employers to consult with their own governing, decision-making bodies so that the responses provided can be considered to be the view of the employer. We ask that

employers confirm whether the organisation's governing body has been consulted.

This template form is optional and can be used for the response from your institution.

Please send the response from your institution to pensions@universitiesuk.ac.uk as soon as possible and no later than 5pm on Friday 30 October 2020.

INPUTS AND ASSUMPTIONS

1. What are your views on the inputs and assumptions proposed by the USS Trustee for this valuation?

Insert text here

VALUATION METHODOLOGY

2. Do you have any comments on the proposed valuation methodology, which was the primary focus of the March 2020 discussion document?

Insert text here

RISK MANAGEMENT FRAMEWORK

3. Do you have any comments on the Trustee's proposed risk management framework?

Insert text here

TECHNICAL PROVISIONS

4. Do you have any comments on the proposed figures for the scheme's technical provisions?

Insert text here

COVENANT SUPPORTING MEASURES

5. Are you willing to agree to debt monitoring and pari passu arrangements and the long-term rule change required to support a strong covenant?

Insert text here

ADDITIONAL CONTINGENT SUPPORT

6. Do you have any further feedback on the possibility of additional contingent support?

Insert text here

FINANCIAL SUPPORT

7a. What percentage of payroll would you have available as financial support for the scheme (USS assume 10%)?

Insert text here

FINANCIAL SUPPORT

7b. What period of time would your financial support be available (USS assume 20 years under a tending-to-strong covenant, and 30 years under a strong covenant)?

Insert text here

FINANCIAL SUPPORT

7c. What cost of future pension provision would be acceptable to you in an adverse scenario? (USS assume 15% of payroll. This is on top of the 10% of payroll available for deficit recovery contributions. This gives a total rate of employer contributions of 25% of payroll).

Insert text here

FINANCIAL SUPPORT

7d. What do you expect your future growth of payroll to be over the longer term? (CPI+2% has been used by USS before, but they have shown alternatives).

Insert text here

RISK APPETITE

8. How should USS determine employers' collective risk appetite, and do you recommend any alternatives if you don't think the approach based on affordable risk capacity is reasonable?

Insert text here

PLEASE CONFIRM IF YOUR ORGANISATION'S GOVERNING BODY HAS BEEN CONSULTED:

RESPONSE SUBMITTED BY:

NAME

POSITION

ON BEHALF OF:

INSTITUTION

Please send your completed form to:
pensions@universitiesuk.ac.uk as soon as possible and no later than 5pm on 30 October 2020

Thank you for taking the time to respond to this consultation.

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