

PERSONNEL SERVICES

University Offices, Wellington Square, Oxford OX1 2JD
Acting Director of Personnel and Related Services



To: heads of departments and institutions, faculty board chairmen,
departmental administrators and faculty board secretaries

Ref. EMS/6

cc. heads of division, divisional secretaries, Principal Administrator of
the Conference of Colleges

4 July 2011

Universities Superannuation Scheme (USS): changes effective from 1 October 2011

Changes to the Universities Superannuation Scheme (USS) will come into effect on 1 October 2011. These changes affect existing members and new members in different ways.

- *Existing members retain the current final salary scheme, with an increase in employee contributions to 7.5%; those not yet over 55 will now have a pension age of 65.*
- *New members will join a Career Average Revalued Earnings section of the scheme with employee contributions of 6.5% and a pension age of 65.*

There is no change for those already in receipt of a pension.

1. Action required

Departments are asked:

- (i) to note the changes to USS summarised below; and
- (ii) to draw the attention of staff to these changes and to the background information available on the USS website by displaying this circular on notice boards.

2. Background

On 10 May, after an extended period of discussion and negotiation between the Employers Pension Forum and the UCU, the USS Joint Negotiating Committee on the casting vote of its chairman approved a package of changes to the USS pension scheme. These changes were formally approved by the USS Trustee Board on 9 June and have now been incorporated in an amended Trust Deed and Rules. The changes will come into effect on 1 October 2011.

The UCU is holding a fresh ballot of its members to seek their agreement to further industrial action in pursuit of the union's dispute with universities over this issue.

Further information on the background to these changes is available on the university web site at: http://www.ox.ac.uk/staff/staff_communications/update_on_major_issues/index.html#auniversities_superannuation_scheme_uss



Changes for existing members

For current members, USS will continue to be a final salary scheme. Benefits remain based on 1/80th of final salary for each year of pensionable service, plus a 3/80th tax free cash lump sum. These benefits also remain available to anyone who has been a member of USS and who rejoins the scheme within 30 months of leaving.

There are some changes which come into effect on 1 October which apply only to future service:

- the employee contribution rate increases to 7.5% of salary;
- for those under 55 on 1 October 2011, the normal pension age rises to 65 (and will be subject to future rises in line with the State Pension Age). There is no change for those 55 or over on that date; this means that these staff will be able to retire at 60 if they wish and, under USS rules, take an unreduced pension. Those under 55 will also be able to retire when they reach 60 but if they take their pension before they are 65 any contribution to their pension made after 1 October 2011 will be actuarially reduced in line with USS rules; and
- pension increases will be linked to the consumer price index (CPI), but subject to a cap.

Changes for new members

Anyone enrolling in USS after 1 October 2011 will join a new section of the scheme based on Career Average Revalued Earnings (CARE). This will build benefits in a different way: for each year in the scheme members will accrue a portion of pension based on 1/80th of the salary they earn in that year, plus a 3/80th tax-free cash lump sum. In each subsequent year, the value of this portion of their pension will be increased in line with CPI until the member reaches retirement. The amount of pension paid at retirement will be the sum total of all of these annual elements. The tax-free cash sum will be built up in the same way.

In this CARE section

- the employee contribution rate will be 6.5% of salary; and
- the normal pension age will be 65 (rising in line with the State Pension Age).

Flexible retirement

From 1 October 2011, members of both sections of USS who are aged 55 or over may request to take flexible retirement. Subject to the consent of the University, staff will be able to take a proportion of their pension while remaining in work on reduced hours: members will be able to draw up to 80% of pension provided that they reduce their hours and salary by at least 20%. Further information about flexible retirement options will be circulated once details are received from USS.



Additional benefits

Additional benefits provided by USS, including life cover, spouse and child pensions and incapacity cover, remain unchanged.

A detailed summary of the changes is attached. Further information is available on the USS website at <http://www.uss.co.uk/HowUssIsRun/Schemereview/Pages/default.aspx>

USS have sent a letter to members of the scheme informing them of these changes.

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Copy for noticeboards: YES
Website: <http://www.admin.ox.ac.uk/ps/managers/circular/>

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