

USS pension changes

The Impact on YOU

A BRIEFING FOR UCU BRANCHES

HE pensions are based on modest salaries by comparison with alternative competing professional occupations and it is ostrich-like to pretend otherwise

British Universities Finance Directors Pensions Report, 2007
<http://www.bufdg.ac.uk/special/pensions/reports/?a=cm>

In this briefing, we set out three case studies, prepared by a respected actuary, alongside some personal testimony from some of our members – a reminder, if it were necessary, of why USS is so important to our members and of why it is so important that members support the strike action in defence of our pensions.

EMPLOYERS DIG IN AROUND DISCREDITED PROPOSALS

In the face of overwhelming evidence that their proposals command no support among higher education staff, the Employers' Pension Forum (EPF) appears to be trying to ride out the storm. It is ignoring UCU's call to meet at ACAS and continues to try to force its proposals on the sector.

So, it's worth remembering why we oppose these proposals.

We are not opposed to change. In fact, as we have repeatedly stated, we are open to discussions about the future of USS, have offered our own proposals for change and remain open to discussions. But we cannot accept this package of proposals on the table from the EPF.

Why? Simply put, they would mean massive losses in pension benefits for our members. Below, we have set out some straightforward comparisons of our proposals, which protect the key features that make USS attractive and sustainable, with the EPF proposals. These show that whoever you are, you probably stand to lose a very large amount of money from your pension over your retirement, placing many members in hardship.

If you are a new entrant to the scheme, under the EPF proposals, the losses would be even bigger.

USS PENSION CHANGES – A BRIEFING FOR UCU BRANCHES

CASE STUDIES

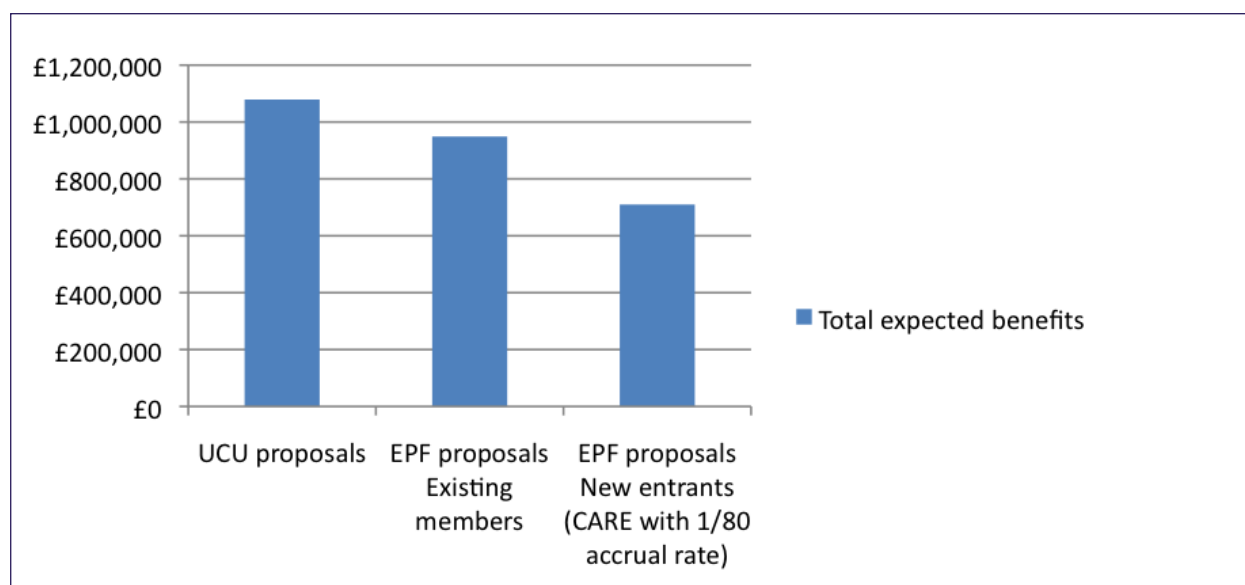
1. Lecturer

- If you are a lecturer, aged 30, on spine point 37 and you continued to work until you were 65, the pension you would expect to accrue would be hit hard by the EPF proposals.
- If you were an existing scheme member, you would lose £130,000 in total expected benefits over the course of your retirement.
- If you were a new entrant, you would lose £369,000 over the course of your retirement.

CASE STUDY 1: LECTURER

	Pension p/a	Lump sum	Total expected benefits
Existing members under 55			
UCU proposals	£34,100	£102,300	£1,079,000
EPF proposals	£32,600	£97,800	£949,000
Reduction	£1,500	£4,500	£130,000
New Entrants			
UCU proposals	£34,100	£102,300	£1,079,000
EPF proposals (CARE with 1/80 accrual rate)	£24,400	£73,200	£710,000
Reduction	£9,700	£29,084	£369,000

CASE STUDY 1: LECTURER TOTAL EXPECTED BENEFITS



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CASE STUDIES

2. Lecturer promoted to senior lecturer after 10 years

- If you are a lecturer, aged 30 and employed on 37, an existing member of the scheme and you are promoted to senior lecturer

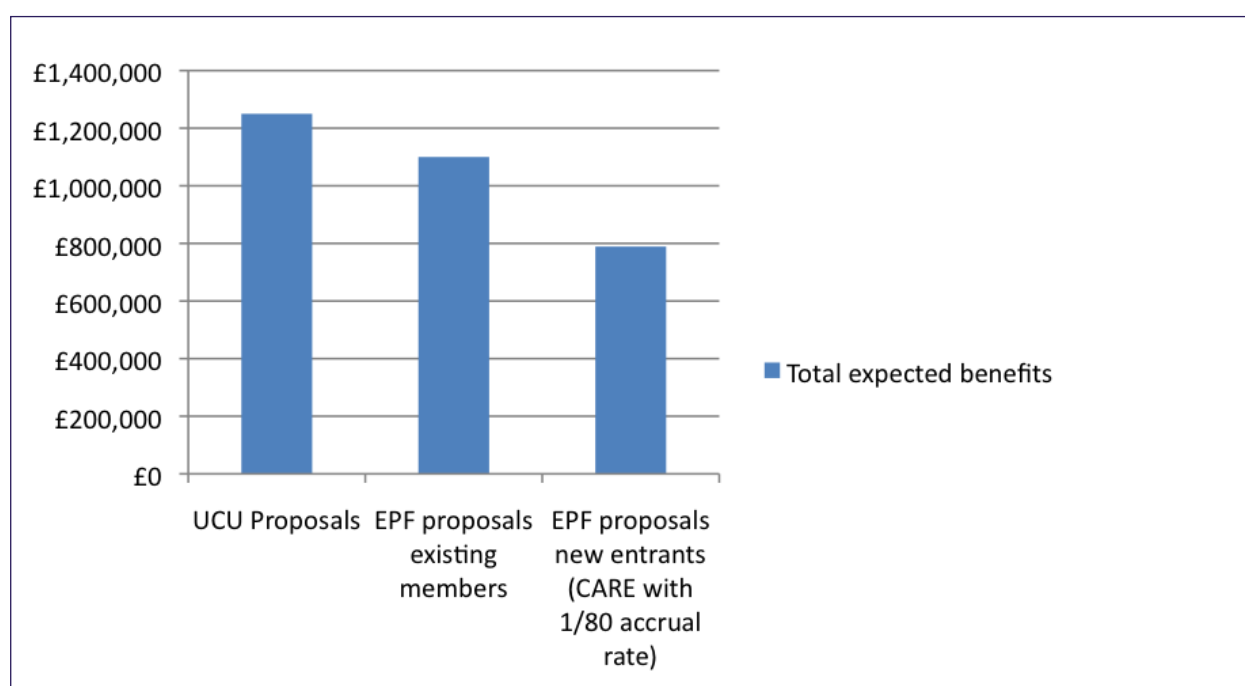
after 10 years, the EPF proposals would cost you £150,000 in total pension benefits over the course of your retirement.

- If you are the same lecturer and you are a new entrant under the EPF proposals, you would lose £461,000 over the course of your retirement.

CASE STUDY 2: LECTURER PROMOTED TO SENIOR LECTURER AFTER 10 YEARS

	Pension p/a	Lump sum	Total expected benefits
Existing members			
UCU proposals	£39,500	£118,500	£1,250,000
EPF proposals	£37,800	£113,400	£1,100,000
Reduction	£1,700	£5,100	£150,000
New Entrants			
UCU proposals	£39,500	£118,574	£1,250,000
EPF proposals (CARE with 1/80 accrual rate)	£27,100	£81,300	£789,000
Reduction	£12,400	£37,274	£461,000

CASE STUDY 2: TOTAL EXPECTED BENEFITS



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CASE STUDIES

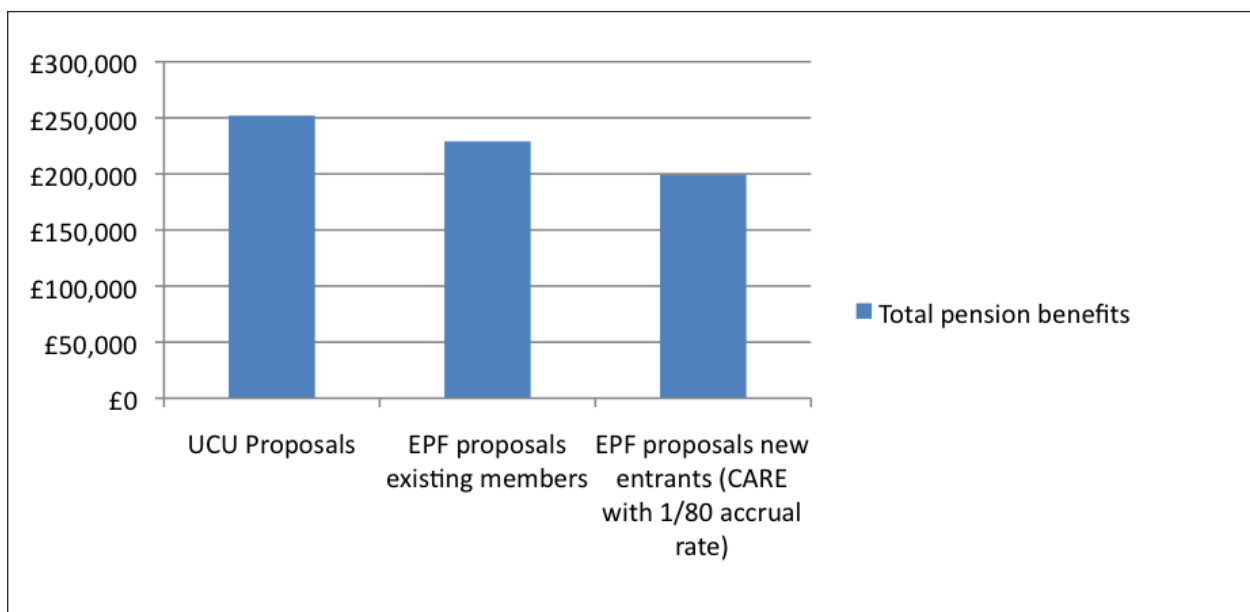
3. Researcher

- If you are a researcher aged 25, on point 37 of the pay spine, an existing member of USS and you leave the scheme after 12 years, you could expect to lose £23,000 in total pension benefits.
- If you were a new entrant, under the EPF proposals, you could lose £53,000.

CASE STUDY 3: SHORT-TERM RESEARCHER

	Pension p/a	Lump sum	Total expected benefits
Existing members			
UCU proposals	£7,900	£23,700	£252,000
EPF proposals	£7,800	£23,400	£229,000
Reduction	£100	£300	£23,000
New Entrants			
UCU proposals	£7,900	£23,764	£252,000
EPF proposals (CARE with 1/80 accrual rate)	£6,800	£20,400	£199,000
Reduction	£1,100	£3,364	£53,000

CASE STUDY 3: TOTAL EXPECTED BENEFITS



Why USS is important to ME

The proposed change to USS would have made the difference at the end of my PhD between me choosing to use my modern languages to work in academia and choosing to work in another sector.

Rachael, Cardiff

As a mature student my first job with a pension is this job, and I only started working in HE in 2007. ... My USS pension is all we will have in retirement. Defending the pension is critical to our future.... I am not asking for a handout, just for the maintenance of the status quo.

Carolyn, Salford

I am the major earner in my family and my salary pays for the essentials so it's important to me that all aspects of my pay are protected. I'm worried that if we are forced to accept these changes there would be more on the way but equally, I don't want to feel like one of the privileged few who have a final salary pension scheme while others have to make do with the cut price option.

Christine, London